



Establishing the labour availability issues of the UK Food and Drink Sector

August 2021





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Foreword

In the UK, the Food and Drink sector is currently battling a unique set of challenges that have coalesced to create fundamental labour shortages. These shortages are placing huge pressure on the sector and there is a very real chance that they could quickly reach breaking point. They are shortages that cover the full breadth of the supply chain from the initial inputs into farming all the way through to those that serve food and drink 'at the table'. They are shortages that are having an impact on production, processing, supply and ultimately demand. They are shortages that if they go unaddressed will have significant economic implications for the UK.

It is for this reason that we have come together, across a broad range of organisations, to share our insight and understanding about the scale and nature of the challenges that are contributing to these labour shortages. The inter-related nature of both the organisations that work across the sector as well as the challenges we face mean that it is only by working together will we find a route through that works for the sector as a whole. It would be all too easy for us to put our own agendas first, to just view the challenges through the perspective of our sub-sector. But that would be myopic. It would create additional pressures. It would not deliver a solution for the UK as a whole.

As we have engaged individually with hundreds of businesses across our industry and then begun the process of discussing and sharing the different issues we face, it has become starkly obvious that there is a consistent and common suite of themes. This report therefore seeks to collate and then curate this range of insight. Its purpose is not to create headlines or more 'noise', rather it has been prepared to support decision making. We wanted to draw together thousands of pages of evidence into a short document that captures and summaries the issues.

The document ends with a set of 'asks' for UK Government and the devolved administrations. It is a short list comprising those actions we collectively believe will make the biggest difference for the future health of our sector and market. As individual organisations there are other 'asks' that we would each have, however we acknowledge collectively that while these may benefit the businesses in our sub-sector they would not necessarily work for the sector or the country as a whole.

The 'asks' we have set out are based on short term support that will help enable the sector to transition to a new future. We see them as a bridge that will help us to move to a new model that will support our sector as a whole to provide better quality jobs to residents across the UK.

We are:

Agricultural Industries
Confederation Limited
British Frozen Food Federation
British Meat Processors Association
British Poultry Council Limited
Dairy UK Limited
Federation of Wholesale Distributers
Food and Drink Federation
National Farmers Union
National Pig Association
Road Haulage Association Limited
The Cold Chain Federation
UK Hospitality



Executive summary



Executive Summary

A critical sector under pressure

The Food and Drink sector¹ is of vital importance to the United Kingdom's (UK) economy. From before the farm all the way to 'the fork' the industry contributes over £120bn to the economy and employs 4.1 million people, roughly 13% of the workforce². It is a sector that grows, produces, distributes and sells safe, affordable and nutritious food home and abroad.

It is however a sector under immense pressure. Severe disruption in the availability of workers impacted by the reduction in free movement of people coupled with the unprecedented disruption of the Covid-19 pandemic has created a chronic labour shortage across the whole supply chain. These shortages have created complexities and difficulties for the sector as a whole and urgent action is now required to try and tackle these head on to ensure continuity of UK food production, and minimise further food price inflation.

The ask is to work with UK Government to create a 12-month Covid-19 Recovery visa in order to alleviate the labour shortages. This short term response will enable the sector to work with UK Government and the devolved administrations in parallel on a package of measures that support training and skills development, the adoption of new technologies and career promotion. It is a package of measures that will enable the sector to transition to a more stable long-term footing and with it continue to support the economic recovery and growth of the UK.

Facing chronic labour shortages

In an industry as varied as the Food and Drink sector, there are complex labour dynamics at play.

Of the 73 businesses that responded to an information request in relation to this report there was an **average vacancy rate of 13%** (with a median of 10%). To begin to understand the true scale of this we have extrapolated up to the national level by applying this vacancy rate to the full complement of people employed in the Food and Drink sector (4.1 million) which would suggest that there is potentially in excess of **500,000 vacancies**. Whilst this is only an estimate it resonates with other more granular industry figures which estimates up to 100,000 HGV shortages²⁰ and 188,000 hospitality vacancies²¹ (both of which are included in the 500,000 figure) This is also in line with the latest ONS estimates which put total vacancies across all sectors at 953,000.

It is a pressure that has been intensified by Covid-19. The global pandemic has seen 1.3 million foreign born workers leave the UK³⁵. This workforce is yet to return with anecdotal evidence suggesting that they may be unlikely to ever return. Travel restrictions and lockdowns throughout the pandemic have also caused significant disruption for the supply chain, and notably hospitality which has accounted for 25% of all furloughed employees. As significant is also the impact that Covid-19 has had in disrupting the continued training of the workforce.

Covid-19 has also accelerated the growth in online retail which has led to expansion of distribution centres, taking drivers away from the already diminishing HGV labour pool.

Covid-19 has also exacerbated a range of other challenges which have coalesced to create a sector wide labour supply crisis. The most prominent of these factors are:

A The age profile of employees in the sector

The age profile plays out in different ways for different parts of the supply chain with seasonal labour reliant on young people from the EU and no longer able to work in the UK; and drivers reliant on a much older demographic with an average age of an HGV driver being 55.

More generally, estimates suggest that almost a third of the workforce is set to reach retirement age by 2033-35²⁷.

B Reliance on migrant labour

Like many developed countries the UK relies heavily on migrant labour to support and enable its economy to thrive. The importance of EU migrant workers is evidenced by the latest Labour Force Survey (July 2021) which highlights that there are 2.3 million EU citizens working in the UK on a permanent basis⁹. It is thought that around a fifth of these work in the food and drink supply chain⁴.

The EU exit and resultant immigration policy has created significant uncertainty for many European workers in the sector around their future rights to live and work in the UK.



C Negative perceptions of the sector

Part of the challenge is also that the Food and Drink industry suffers from misperceptions about the employment opportunities that are available within it. It is often perceived to be low skilled and, consequently, low paid. In reality the industry is broad and diverse. There are many employment opportunities within it covering an array of skill levels³.

D Competition from other businesses

Particularly other large distributors and online retailers where stronger margins enable them to pay higher wages.

E Skills shortages at all skills levels

The sector faces challenges across the full skills spectrum with issues securing low skilled, mid-skilled and high skilled roles.

F The geographical spread of the sector and rurality

When talent is spread throughout the country, with businesses often located in quite rural areas, attracting and retaining the best can be difficult as the size and flexibility of the labour market is constrained. It is a challenge that has been compounded by low levels of unemployment (pre-Covid-19) and limited transport linkages.

G Introduction of IR35 regulation

The introduction of new regulation relating to off-payroll working (and particularly the use of contractors) was commonly referenced in the returned information requests as a key contributing factor to the UK's current shortage of HGV drivers and associated supply chain disruptions.

With far reaching impacts

Given the scale and nature of the challenges outlined it is not surprising that it is having a profound impact. In particular, there are a number of specific skill shortages. For example one that is affecting all parts of the food and drink supply chain is the shortage of HGV drivers which is impacting on the collection and distribution of food. With butchers being another that is resulting in less UK produced meat in the shops.

As a result, the impacts include scaling back production and reduced quality of produce; the replacement of UK grown produce with international imports; delivery delays; increased pressure on staff; and reduced business profitability, growth and investment.

These impacts are also rippling out across the supply chain and starting to impact consumers with reduced availability of products, potential food price inflation, concerns around animal welfare and longer term environmental impacts.

It is a combination of the speed and severity of these impacts, which are beyond the capacity of the industry to adapt to in the short term, that is placing parts of the supply chain precariously close to market failure – an outcome that while not resulting in food shortages would have unprecedented impacts for the UK in terms of the variety, availability of UK produce and price.

Requiring urgent action

Given the scale of the challenge facing the sector many actions have already been taken in an attempt to mitigate the risk.

Many of those responding to our information request also reported that they have increased staff wages in order to attract and retain the right type of candidates whilst also remaining competitive. They have supplemented this with retention bonus schemes, offering flexible shift patterns, giving extra holiday days, the use of apprenticeship programs, implementing and investing in on-site accommodation and social media campaigns.

However, despite a concerted effort, the majority of respondents felt that they were still unable to recruit or retain sufficient levels of staff and there was a growing recognition that substantial wage increases are not sustainable in the long-term unless there is an acceptance of higher food prices from supermarkets and customers.

Therefore, in order to address the challenges the sector's ask of UK Government is for the **introduction of a 12-month Covid-19 Recovery Visa**. By working in partnership with UK Government to determine how the scheme would operate, it would be possible to develop a visa that would enable all involved throughout the supply chain to recruit to critical roles – such as HGV drivers – and significantly reduce the labour shortages currently being faced across the supply chain. This visa will alleviate the pressure on the sector and give it the time it needs to continue to recruit and train domestic staff.

Alongside this the UK Government should commission the Migration Advisory Committee (MAC) to undertake a detailed review of the sector – as it has done for the social care sector – and identify areas of shortage where short-term immigration solutions can be implemented and/or what roles should be added to Shortage Occupation List.

Together these asks will enable the sector to work in parallel with UK Government and the devolved administrations on the introduction of a package of measures that will build on existing activities and support training and skills development, the adoption of new technologies and career promotion. This package of measures will enable the Food and Drink sector to transition to a more stable long-term footing, facilitate the recovery from Covid-19 and help deliver UK Government priorities around levelling up.

Introduction

1

A decorative graphic in the bottom-left corner of the page. It features several overlapping, curved bands of color: a light blue band at the top, a yellow band below it, a purple band below that, and a dark blue band at the bottom. To the left of these bands is a light grey circle containing the number '1' in a dark blue font.

Introduction

This report comes at a time when the Food and Drink sector¹ is under immense pressure. Not only has the reduction in free movement of people impacted the availability of workers but there is the added pressure of the Covid-19 pandemic which has put increased demand across the supply chain and exacerbated the existing labour shortage. A number of complexities and difficulties have arisen as a result and urgent action is now required to try and tackle these head on to ensure continuity of the United Kingdom's (UK) food production and distribution. Failure to act at this crucial time could have serious implications for the sector's sustainability, UK food security and the country's future food supply.

Given this context, the purpose of this report is to draw together a broad range of evidence into a report that clearly communicates the labour shortage challenges and issues facing the UK Food and Drink sector. The report begins by analysing the range of challenges that have resulted from the end of the EU transition, immigration policy, Covid-19 and wider labour market dynamics. Next, it explores the impacts resulting from labour shortages, including the knock-on-impacts in wider supply chains before setting out some of the key actions that employers and sector bodies are already taking to try and mitigate these impacts. The report then ends by setting out a number of key 'asks' to UK Government and the devolved administrations to help in addressing the challenges evidenced in the report.

Evidence is drawn from a wide range of sources including published data, case studies and reports. Additionally, an Information Request was designed and sent out to a wide range of businesses within the supply chain and sector bodies. The information requests were sent out via email during the week of 12 July 2021 and responses were returned up to the 6 August 2021.

In total 100 written responses were received and 73 spreadsheets detailing current vacancies were completed. In addition to this a range of reports were provided and analysed which are detailed in a bibliography at the end of this report.

The information request was formed of three parts:



Part 1

Request to provide any documentation or data already gathered that evidences and/or illustrates the scale, nature and urgency of the labour availability issues facing your segment of the UK food sector supply chain.



Part 2

Request to provide written responses to a number of key questions which are detailed in Annex A of this report.



Part 3

Request to complete an accompanying spreadsheet which enables quantification of the vacancies currently being experienced according to employment type and skill level. This is also provided in Annex B of this report.

Overview of sector and importance to the UK economy



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Overview of sector and importance to the UK economy

The UK's Food and Drink sector is of vital importance to the UK economy. From before the farm all the way to 'the fork', the industry contributes over £120bn to the economy and employs 4.1 million people, roughly 13% of the workforce.² It is also consistently larger than any comparable industry; in manufacturing it is bigger than automotive and aerospace combined,³ in services food and drink retail is the largest service sector employer.⁴ However, this is likely to be an underestimate as it does not include key parts of the hospitality-end of the supply chain such as catering within the hotel sector. Currently there are roughly 400,000 jobs in the hotel sector,⁵ a proportion of which could be considered to be part of the Food and Drink sector. A conservative estimate would therefore put the total Food and Drink sector workforce between 4.2 to 4.3 million people.

Research undertaken by Grant Thornton in 2017 found that the food and drink manufacturing industry is unique in its presence across the length and breadth of the country, in the truest sense, it is a national employer. The Food and Drink Federation (FDF) states that food manufacturing is the country's largest manufacturing sector adding more Gross Value Added for the UK economy than other manufacturing sectors such as transport or chemicals. It accounts for 19% of the total manufacturing sector, with a turnover of £104bn. It contributes almost £29bn to the economy and employs over 440,000 people across every region and nation of the UK.⁶ Equally important is the role of food and drink employment in the hospitality sector which plays a critical role in bringing international spend into the UK.

The sector is also dominated by Britain's SMEs, who make up 99.6% of the industry. On average across the supply chain, SMEs contribute over 50% of turnover.⁷

The Food and Drink industry is also one that puts the UK on the international map. Around the world, UK produced food and drink is regarded as high quality and produced to world leading standards. In the decade to 2019, exports of UK food and drink grew to a value of £23.6bn with the majority (59.9%) going to EU countries. Although the impact of Covid-19 meant that 2020 saw a -9.7% decline in UK food and drink exports, this still amounted to £21.3bn in value. Additionally, according to Visit Britain, foreign visitor spend in eating and drinking out is estimated at £39bn.

The breadth of the UK Food and Drink industry is vast; covering everything from agriculture and animal feed, through to manufacturing and retail. Across every touch point in the supply chain there are skilled, experienced people working a variety of roles often in challenging and time pressured circumstances to ensure that the country has food available at all times. Within the industry there is also a great sense of interdependence, it relies on a network of different skills and processes coming into play at different times and is a finely linked network and as such one in which minor disruptions can cause significant impact.



The challenges that the industry has faced in the past 18 months have been unprecedented and amount to significant disruptions. There has been a loss of EU workers and a global pandemic, which has seen the industry regarded, by UK Government, as “key workers” – vital for the continued, safe day-to-day running of the country. There has been a concerted effort by the industry to keep the public fed during these challenging times by keeping food on the shelves, providing takeaway food in the absence of restaurants being able to open fully and prioritising the feeding of homeless and front line staff. Recent headlines are showing just how vital and delicate the supply chain is with the impact of the so-called “pingdemic” resulting in empty shop shelves across the country.

Whilst the industry has continued to deliver, these pressures have taken their toll. For all of its considerable strengths, it is an industry that faces numerous challenges that are beyond the capacity of the sector to adapt and respond to and as a result there is a risk of market failure. It therefore requires urgent support.

Dynamics of the labour market

3

The graphic features several thick, overlapping curved bands in shades of blue, yellow, purple, and dark blue, creating a sense of movement and depth. A circular icon with a white background and a blue border contains the number '3', positioned on the left side of the composition.

Dynamics of the labour market

In an industry as varied as the Food and Drink sector, there are complex labour dynamics at play. Across the industry as a whole, there are some long-term challenges which are discussed in more detail below and several of which have been heightened by the more recent events of the UK's exit from the European Union (EU) and Covid-19 pandemic.

Reliance on migrant labour from the EU

Like many developed countries the UK relies heavily on migrant labour to support and enable its economy to thrive. It is a factor that is true for many sectors and is particularly apparent in the UK's Food and Drink Sector.

As a sector that is market – and in particularly consumer – driven the Food and Drink Sector is intensely competitive. It is a competition that doesn't exist just between UK businesses but is global with imports of products and supplies only increasing the level of competitive intensity. It is this competition, and the resulting commercial pressures, that has seen the industry adapt and evolve its business model. It has resulted in an industry wide focus on the price of production, of which labour is invariably one of the most significant.

This, coupled with, the historic low levels of unemployment (pre-Covid-19), the willingness of this cohort to work in the UK and the different roles available, has led the Food and Drink sector to rely heavily on migrant labour, predominantly from the EU to fill a broad range of roles across many skill levels throughout the supply chain.

Other structural changes within the food industry such as the rise in value-added food processing (i.e. bagged salad) and the consolidation of farms into larger holdings has also led to a rise in migrant labour. Consolidated farms tend to function 24/7 with employees often working shift patterns. Foreign workers are fulfilling these roles due to the unsociable hours and the nature of the work which are frequently not accepted by the UK's domestic labour force.

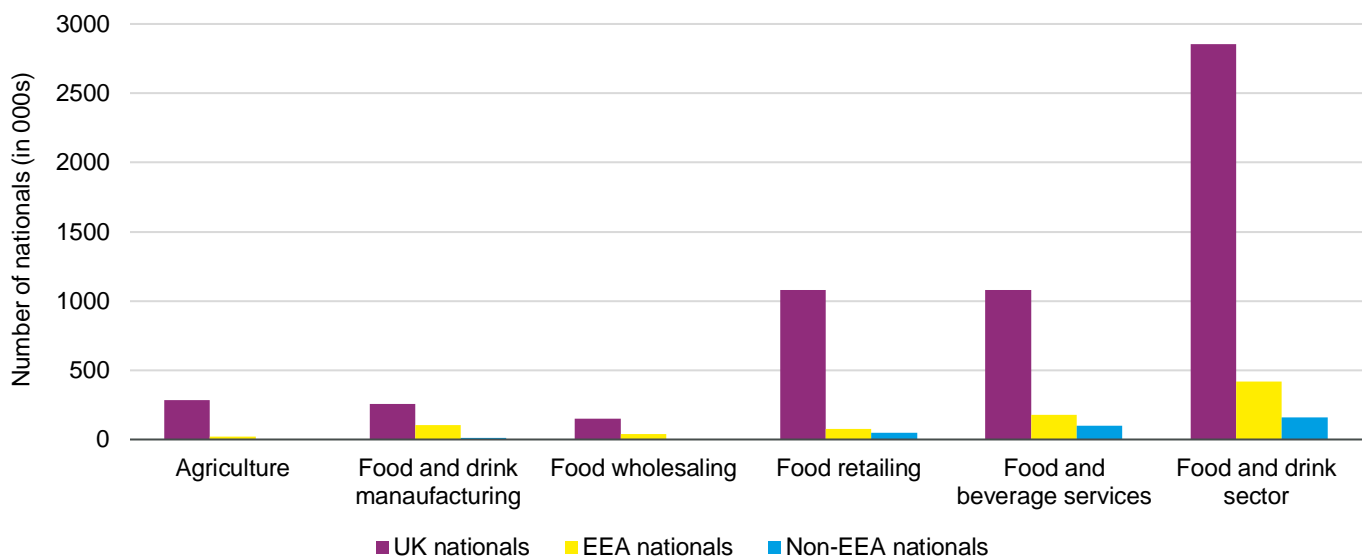
Another key driver for migrant labour in the Food and Drink sector is the seasonal nature of agricultural work. The Migration Advisory Committee describes seasonal agricultural work as 'unique' compared to many other areas of the economy as the short periods in which crops can be harvested creates very short-term and localised spikes in demand for labour. For this reason, the Seasonal Agricultural Workers Scheme (SAWS) was introduced shortly after the Second World War predominantly drawing laborers from Eastern Europe, whilst the current Seasonal Workers Pilot Scheme demonstrates recognition by the current UK Government.

The importance of EU migrant workers is evidenced by the latest Labour Force Survey (July 2021) which highlights that there are 2.3 million EU citizens working in the UK on a permanent basis.⁹ It is thought that around a fifth of these work in the food and drink supply chain.¹⁰ The most recent estimates for how EU workers are represented in sub-sectors of the Food and Drink industry dates from 2017 and showed that there was a split of; 28% in food and drink manufacturing, 20% in food wholesaling, 13% in food and drink services, 6% in permanent agriculture and 6% in food and drink retail¹¹ (see Figure 1). Reliance on EU workers is particularly pronounced in seasonal agriculture, with a report from the Migration Advisory Committee (2018) highlighting that 99% of seasonal agricultural workers are from EU countries.

The hospitality sector is also highly dependent on EU workers, with 24% of the hospitality and tourism workforce pre pandemic being made up of non-UK nationals, of which 48% were from EU countries. Between 2011 and 2016 there was a 61% increase in EU migrant labour in the hospitality and tourism sector.¹²



Figure 1: Number of permanent UK, EEA and non-EEA nationals by sub-sector (2017)



Source: ONS Annual Population Survey (2017). This excludes non-permanent residents meaning that some types of employees (such as seasonal agricultural workers) will not be sufficiently represented.

The vital importance of EU migrant labour is particularly pronounced in fruit picking and vegetable harvesting where according to the NFU, workers from Eastern Europe account for almost all of the 70,000¹³ seasonal farm workers. The NFU estimates 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 agencies in 2017, with just 0.6% from the UK¹⁴. The latest NFU End of Season Survey (2020) shows that reliance on UK workers has increased, rising to 9% but this is still a small share of the overall workforce. The analysis estimates that 68% of the seasonal workers were Romanians and Bulgarians and 16% were from Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovenia and Slovakia.¹⁵

Seasonal workers are also important in other sub-sectors of the industry, such as the poultry sector which needs up to 8,500 seasonal workers in the Christmas period alone, primarily in the processing of turkeys, and the majority of these (57%) are from outside the UK.¹⁶

Ageing workforce

The UK food and drink workforce is an ageing workforce. The Food and Drink Federation has previously highlighted that over the next ten years, 25% of the food and drink manufacturing workforce is due to retire, with up to a third of the workforce set to reach retirement age by 2033-35²⁷.

In some parts of the “farm to fork” chain, such as agriculture, this is particularly pronounced. Similarly, a recent report on driver shortages by the Road Haulage Association highlights that that average age of an HGV driver is 55 with less than 1% under the age of 25.¹⁷

This mass exodus from the workforce means not only significant loss in terms of number of people employed but also invaluable skills and experience. The industry can't recruit at the same pace at which people are forecast to leave the workforce, which will leave a shortfall in headcount. There are many reasons as to why the industry struggles to recruit but the perception of it being low-skilled and therefore, low paid, especially versus some other industries, is a big challenge.

The dynamics of the food and drink labour market also include:



Attracting and retaining talent

The Food and Drink sector is often misconceived, which means that attracting and retaining talent is an issue. At a fundamental level, there is a lack of domestic workers qualified and/or motivated to work in the industry. In some parts of the UK, working in other roles such as in an online retail fulfilment centre may be perceived as offering better working conditions for similar pay. In other parts of the country, a low level of unemployment means that there isn't much in the way of an available talent pool to draw from.

Historically, these gaps in the workforce have been filled by migrant workers, predominantly from the EU. However, the UK's exit from the EU and the subsequent restrictions around free movement and skilled occupations means that this is currently not an option. Although some seasonal workers are permitted to work on a temporary basis in the UK, evidence submitted for this report highlights that this is not an option that extends to some areas of the food and drink supply chain, such as meat processing.



Multi-skilled

The Food and Drink industry suffers from misperceptions about the employment opportunities that are available within it. It is often perceived to be low skilled and, consequently, low paid. In reality the industry is so broad and complex that there are many varied roles within it ranging from production managers and directors, to scientists and biochemists, programmers, fishmongers, agricultural machinery drivers and packers.¹⁸

In 2017 the FDF found that within food and drink manufacturing, 30.8% of roles were classed as low skilled, requiring little or no experience, 36.7% were classed as semi-skilled, requiring some experience and training and 32.5% were skilled or high-skilled and required a degree or experience.¹⁹

The other common misconception is that migrant workers only occupy those low skilled roles. However, the 2017 FDF report also found that whilst EU workers made up 38% of low-skilled roles, they also occupied 19% of those working in higher skilled roles.

These statistics highlight the difference between the perception of the industry and the reality. This is echoed in the more recent evidence submitted for this report, with respondents highlighting that workers from EU countries appear to hold the industry in much higher regard than the domestic UK workforce, and in many instances also have much more relevant qualifications to undertake the higher skilled roles than are otherwise available in the UK.



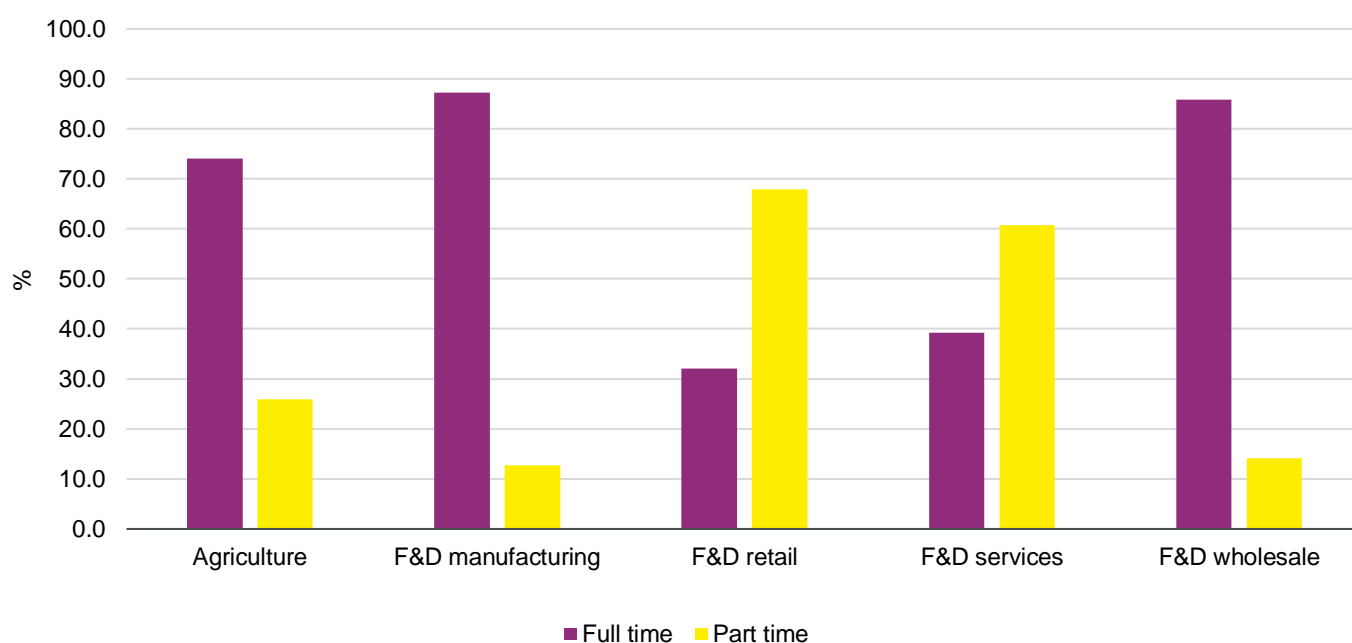
Part-time/full-time workers

The variety of roles in the sector is also reflected in the varying hours and contract types. Data from the Business Register and Employment Survey (BRES) highlights that the Food and Drink sector has a high availability of part-time roles which provides an indication of the level of flexibility of employers. However, the proportion of part-time work does vary significantly by sub-sector, as illustrated in Figure 2. Part-time workers account for a notably high proportion of total employment in retail, at 67.9% and similarly high levels of part-time workers are also seen in the services sub-sector, accounting for just over 60% of all employment. By contrast other parts of the sector, such as manufacturing and wholesale see much lower levels of part-time workers and a greater reliance on full-time staff. For example, in food and drink manufacturing, full-time employment accounts for 87.3% of employment compared to just 12.7% part-time.



Regional variation

The Food and Drink sector spans the whole length and breadth of the UK. However, levels of employment in each sub-sector of the industry can vary by region as illustrated in Table 1. For example, in Agriculture, almost one fifth of all employment in this sub-sector is in Scotland, followed by the South East (15.39%), East (12.4%) and South West (12.16%), highlighting the large geographical spread of this sub-sector. For food and drink manufacturing, employment levels are greatest in the Midlands and North of the country, with Yorkshire and Humber, East Midlands, North West and Scotland jointly accounting for over 50% of total employment in the sector. By contrast, London accounts for almost a fifth of both wholesale and service activities. It is also worth noting that agricultural roles, and indeed many packing and processing roles, are often based in rural locations where unemployment rates are lower – this is explored more in section 4.1.

Figure 2: Full-time and Part time employment by sub-sector (%)

Source: Business Register and Employment survey (2019)

Table 1: Percentage of Food and Drink employees by region

Region	Agriculture	F&D manufacturing	F&D retail	F&D wholesale	F&D service activities	Grand Total
East	12.40%	8.17%	9.60%	8.20%	8.65%	9.05%
East Midlands	8.89%	13.76%	7.23%	11.48%	6.21%	7.80%
London	0.37%	9.62%	12.53%	18.59%	18.79%	14.92%
North East	2.01%	2.88%	4.72%	1.54%	3.82%	3.75%
North West	6.42%	13.34%	11.30%	9.18%	10.09%	10.55%
Scotland	19.12%	10.34%	8.73%	7.78%	7.54%	8.84%
South East	15.39%	7.21%	14.17%	14.50%	14.47%	13.62%
South West	12.16%	7.69%	9.69%	10.05%	9.59%	9.57%
Wales	6.94%	5.11%	4.90%	2.08%	4.71%	4.78%
West Midlands	9.83%	7.93%	8.57%	10.22%	8.87%	8.81%
Yorkshire and The Humber	6.47%	13.94%	8.56%	6.40%	7.26%	8.29%

Source: Business Register and Employment survey (2019)

Key challenges and their impact on the sector

4

The graphic features several thick, overlapping curved bands in shades of blue, yellow, purple, and dark blue, creating a sense of movement and depth. In the upper left, a white circular icon with a grey border contains the number '4' in yellow, with a small yellow arc above it, suggesting a progress indicator or a specific section marker.

Key challenges and their impact on the sector

The sector as a whole is currently facing an unprecedented suite of challenges. Some of these challenges have emerged since the UK's exit from the European Union and the onset of the global Covid-19 pandemic. Others – as set out in the previous chapter – are deep-set structural challenges that have been exacerbated by the combination of the exit from the European Union and Covid-19. What is clear is that these challenges are multi-variate in nature and are deeply inter-twined. The result is that they are causing material business disruption at a scale that risks causing market failure across a broad and expansive supply chain.

This chapter of the report begins by identifying and unpacking the principal challenges before discussing how this combination of factors is impacting on the sector, considering the timescales over which these issues will bite, their severity and the likely knock-on implications for other facets of the sector and the UK as a whole.

4.1 Chronic labour shortages

In headline terms the overarching challenge facing the sector is the shortage of labour.

Of the 73 businesses that responded to Part 3 of our information request there was an **average vacancy rate of 13%** (with a median of 10%). To begin to understand the true scale of this we have extrapolated up to the national level by applying this vacancy rate to the full complement of people employed in the Food and Drink sector (4.1 million) which would suggest that there is potentially in excess of **500,000 vacancies**. Whilst this is only an estimate it resonates with other more granular industry figures which estimates up to 100,000 HGV shortages²⁰ and 188,000 hospitality vacancies.²¹

For some organisations the situation will be far more pronounced with 5% of respondents citing vacancies rates of over 50%. There are of course also some that have a vacancy rate of zero.

Across the 73 businesses providing data, 'processing' roles accounted for the highest proportion of vacancies, averaging 43%. This second highest level of vacancies was for 'operational' roles which had an average vacancy rate of 35%, followed by 'management' and 'distribution', both averaging 11%.

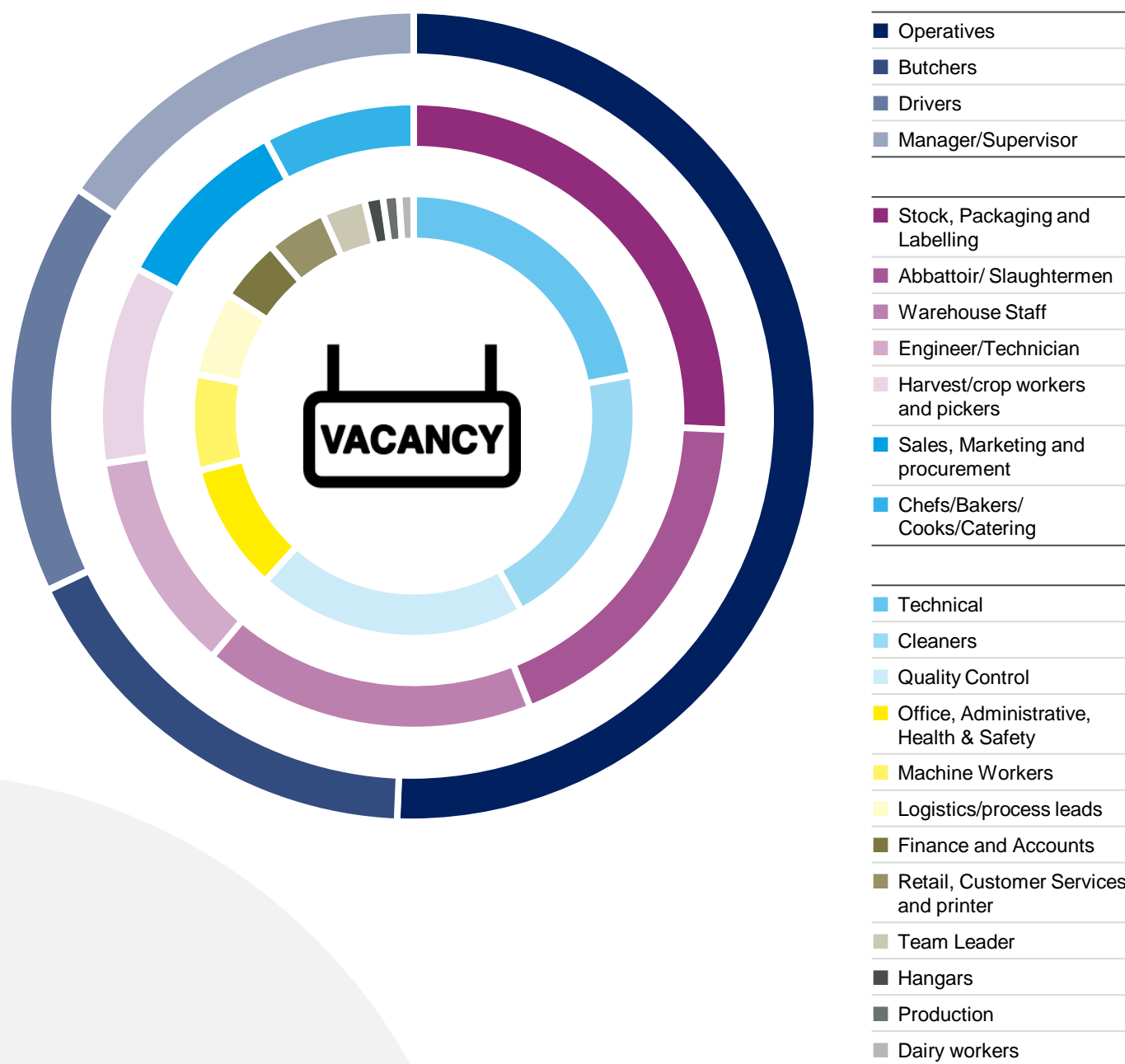
The Infographic (Figure 3) shows the variety of some of the roles where vacancies are most pronounced. Whilst this is only a small sample it does highlight the breadth and diversity of roles as well as underlining those role types where the challenge is most pronounced.

Vacancy rates also varied according to skill level. On average the highest vacancy rate was for roles requiring no qualifications or prior experience (67%), followed by 'low skilled' roles, averaging 22% of vacancies. On average 9% of vacancies were in 'skilled roles' and 2% in 'high skilled roles'.²³

While a smaller proportion of roles, the impact of a lack of skilled and higher skilled roles (such as engineers) can have a significant impact in limiting production.



Figure 3: Infographic showing the scale of vacancies across different roles²²



Source: Grant Thornton and NFU - Information request results (2021)

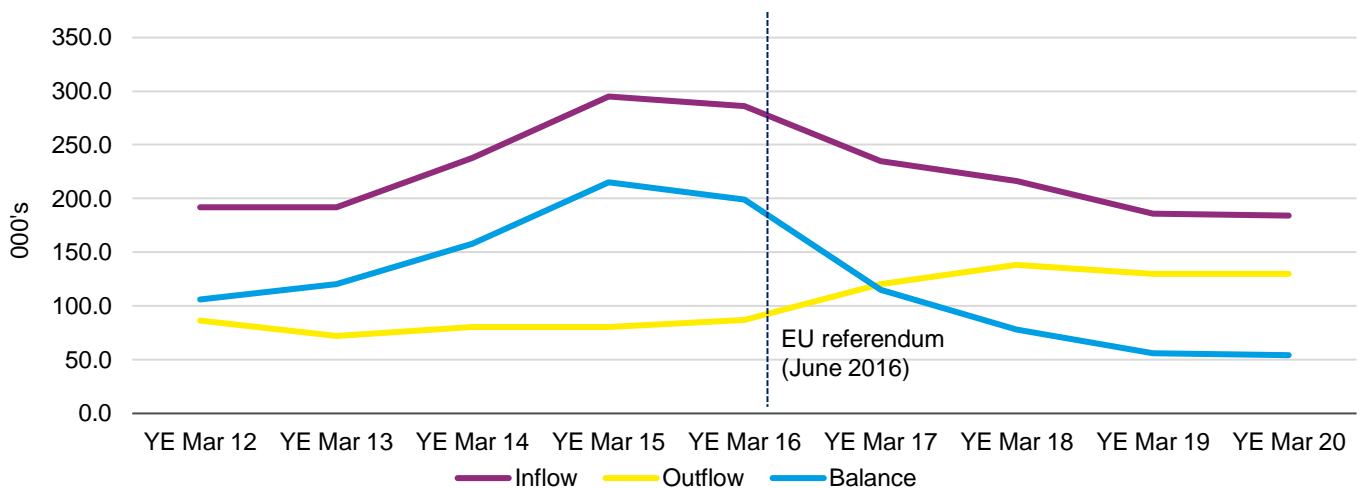
This labour shortage challenge is being driven by a combination of factors that have coalesced to create a sector wide crisis that if not addressed will see chronic failure across the supply chain and wider market.

The most prominent of these factors are:

01 Reliance on migrant labour

The UK's departure from the EU and subsequent new immigration system has created significant uncertainty for many European workers in the sector around their future rights to live and work in the UK. The result is that a number have returned to their country of origin. Quantifying the scale of those returning post the end of the EU transition is difficult to quantify owing to lags in data becoming available but Figure 4 provides an emerging picture of how net migration from the EU has been impacted since the referendum. In March 2016, just prior to the referendum, the annual inflow of EU residents stood at just under 300,000. However, by March 2020 this had dropped to 184,000, equating to a 35.7% reduction. By contrast, the outflow of EU residents has risen from 87,000 in March 2016 up to 130,000 in March 2020, an increase of almost 50%.

Figure 4: Long-term International Migration – EU residents



Source: Office for National Statistics (ONS), Department for Work and Pensions (DWP)(2021)

The consequence of Covid-19 coinciding with the UK's departure from the EU is thought to have exacerbated the exodus even further, with more EU workers preferring to be near their families. Some of those responding to our information request felt that the loss of EU workers is also due to work opportunities and pay improving in their home countries, and in some cases these countries have offered incentives to return (such as tax reliefs). One horticultural company quoted a loss of 25% of staff since Jan 2021 due to those returning to Europe as pay is now much better in Norway.

For others, the new points-based immigration system has locked out low skilled workers. This is particularly pronounced for drivers, butchers and seasonal workers. A survey undertaken by the Association of Labour Providers in May 2021 showed that 75% of respondents believed that the impact of having no lower skilled worker route will be that there will not be enough workers to fill the requirements for lower skilled works.²⁴

A further concern with the immigration system is that the high costs and bureaucratic nature of the process could be a significant barrier for a number of businesses, particularly for those that are already struggling to recover from the economic impacts of the pandemic. When taking into account all visa costs, sponsorship costs, and additional immigration charges outlined in the new system, companies will be liable for a bill of nearly £10,000 in order to hire a Skilled Worker on a five-year visa.²⁵ Not only does this make it unaffordable to a number of businesses, but it also makes the UK system one of the most expensive in the world, impeding UK companies in the competition for global talent.

02 The age profile of employees in the sector

The age profile of workers plays out in different ways for different parts of the supply chain. For drivers the average age of an HGV driver is 55 with less than 1% under the age of 25.²⁶ Prolonged periods of inactivity (for drivers) and the strenuous and physical nature of much of the work (farming) has also meant that older people typically leave the sector early – either retiring early or seeking employment in other sectors. According to the FDF a third of the industries workforce is due to retire over the next decade, leaving the industry facing a shortage of about 140,000 recruits; with other analysis suggesting that almost a third of the workforce is set to reach retirement age by 2033-35.²⁷

03 Negative perceptions of the sector

Some of the jobs in the sector are physically demanding. This – coupled with competition from other businesses – means that there is limited demand from UK nationals with a significant number of respondents noting that much of this work is therefore unlikely to be filled by those who are currently unemployed (with the point also made that the rural geographic location of many of these jobs did not align spatially with those areas of higher unemployment which tended to be more urban in nature). This is further evidenced in results from the Food and Drink Supply Chain Workforce Survey which showed that 62% of respondents regarded ‘attractiveness of the sector’ as one of the main barriers to recruitment.²⁸

The poor perception of the sector is thought to be partly due to careers advice in schools promoting office jobs over jobs in the Food and Drink sector, but also a poor understanding of what the 21st century high-tech food and drink manufacturing looks like. Potential applicants to the supply chain find it hard to identify opportunities and skills needed to enter the sector due to lack of information available through Jobcentre Plus and other agencies.²⁹

04 Competition from other businesses

The negative perceptions surrounding work in the sector were made worse by competition from other large distributors and online retailers where strong margins enable them to justify higher wages. An example given by one of the businesses responding to our information request was of a choice between seasonal work in a field or nursery to harvest vegetables, plants or fruit at £8.80 per hour or work in a large distribution warehouse for £10 plus an hour.

05 Skills shortages

The sector faces challenges across the full skills spectrum with issues securing low skilled, mid-skilled and high skilled roles. For the higher skilled roles this includes technical managers, supervisors, materials buyers, quality auditors, maintenance electricians and engineers. The results from our information request³⁰ show that on average 9% of vacancies required 'Skilled' candidates, and 2% 'Highly skilled'³¹ (see Figure 5). The market for these roles seems to be struggling with limited candidates available with the required skillset and, where they are available, there are several other employers actively recruiting in that area. The enhanced competition is driving up wages and overheads - something which is explored further in Chapter 4.3 of this report. The demand for skilled workers is also being complicated through the increase in digital technology and renewable engineering knowledge and skills required which taken alongside the ageing population could lead to a high attrition of skills in the future.

At the other end of the spectrum, the sector is facing a serious shortage of production operatives and processing staff which generally require lower skill levels. The results from our information request showed that roles requiring no qualifications or experience accounted for 67% of vacancies on average across all responses, representing the majority of vacancy types by skill level, followed by 'low skilled' (RQF 1/2 equivalent) accounting for 22% of vacancies on average. Vacancies requiring no qualifications or experience were most prevalent in the 'processing roles', where they account for 50% of vacancies on average, whereas for operational roles they accounted for 21% of vacancies, with 55% requiring 'low skills'. For distributional roles, on average 69% of vacancies were 'low skilled' roles. According to respondents to our information request the lack of suitable applicants is resulting in local bidding war for entry level operatives into the food industry. These include roles such as machine operators, line leaders, general operators, packers and pickers. Many of those responding to the information request have found that these roles are taking longer to fill and once secured difficult to retain.

A related challenge that some of the respondents are finding is that their temporary recruitment agents are struggling to find enough skilled or low skilled people who wish to 'temp'. Full time permanent roles are therefore becoming more of the norm, as this is seen to give candidates more security. This is a particular challenge for the Food and Drink sector as the seasonal nature of the work alongside unanticipated peaks in demand mean that temporary workers are critical to the efficiency of the sector.

It would be amiss not to mention here that there are also misconceptions of the skill sets required to work in the sector, particularly for those roles that are labelled as 'low skilled'. Whilst some of these roles may not require formal qualifications, they can be complex and difficult to master, requiring a certain skillset and mindset to perform these tasks. One example of this is the dairy sector where labour is often misconstrued by those unfamiliar with the industry as 'dirty work' requiring minimal skills. The reality is there is often a whole range of skill sets required on dairy farms, some of which require technical and scientific understanding to undertake important decisions such as managing disease risks and making breeding decisions. The same is true for many other sub sectors, where those roles, typically labelled as low-skilled, are fundamental to the overall success of the operation (for example kitchen porters).

It is also important not to overlook the mid-level skills (RQF level 3-4) which according to a previous FDF survey accounted for 36.7% of all employees, which was the largest proportional share of all skill levels.³² These skills are particularly important as they provide a bridge between school leavers and more sustainable employment opportunities. For example, the British Meat Processing Industry estimate that around 55-65% of their shortages fall into this skill band.



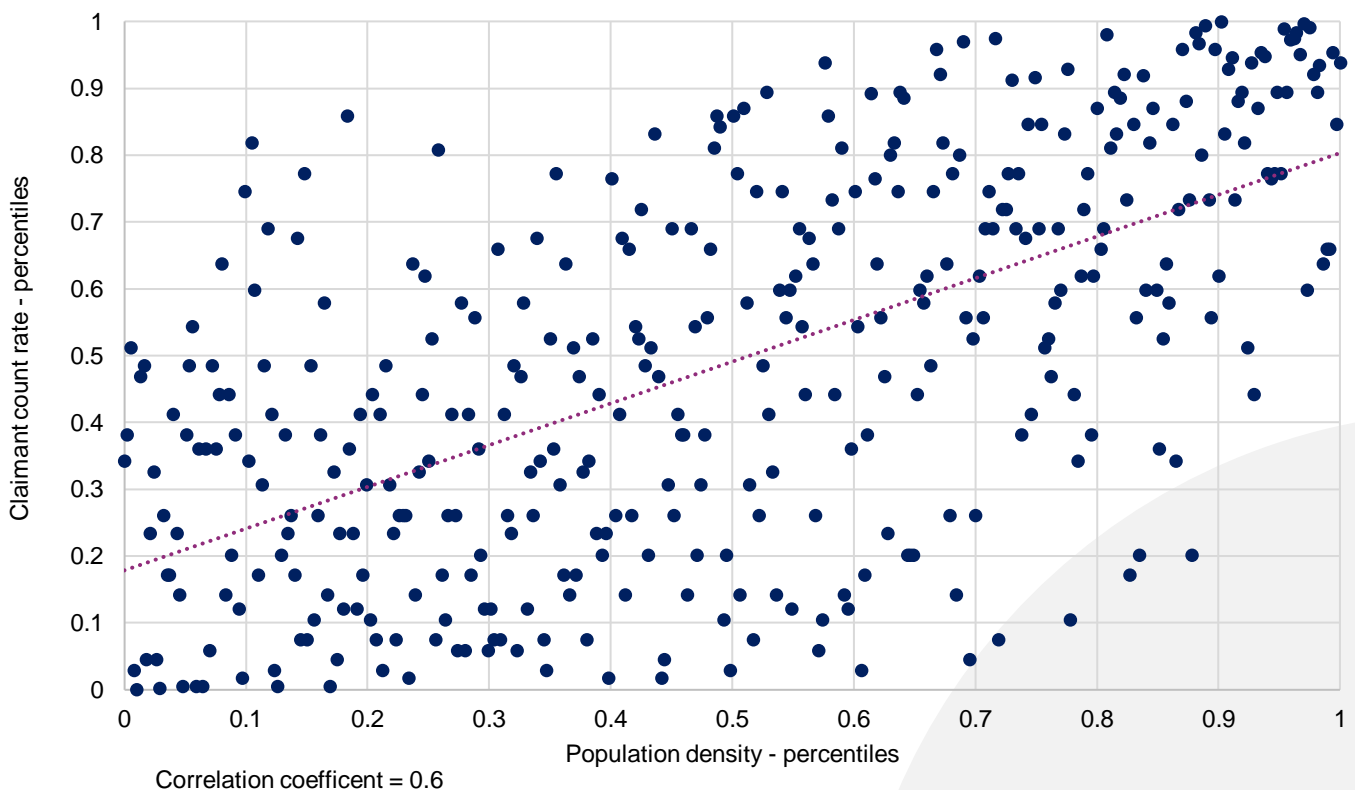
06 The geographical spread of the sector and rurality

The fact that the Food and Drink industry spans the length and breadth of the UK is undoubtedly a strength but from a skills perspective, it poses unique challenges. In contrast to other industries, such as automotive, where there is a distinct region of the country with a congregation of businesses and therefore talent, the same cannot be said for food and drink.

When talent is spread throughout the country attracting and retaining the best talent can be difficult. For example, lack of access to public transport routes and lack of available housing, particularly quality housing, was commonly cited as a limiting the available labour pool. The fact that many roles are seasonal and outdoors was also cited as making it incredibly challenging to bring people out of urban areas. Others note that during the pandemic many workers relocated from rural areas to find work in larger towns and cities. As more people come out of furlough, it should not be assumed that the skillset and geographical location of those made unemployed will perfectly match the needs of the sector and there is likely to be significant local and regional mismatch.³³

It is also often the case that the highest levels of unemployment are found in more urban localities and therefore the potential labour pool to draw upon in rural areas is less plentiful. This is evidenced in Figure 6 which shows a positive correlation between population density (a proxy for rural/urban - with a higher population density indicating more urban areas) and the latest claimant count rate for all local authorities in the UK.

Figure 6: Population density vs. Claimant count rate



Source: ONS, Mid-year population estimate (2020) and DWP Claimant Count rate (June 2021)

Case study: *Seafood producer*

Housing in rural areas is seen as a key issue, with the business stating that there is literally nowhere for their employees to live in some areas where they operate due to second homes and holiday lets. Many of their workforce rent in Fort William, but they feel that the increasing rate at which owners are turning their properties into AirBnB lets, is leaving their workers with nowhere to go with many having to resign and return to Eastern Europe.

07 Introduction of IR35

The introduction of new regulation relating to off-payroll working (and particularly the use of contractors) was commonly referenced in the returned information requests as a key contributing factor to the UK's current shortage of HGV drivers and associated supply chain disruptions. Introduced in spring 2021, it requires all previously self-employed drivers to be contracted on PAYE where they are working solely for a specific business. This is seen by many as being unpopular for drivers, with many deciding not to continue driving or are seeking work that remunerates them at a level to compensate for the tax and NI they pay through PAYE. The introduction of IR35 has also resulted in agency labour withdrawing their services as low-profit margin logistics businesses cannot sustain demand for £5-£6 per hour rate increase.³⁴





Many of the challenges discussed in the proceeding pages have been exacerbated by Covid-19

The global pandemic has seen 1.3 million foreign born workers leave the UK, of which 700,000 were in London according to estimates by the Economic Statistics Centre of Excellence.³⁵ This workforce is yet to return with anecdotal evidence suggesting that they may be unlikely to ever return. Travel restrictions have worsened the situation as many international workers who returned home before Christmas to see family have sometimes been unable to return. It is also a factor within the UK with parts of the historic workforce (e.g. university students) are currently located elsewhere in the country.

According to the Office for National Statistics (ONS), hospitality has been one of the sectors most affected by lockdowns and UK government restrictions throughout the pandemic. Data from HM Revenue and Customs shows that in April 2020 just under 1,650,000 employees in the sector were on furlough as businesses paused trading, falling to just under 590,000 employees furloughed at the end of May 2021, representing 25% of all furloughed employees.³⁶ The latest ONS vacancy statistics by sector suggest that in the period May – July 2021 there were an estimated 117,000 job vacancies in hospitality, over six times greater than the 19,000 recorded in Dec-Feb 2021, and higher than pre-pandemic levels. However, a recent survey by UK Hospitality suggests that this figure could be as high as 188,000 based on an extrapolated vacancy rate of 9%.



The labour challenges outlined above are particularly prominent in certain roles including HGV drivers, seasonal agriculture, dairy farm workers, engineers, butchers, and vets. The following section provides further detail on some of the roles experiencing severe shortages and how the specific challenges play out.

It is important to note that this challenge has profound longer term impacts for the sector as discussed below. It should not be confused or conflated with the current (July, August 2021) challenge facing the Food and Drink sector as a result of significant increases in the number of workers being required to self-isolate. This later challenge is expected to be quickly resolved following the removal of this requirement by UK Government.

Covid-19 has also caused significant disruption to training the UK workforce, particularly in the hospitality sector where over the past 18 months apprenticeships have been put on hold as it relies upon in-work training and experience as well as the vocational training component. This means the talent pipeline is disrupted which also has longer term impacts on the sector. Similar disruptions have been felt across the haulage sector, with the complete shutdown of vocational driving tests throughout much of 2020 resulting in the loss of over 30,000 tests slots and only 15,000 were able to complete the training successfully – a drop of 25,000 from the previous year.³⁷

A further challenge resulting from the pandemic is that it has accelerated the growth in online retail which has led to a growth in distribution centres and the need for drivers which has taken away from the HGV labour pool, affecting other parts of the supply chain (see Chapter 4.3).



HGV Drivers

There are currently deep concerns across the industry about the lack of drivers which many feel is deteriorating on a daily basis. Drivers play a critical role throughout the supply chain which begins with delivering products such as fertiliser, seed and animal feed to farms.

Data from the Road Haulers Association (RHA)³⁸ suggests that there could be as many as 100,000 vacancies in the UK. Their survey of 616 companies found that the largest hauliers were averaging 91 vacancies with SMEs averaging 4. Nearly half (43%) stated that it took longer than six weeks to fill the last driver vacancy and two thirds (67%) said that they had more than 5% of their fleet idle due to an insufficient number of drivers. Eighty-three per cent said that they were having to prioritise work because of the driver shortage.

Driver shortages have existed for a number of years but many of those responding to our information request felt that this situation has been exacerbated by a combination of factors including:

- The loss of EU workers as a result of Brexit
- Covid-19 impacts including furlough, self-isolation and wage increases
- A backlog of tests for new licenses
- Difficulties in achieving delegates examiner status
- IR35 changes

Alongside these factors, the driver age profile is increasing which means that an influx of new drivers is required to replace those leaving through retirement. The shortage of drivers is leading many businesses to increase driver rates which is resulting in increasing competition between different haulage companies over the dwindling supply of workers (this is explored in more detail in Chapter 4.3).



Case study: Bulk dairy logistics firm

This firm has operated continuously since 1994 and report that they have never faced a shortage of qualified staff as they are presently experiencing, this includes the foot and mouth animal pandemic of 2000-2001. Staff shortages along with shortages of Large Good Vehicles (LGV) Category C and C+E (class 1 HGV) drivers are all combining with the result that they are at risk of defaulting on the collection of raw milk from farms and for delivery to processors.

The firm feel that the situation has become particularly "grave in the last two months, to the extent that only a small staff shortage will halt the flow of raw milk to dairies and put the food chain at risk". For the past two months they, like most hauliers, are relying on the goodwill of colleagues to work additional shifts and overtime, but this is now coming to an end as people are tired: "It is reasonable to predict that in the next few weeks and months there could be a collapse of parts of the supply chain with a consequential disruption to the supply of milk on retailer shelves."

A secondary, but at least as important, issue is that driver shortages are causing their pay rates to be bid up and they are reporting wage claims from their own colleagues and temporary suppliers up to 30% higher. The view is that this will filter through to food inflation as their costs will be passed on to clients, then to supermarkets and ultimately the consumer. Their view is that the market is "very sensitive to milk price inflation and of course as a food basic, milk price increases are extremely regressive, affecting the poor and vulnerable more than most."



Seasonal agriculture

Historically the fruit and vegetable picking and seasonal poultry industry has been highly dependent on EU workers with workers from Eastern Europe accounting for almost all of the 70,000-80,000³⁹ seasonal farm workers who gather fruit and vegetable harvest and process seasonal poultry. The Migration Advisory Committee's 2019 report on EEA Migration in the UK highlighted that 99% of seasonal agricultural workers are from the EU in roles that cannot realistically be filled by the domestic workforce. The UK's departure from the EU has therefore caused a major drop in the availability of seasonal labourers which was further compounded by stay-at-home rules and social distancing during the pandemic. The latest NFU 2021 Labour Survey data (up to June) shows shortages across seasonal horticultural roles of 10.7% for the year to date, but a worsening picture in June with a shortage of 16.5%.⁴⁰ Further evidence comes from the NFU Daffodil Grower Survey 2021 which showed that there was a staggering 33% seasonal labour shortage.⁴¹ Additionally, the impact of the Covid-19 pandemic has only further highlighted the integral primary production role that this sector has to the domestic food chain.

Despite a national campaign to encourage more UK residents to 'pick for Britain', the National Farmers Union's Horticulture Seasonal Worker Survey, which was completed by 244 growers who collectively recruited around 30,000 people – about half of the workforce – found nine in 10 seasonal workers in 2020 were from the EU.⁴² The survey also reflected that retaining UK seasonal workers continues to be a challenge, with first-time UK resident workers staying for 9.5 weeks on average, compared to just over 14 weeks for first-time non-UK workers and 18 weeks for returnee non-UK workers. Many of those who responded to our information request for this report feel that part of the challenge is that UK workers simply do not see this line of work as attractive due to the nature of the work which is perceived to be rural based, outdoors and involve physical work at unsociable hours.

While the expansion of the Seasonal Worker Pilot scheme was welcomed by the industry, many businesses say that the drop in EU nationals returning to the UK means there is an increasing reliance on the scheme and that it must now increase further. For seasonal poultry there is a pressing need for greater workforce certainty as poults typically arrive on farm from June onwards. Therefore, producers need to confirm workforce arrangements well in advance of the busy processing period in late November to early December.

This need also includes temporary crop trail assistants who play a key role in enabling ongoing R&D into new crop varieties grown on UK farms.

Case study: Winterwood Farms

For 2021, Winterwood Farms are 'only' 10% short of staff, but this hides the fact that they have restricted growth in order to employ less people as they saw this shortage coming. Their serious concerns are therefore not 2021 but 2022 and beyond. For context, their workforce is historically 90% Eastern European and 90% of these have been in the 18-25 year old bracket and coming to UK to work on a seasonal basis in the summer holiday from School or University/ College. Each year therefore roughly 20% of this pool is removed by the fact that people move out of this age bracket and on to work in other industries, and at the younger end, new people are not eligible to work in the UK any more to take their place, as they don't have pre-settled status.

The expected challenge in 2022-2024 will be most pronounced at 'Picker and Packer' level but they stress that this belies the fact that, as they promote from within, that the medium term challenge for more skilled staff will accelerate if they do not get "new blood into the business now".

They have seen a significant reduction in both the number of job applications as well as the quality of those applying. Those that have applied from the UK do not live locally and want to live in a house and not a caravan if they travel.

They point out that picking and packing and all farm operations are seen by Home Office as low skill. Whilst they feel that this is true in terms of a formal qualification, this does not reflect the skillset and mindset required to perform these tasks. Nor does it reflect the earning potential, with work often on a "piece-work" rate with good people regularly earning over £100/day. The issue therefore is about the "skillset/mindset to be productive doing any given piece of work".



Dairy farm workers

According to the Royal Association of British Dairy Farmers (RABDF), recruiting staff on dairy farms is becoming increasingly difficult with 63% farmers in the 2021 RABDF labour survey saying that they had difficulties recruiting in the last five years.⁴³ This is up from 51% in 2016 and 40% in 2014 when the RABDF last surveyed farmers using repeated polls about labour. Employers in the most recent survey believe unsocial working hours and not enough people interested in dairy farming are two of the main reasons for people not wanting to work on dairy farms, with 28% of employers reporting staff leaving due to unsociable working hours. This is despite 77% of employers saying that they had made changes on their farms to make the workplace more attractive. The lack of appeal to work in the sector is further evidenced in a YouGov survey in June 2017, commissioned by the Royal Association of British Dairy Farmers, which found that less than 5% of UK citizens surveyed would consider working on a dairy farm.⁴⁴

Case study: Wine GB member

This wine producer reports that the volume of applications for permanent roles has dropped to around one quarter of the applications they received pre Brexit/Covid-19.

Their contract labour suppliers have also not been able to provide the staff they need to satisfy their seasonal demand. For example, none were available for pruning and they have flagged “significant issues with finding enough resource for harvest pickers”.

For their seasonal cellar hands, they have been unable to use their usual source of European workers. This pool of workers tend to travel the world for vintages but are unable to work in the UK due to the exit from the EU, with one third of the applicants they received not having the right to work in the UK. According to this business, UK Government approved operators either did not have the capacity to allow them to bring the workers to the UK or charged so much that it wasn't viable to go this route. It also wasn't clear to them whether harvest cellar hands would be able to gain seasonal worker licences or whether they were only applicable to grape pickers.



Engineers

With the continued move to automation the need for skilled engineers in the industry continues to grow. The limited number of engineers in the market has led to local bidding wars and retention challenges. For this particular role the Food and Drink sector faces competition from a myriad of other – often high profile – sectors such as aerospace, professional services and infrastructure.

Case study: KK Fine Foods

For KK Fine Foods, engineering is a particular issue as they see a limited numbers of engineers in the market. They report that locally it has become a “bidding war” for engineers and they've seen the rates for these roles increase quickly ahead of the average rates. A further challenge they raise is that engineers are staying for short periods of time as they are regularly head hunted which is increasing recruitment and training costs, quoting that they have already spent circa “£30k on recruitment fees in 2021 for engineering alone!”. They also expect machine maintenance issues to increase throughout the year due to the “inexperienced team now on site” and have concerns about lines being able to run if they are unable to keep up with planned maintenance.

Case study: Thistle Seafood

The engineering department of Thistle Seafoods is very large and struggles with different challenges. Due to the geographical location of the factory they compete with Oil and Gas for engineers. They report that it is currently extremely hard to find maintenance engineers who can cope with the pressure and speed of food manufacturing and that also have the appropriate skills. Due to this they have run an apprenticeship programme for a number of years. They have had over 20 qualify but have found that unfortunately other companies then headhunt them away.



Vets

Whilst the veterinary profession is relatively small their reach and impact is regarded as significant, deploying their expertise across domestic food production, from farm to fork, ensuring UK production meets the highest standards of animal health, animal welfare and food safety.⁴⁶ However, demographic and generational factors have affected the veterinary workforce in recent decades. Alongside wider shifts in working practices, these changes have led to part-time workers and locums constituting a greater share of the total veterinary workforce.

Even prior to the decision to leave the EU shortages were starting to materialise. The Major Employers Group (MEG), which represents some of the largest UK veterinary businesses providing primary care, conducted a survey looking at vacancy rates amongst its members in November 2018. The results showed that there were 890 vacancies in member practices employing over 7,700 veterinary surgeons providing primary care directly to the public in the UK. This represented a veterinary workforce shortage of approximately 11.5%. In recognition of these shortages vets were added to the Shortage Occupation List.

However, the demand for vets is rapidly increasing as a result of the requirements for export health certificates (EHC'S) for the export of meat to third countries. With the UK's departure from the EU there is now an ever increasing demand in EHC's in order to continue to trade with the EU. In addition to this, the end of the free movement of people has created a further barrier to the movement of EU-qualified vets to the UK, which according to RCVS 2019 data account for 48% of new registrants graduated. Adding in an administrative burden such as is proposed, via a visa process, reduces the attractiveness of the UK for EU nationals, compared to other EU countries. These factors, combined with the fact it takes several years to train vets, risk creating a situation where there is insufficient veterinary labour, without which the animal products cannot be cleared for export.⁴⁷



Chefs

A number of respondents to our information request stated challenges recruiting chefs. This is further evidenced in a survey carried out by UK Hospitality which received responses from 69,000 people across 241 companies. Findings show that head chefs and other chefs accounted for 19% and 66% of all vacancies respectively.⁴⁸



Butchers

A recent report by the British Meat Processors Association (BMPA) has highlighted the national shortage of British workers with the skills required to fill butchery roles. The high demand for these roles and low supply of suitable and willing workers in the domestic market has led to an increased reliance on EU27 workers. One of the proposed causes for this has been a lack of awareness of the opportunity within the industry, both in the immediate term and the long term, as well as a reduction in high street butchers' shops, and therefore public visibility of butchers. According to the BMPA, members have gone to great lengths to engage with local schools and colleges, which has been increasingly successful, however the rates of uptake are low compared to non-UK workers. When young Britons do enter the workplace, it has been reported that they often possess few appropriate skills in readiness for work in the sector.⁴⁵

Some members have reported that low enrolment in butchery courses in local colleges has meant the cancellation of such courses. Many large organisations have instead brought training in-house, but this is not a viable option for medium and smaller businesses due to the significant investment required.

One of the businesses responding to our information request explained how they had an acute shortage of butchers in their turkey plan here they are reportedly down 30% on necessary skilled numbers which will have significant implications for supply during Christmas 2021.

Case study: ACCOR

A year after the UK Government launched Eat Out to Help Out the UK hospitality sector is in full revival mode. As Brits, and now international tourists, flock to hotels, restaurants, cafes and bars across the UK, the industry is facing a staff shortage, which threatens the sector's recovery. In the UK Accor has created more than 400 roles across the group's hotel portfolio. Around half of the vacancies are in the kitchen brigades, equating to 200 available chef and kitchen jobs.

4.2 Impacts

Given the scale and nature of the challenge outlined it is not surprising that it is having a profound impact both directly on the sector but also indirectly to consumers and other sectors through the knock-on impacts through the supply chain. The combination of these impacts have pushed the sector beyond its capacity to adapt and precariously close to market failure – an outcome that while not resulting in food shortages would have unprecedented impacts for the UK in terms of the variety, availability of UK produce and price.

The remainder of this chapter unpacks the different impacts that are materialising.

Scale back and loss of revenue

For many growers and producers the labour challenges presented above are leading to no other option than to scale back and reduce production. An Access to Labour Survey led by NFU based on 135 responses, showed that 27% of agriculture and horticulture businesses would scale back operations or productivity if their company did not have access to (non-UK) EU nationals.⁴⁹

Some of those responding to our information request reported that they have already taken action to grub out certain crops and are putting plans in place to move towards monoculture to keep operations simpler and reduce labour needs. For example, at Wild County Organics the threat of reduced staff levels into 2022 means that they are planning to reduce of the crops currently grown by between 40-50%. They believe this will lead to a 30% decrease in turnover as they are planning to supplement some of the produce they currently grow themselves with produce from mainland Europe. To quantify the scale of loss they believe that without Brexit their turnover would be close to £4.5 million but at present it stands at £2.95 million. In another company the loss of production of 3,500 of seed per day, producing 1600 mt of edible oil and 1900 high protein cattle feed per day, is amounting to turnover loss of £1.75m per day. Two other growers quoted a loss of about 10% of turnover as a result of crops being wasted in the field as a result of staff shortages.

Case study: Wild Country Organics

Wild Country Organics have taken a number of actions to reduce levels of production and therefore staffing demands including:

- **Crop reduction:** For field scale cropping they have given up all the land they rented and only use land owned by the business which is effectively a 50% reduction in cropping by area. However, in reality they reduced field scale crops to less than 20% of previous levels by reducing the variety of crops they grow and numbers of those they retain. They now either buy in from other producers or just go without those lines
- **Variety reduction:** For glasshouse/protected cropping they have reduced the variety of crops including very profitable but labour intensive crops, such a cherry tomatoes and French beans. Each are worth £7,000 to £10,000 per week in turnover. This year was the first for 23 years that they did not grow Cherry Tomatoes
- **Wholesale supply reduction:** They have stopped all wholesale supply to Waitrose, Riverford, Abel and Cole, Wholefoods, Budgens, Farm Drop and all London Wholesale through Langridge and Choice Organics
- **Reduction in farmer markets:** They have concentrated all their production to supply their direct sales primarily through Farmers Market in London. However, they have still been forced to reduce the number of farmers markets they attend each week from a peak in 2017 of 42 markets to current level of 27
- **Stopped a profitable box-scheme:** Just recently they have stopped their box-scheme which has meant the loss of 5 man days for delivery and admin and the turnover lost is thought to be about 10-12% of last year's turnover.
- **Expansion projects put on hold:** All construction and expansion projects are on hold including a 25% expansion in glasshouse for which all the planning permission has been granted and quotes and construction firms were in place prior to the Brexit result. This also prevented them from investing in a Biomass heating plant to heat the glass. The total investment put on hold was circa £1 Million.

Scale back is also being seen in other food production lines where production lines are at risk of being made non-operational due to lack of resources to keep them staffed appropriately. This is leading to significant disruption and service level shortages. In the poultry meat industry there are reports of cases where existing bird volumes have been reduced to cut back on product range. In one business they are currently evaluating reducing chicken production by 5%, weekly turkey production by 10% and Christmas turkey production by 20%. They fear that the impact will be far more severe in the meat and poultry sector than other food sectors because it is a fresh product and has short shelf life. Therefore, the impact of changes on labour, supply and availability are felt far quicker and are much harder to recover from.

Similarly, the lack of staff available to manage livestock is leading to herd sizes being reduced which will impact on the overall supply of meat in the food chain. For example, the National Pig Association noted that in recent months some members have contacted them to explain that they would be depopulating their sow herds entirely and exiting the industry, with others moving to only contract finishing pigs due to the inability to find sufficient labour.

However, it's not just the producers and growers who are being forced to cut back, scale back in operations and profit losses are also being felt in the processing and distributional sectors. In one dairy processing company the business has been restricted in what it can produce with the reduced workforce, with current production capacity reduced by 25%. The National Pig Association has also reported that all of the major pig processors have currently reduced the number of pigs they take in a week by around 25% citing lack of labour availability. Suppliers are also feeling the bite, with one supplier having to rationalise the number of lines they are supplying to both domestic and international market, which has resulted in 10% turnover loss year on year. Alongside this they have had to turn down an estimated 20% business growth due to labour shortages.

High staff turnover is also leading to higher employment costs and lower productivity. The deficit caused by the skills demand contributes towards an increase in the time to hire, the time to train and develop colleagues and the speed which a colleague can effectively contribute to the production. A number of respondents also fear that revenue was being hampered by the increased overtime costs which is a further knock-on impact resulting from labour shortages.

Delivery delays and reduced customer service

Delays as a result of labour shortages are being reported across the full length of the supply chain. In some cases this is at the start of the supply chain leading to delays in the delivery of raw products to processing sites which is resulting in reduced levels of production and impacting turnover. Whilst in other cases loss of revenue is being caused by an inability to get finished products out the door quick enough.

This is widely reported as leading to a reduced service level to customers and an inability to meet demand from retailers, resulting in an ultimate business loss. The inability to move finished goods off site can also lead to delays further up the supply chain as raw materials can no longer be discharged, resulting in a lot of waiting and delays at sites. A number of respondents felt that delays were significant with one company quoting that in the last 2 weeks delays were affecting 30% of deliveries, leading to customers being let down and loss of sales. This is further evidenced in an HGV Driver/Labour Shortages survey by FDF which found that 79% of respondents couldn't complete customer deliveries on time as a result of HGV driver shortages.⁵⁰

A recent logistic survey by Defra and FDF Food Chain Labour group survey, based on 144 responses, found that meat and meat products had been most impacted by missed deliveries, accounting for 30% of missed deliveries, followed closely by fruit and vegetables at 26%.⁵¹ Given that fresh produce is time critical due to short-shelf life, delays can quickly lead to product deterioration and wastage. Additionally, impact of missed deliveries have varied by region, with the South West accounting for the greatest impact of missed deliveries at 37.5%.

The financial impacts of delivery delays varies by business size and focus but to give some examples of losses anticipated and experienced to date:

- Wholesale company: the shortage of circa 40-50 roles is anticipated to reduce their revenue by circa £10m-£15m plus annualized which is substantial for a company with turnover of over £40-£50 million per annum
- Drinks company: has already experienced a loss of £4 million of potential sales as a result of driver shortages alone
- Dairy company: service levels have been reduced to around 95% due to failed deliveries caused by shortage of HGV drivers, which could lead to a loss in turnover of up to 5%

Another issue raised in relation to driver shortage is that more stock is having to be stored leading to capacity issues as well as food safety issues in cold stores.

The shortage of HGV drivers is having a clear impact on the sector. Many are concerned that the next challenge will be during the Christmas period, where supply into customers will be disrupted and resulting poor service levels could lead to further loss of business.

Case study:

Fresh produce producer

At one of the organisation's sites they run three production lines on which they require eight operators and three Forklift Truck Drivers (FLT) to ensure the smooth running of all three lines. However, with the reduction of both operators and FLT drivers, they are unable to meet their capacity which has a significant impact on meeting the demand from the retailers. The result is that they are now consistently "failing our customer orders which has an impact on the supply chain and ability of the retailers to stock their shelves with products in our trays, leading to significant disruption and service level shortages."

Product deterioration and wastage

For growers the impact of labour shortages during crucial peak seasons is having detrimental impacts on the quality of produce. The seasonal nature of some fruit, vegetable, plant and flower picking businesses means that any shortage of staff in peak weeks can cause extreme disruption. Labour challenges are having an effect on not only the continued care for long season harvest but also on the day-to-day packing requirements. The lack of care during the growing season means that some crops are not receiving the levels of attention required to maintain healthy growth whilst delays to harvesting can result in lost yields and deterioration in quality of produce. For example, at Abbey View Produce the impact to crops so far across their grower base is that fruit is being harvested 24-72 hours later than planned resulting in slower setting and lost yields, which in certain weather can also impact into quality. Further evidence comes from the NFU Daffodil Grower Survey 2021 which showed that crops being unharvested as a direct result of labour shortages was reported in 76% of respondents and 71% were experiencing reduced profit margins. This survey also showed that on average 24% of total daffodil crop was left unharvested due to labour shortages.⁵²

Product deterioration has also been impacted by haulier shortages, which means that some businesses are having to carry more stock in cold stores which are quickly reaching capacity, becoming clogged up with product and raising safety concerns.

Some businesses in the meat processing sector also raised concerns that the quality of meat products could also be compromised by a lack of qualified butchers resulting in poor quality butchery and trimming of products.

In the dairy industry there are increasing concerns of wastage of milk on farms. In a small number of cases there has already been instance of milk being left on farms where shortages of labour have combined with ad-hoc events such as breakdowns and planned site maintenance. In other cases, the milk has been collected but it has not reached the required location which has resulted in a lower return on the milk and therefore a financial loss to the business.

Many fear that if the driver shortages persist as milk production seasonally starts to rise then there will be increased cases of raw milk not being collected and going to waste, which not only leads to a reduction in dairy products on shelves but also has knock-on environment impacts associated with its safe disposal. The added complexity of milk is that it cannot be held for much longer than 24 hours before deterioration sets in.

Reduced growth and investment put on hold

The staffing crisis has had a direct impact on business profitability and growth which in turn has also caused a number of businesses to reconsider planned investment and place this on hold until they can more effectively manage the current lines. For example, prior to the pandemic a large producer was due to start a major factory expansion project (circa £6.5m Capex) to increase capacity. However, with current staffing levels as they are they have decided to put this on hold until they can more effectively manage the current lines. Reduced turnover impacts on long term margins and changes planned investment in automations and innovation. At Wild Country Organics they have put all construction and expansion projects on hold including a 25% expansion in glasshouse for which all the planning permission has been granted and construction firms lined up prior to Brexit. The total investment put on hold was circa £1 million. The NFU End of Season Survey (2020) also showed that 27% of growers were making changes to investment decisions as a result of seasonal labour shortages.⁵³

Increased workloads on existing staff

The surge of leavers coupled with a finite labour pool is placing increased pressure and strain on existing staff. A number of businesses are reporting that they have had to resort to increasing the working hours for existing staff and in some cases requiring staff to work on their days off. Not only has this increased overtime costs for businesses but there are also concerns that the increase pressure on existing skilled staff members is leading to tired, overworked and disengaged workers, which is further compounded by lockdown restrictions. There are concerns that rising discontent could lead to further resignations, this feeding the cycle of staff shortages.

In recent months staff pressures have also been exacerbated by peak holiday season coinciding with a high number of staff having to self-isolate as a result of track and trace.

There are also associated health and safety concerns with some haulier companies trying to mitigate these risks by changing shift systems and implementing rest days.

Inefficiencies due to lack of experience

A number of business responding to our information request have found the increased reliance on inexperienced staff is resulting in longer processing times, maintenance issues, increased costs and lower quality products. Sometimes the lack of experience has caused mistakes to happen which has led to loss of sales, produce being wasted and increased costs to rectify the mistakes. Part of the problem is that there is a significant learning curve for new joiners which requires a lot of upfront investment to get them skilled up. This is also evidenced in NFU's Horticulture Season Labour Survey (2020) which showed that first-time worker productivity (as a percentage of a target rate of 100%) was 66.8% for UK resident workers and 86% for non-UK resident workers.⁵⁴

Potential closure

An unfortunate consequence of the labour market challenges is that some businesses will have no alternative other than to close down permanently. Whilst this is seen as a last resort, a minority of respondents felt that this was the stark reality of the situation if interventions are not put in place sooner. For example, according to the National Pig Association a significant number of farmers have exited the UK pig industry this year already and many more could follow if the current issues continue to impact the financial viability of their businesses. The UK pig sector already only provides 40% of the pork that is eaten here and as more farmers are forced to leave, imports from the EU and beyond will increase. This in turn will impact the critical mass of the supply chain and the hundreds of business which are allied to the industry. A recent survey of food growers by the Association of Labour Providers showed that 4% of businesses were concerned that they will become unviable due to labour shortages.⁵⁵ Others point to wage increases becoming unsustainable, with fears that some of the smaller haulier companies will have to close and become consolidated.



4.3 Knock on impact

Ripple effect through supply chain

A key message that came out through the information request was that if a single business is unable to recruit enough workers then the whole supply chain may be disrupted, both upwards to suppliers (farmers/growers) and down to customers and consumers. An example of an upward impact is that if milk production is reduced, there will be less animal feed required and lower requirement for vets. Or an example of downward impacts would be that if there are reductions in meat supply from British farmers this will impact the operations of abattoirs and processors who themselves have contracts to fulfil with retailers. It was also highlighted that many raw food products go into thousands of everyday products and therefore any disruption of the raw produce will go on to impact a whole range of other products that depend on it.

Ultimately the short to medium term impacts will filter through to the customer in the form of reduced availability of products and increased food prices – both of which are explored in turn below. The long-term impact of supply chain impacts is that the sustainability of British food production is compromised and it places the future of UK food security at risk.

Food availability

Whilst 'empty shelves' is commonly cited as one of the biggest risks associated with the labour shortages, many of the respondents that provided information for this report felt that the most likely scenario will be:

- reduced availability of local seasonal food
- a simplified range of products and a
- higher reliance on imported products.

This will impact significantly on consumer choice, be that on supermarket shelves or on menus within restaurants.

The reduction in availability and range could in turn have knock-on impacts on retailers especially the independent food businesses associated with markets. The other risk is that some suppliers could end up with surplus stock as a result of staff shortages leading to food deterioration and wastage.

Reliance on imported food also raises further issues as the food may not be able to enter as easily to the country due to logistical, shelf-life and trade related barriers at times when it is needed the most. This is thought to be particularly the case for fresh organic food which has a shorter shelf-life.

Signs of the strain on the sector is already showing with Arla Foods UK recently announcing that the company was unable to fulfil about 10% of orders in the south of England as existing staff shortages has been worsened by drivers being forced to self-isolate. They also said that they were unable to deliver to 600 shops in the previous Saturday due to dwindling driver numbers.⁵⁶ Among those speaking up in recent weeks on disruption have been the supermarket chain Tesco,⁵⁷ and the sweet manufacturer Haribo.⁵⁸

Price rises

Potential food price inflation was frequently raised as one of the most common knock-on impacts associated with the labour shortages. Whilst manufacturers have tried to absorb increasing costs of raw materials, the added pressures from labour market shortages are leading to an unavoidable increase in costs for retailers and ultimately consumers which is likely to be felt in increased prices.

Across a sector as broad and as varied as the Food and Drink sector the impact of pricing is very complicated. For some parts of the sector, for example primary producers, their position in the supply chain makes it almost impossible to pass on any increasing production costs.

While at the other end of the spectrum, despite a general desire to avoid price increases, the increased competition for workers and the higher pay rates that have resulted has made this an inevitability. The Defra Logistics and FDF Food Chain Labour group survey found that of the 144 businesses surveyed 43% would 'definitely' increase the price of their products if driver wages continued to increase, and 19.4% would 'probably' increase the prices. Recently Ian Wright, chief executive of the Food and Drink Federation, stated that food prices could rise by about 5%.⁶⁰ As a consequence, food will become a much bigger part of people's outgoings limiting their ability to afford other consumer products.

Worryingly this comes at a time when there is also rising global inflationary pressures, with the Chief Economist of the Bank of England pointing out that global food commodity prices have already risen by 17% since the start of 2021. A recent study by the FDF estimated that this situation could be exacerbated by forthcoming UK Government policies which if passed on would result in the cost of food and drink shopping per household increasing by more than £160 per year, equivalent to £3 per week.⁶¹

Although inflation may be building in the supply chain, this has not yet materialised in the grocery market, where prices paid fell by 1.9% year-on-year according to Kantar in June 2021.⁶² That is partly because of an increase in the number of promotions currently on offer – this period 29.6% of all grocery spending was done on some form of deal, up from 26.4% this time last year.

Animal welfare

A number of respondents identified potential concerns around animal welfare due to not having adequate levels of staff to care for animals or provide safe transportation. For example, the National Pig Association are reporting that the lack of available labour to process pigs is resulting in pigs being kept on farms for longer than they should be and not only causing additional financial costs for businesses, but also putting additional pressure on staff, especially where the farms themselves are experiencing labour shortages. It is imperative that animal welfare is not impacted upon by overworked and tired workers.

Case study: The National Pig Association

“Unlike other parts of the food supply chain, farms cannot temporarily shut down or reduce hours. The pigs need to be cared for and fed every day of the year, which makes staffing levels absolutely critical to the successful management and sustainability of their business”.

The National Pig Association (NPA) feel that this situation has been exacerbated by the issues being experienced in the processing sector. They report that all of the major pig processors have currently reduced the number of pigs they take in a week by around 25% citing lack of labour available to process the pigs. This is leading to pigs being kept on farms for longer than they should be and not only causing additional financial costs for businesses, but also putting additional pressure on staff. At the time of publication, the NPA estimate there to be approximately 70,000 pigs still on farms which should have gone to slaughter and the number is rising rapidly every week. They fear that if this situation is not resolved within the next few weeks, they will see “healthy pigs having to be destroyed and perfectly good meat going to waste to avoid significant pig welfare issues on farms as there is limited contingency accommodation available in which to house the pigs. The knock-on effect for farmers is the need to buy more feed and straw, both of which are currently very expensive, and their prices will be penalised because the pigs then go to slaughter overweight.”

Environmental impacts

A small number of respondents raised concerns over the medium to long-term environmental impacts that could result from the shortages. For example, if growers have to scale back production to the point of closure this could result in alternative land uses which in turn could see the removal of hedges, a reduction in biodiversity and land management issues. In the long-term this could lead to changes in land use from green field to brown field sites or housing.

Despite environmental regulations reducing the carbon footprint of the country’s food dramatically since 2007, imported food and goods still account for around 250 million tonnes of carbon in the UK.⁶³ There are therefore growing concerns that the increased reliance on imported food as a result of labour shortages will add unnecessary air miles to food and increase the carbon footprint.



Actions taken to date

5

A decorative graphic on the left side of the page. It features a grey circle containing the number '5'. Below and to the right of the circle are several overlapping, curved bands in blue, yellow, purple, and dark blue, creating a sense of movement and depth.

Actions taken to date

Evidence submitted for this report from industry bodies suggests that recruiting the next British candidate has been very challenging. Many industry bodies report that their members have increased staff wages significantly in order to attract and retain the right type of candidates. However, despite a concerted effort, it is not enough to fill all of the available roles.

The rest of this chapter explores some of the many actions and initiatives that businesses and sector bodies have already taken to tackle the labour market challenges head on. In presenting this evidence this chapter underlines that the 'ask' of UK Government and the devolved administrations is a last resort and is now being explored to avoid the risk of market failure.

Enhanced recruitment and retention methods

Over the past few months many of the businesses that responded to the information request have invested a considerable amount of time and effort into enhancing their recruitment programme to try to tackle the labour crisis head on. In some cases this has resulted in a complete overhaul of existing recruitment plans, employing a dedicated resource to focus purely on operational recruitment and the launch of new recruitment campaigns. Individual recruitment actions taken have included:

- Increased wages
- Social media campaigns
- Engaging with local schools and colleges to attract new joiners
- Attending local job and career fairs
- Engaging with local job centres
- Sponsorship of local sports clubs and events
- Running apprenticeship recruitment campaigns
- Friends and family referral scheme (e.g. bonus if your friend/family member stays for a whole year).
- Lowering the minimum age for workers
- Increased use of the UK Governments kick start scheme
- Promoting the business amongst local communities
- Increased student intake
- Rewriting job descriptions

Alongside these actions, many of the businesses are implementing a combination of **retention methods** in order to retain their existing staff, these include (but are not limited to):

- Offering more flexible shift patterns and working hours
- Extra days holiday
- Investing in on-site accommodation and on-site facilities
- Extensive worker welfare services
- Retention bonus scheme
- Subsidising food and transport
- Cycle to work schemes
- In-house training and upskilling, investing in CPD and professional qualifications
- Offering new apprenticeships
- Increased temporary to permanent transition

Taken together these actions point towards a desire by many employers in the sector to create a better place to work and in doing so attract and retain more workers. This is reflected in the results from a Food Growers and Manufacturers survey led by the ALP⁵⁵ which shows that in May 2021 58% of respondents were going to focus on 'being a better place to work' in order to address forecasted labour shortages. This compares to 45% in November 2020. The same survey also showed that the proportion of respondents who will increase wage rates, bonuses and incentives to tackle labour shortages has increased significantly from 34% in November 2020 to 44% in May 2021. The increase in staff wages is having significant repercussions on other parts of the supply chain which is explored further in the following section.

Despite using a range of different recruitment and retention methods, many of those responding to our information request felt that they were still unable to recruit or retain sufficient levels of staff. This is being exacerbated by increasing competition from other industries which are also experiencing staff shortages, which overlaid with the effect of Brexit and the pandemic is leading to a crisis.

Case study: ABP UK

One of ABP's large manufacturing plants in the Southwest has a long-standing established and successful production-based apprenticeship program which has recruited between 5 to 15 butchery apprentices each year in partnership with its local FE college, Bridgwater & Taunton College. The scheme has provided opportunity to train and nurture colleagues who are now key contributors to the operation. In 2020 they saw applications to the scheme plummet which, combined with the restrictions enforced by Covid-19, severely limited the site's ability to provide the same level of on-the-job training and experience for the colleagues to work and learn effectively. The team hope that the scheme will return to usual levels in 2021 but the space, and resource required is challenged by the labour shortages and availability, and ABP worry that far fewer numbers will go through the programme at a significantly higher investment per colleague.

Case study: Winterwood Farm – onsite-accommodation

Winterwood Farms have just obtained planning permission for a £2.2 million accommodation block which will be available for those who they directly employ. However, this outlay will limit their expenditure on other investments over the next two to three years. They also expect their wage bill to continue to rise by 5-7% per annum, as it has over the past two years, and also for those employed to be less productive. They therefore already know that they cannot make money on some of the operations that were previously labour intensive.

Increased focus on recruiting domestic workers

Many of the actions outlined above have been specifically focused on recruiting domestic workers. In addition to this, many of the member bodies have been working closely with DWP in an effort to support domestic recruitment. One example of this is from NFU where they have partnered with DWP to create a more targeted approach which hopes to minimize the recruitment challenges that arose during 2020 and ensure candidates have a clear understanding of the sector and have the relevant skills.

DWP services include:

- Offering recruitment advice, including specialist support for businesses operating in the agriculture sector
- Helping employers set up work trials to give growers the opportunity to try out potential recruits without placing them on their payroll
- Providing advice to employers about offering work experience and apprenticeships
- Providing support from other employment schemes including specific sector-based training and recruitment, and business mentoring
- Promoting horticultural roles through a series of key messages at specific times to strategically located jobcentres
- Highlighting opportunities in the agriculture and horticulture sectors and providing Work Coaches with the knowledge they need to identify relevant jobseekers and develop relationships with key employers and stakeholders in their local area.

A further example of partnership working is from UK Hospitality who have a strategic partnership with DWP and hold quarterly roundtables with senior officials. They have helped to create links between their members and the industry and DWP on all issues relating to workforce. Recently UKH worked with DWP to hold virtual briefings for regional managers and work coaches (more than 500 DWP staff attended) in all regions/nations of the UK.

Other member organisation have tried similar approaches but with mixed results so far and some feel that the route has been largely ineffective.

NFU was also very supportive of the Pick for Britain campaign in 2020 which gained widespread backing, but NFU data suggests that the sector is still struggling to recruit adequate numbers and only for around 9% of employed seasonal workers are from the UK.⁶⁴

Wage increases

Increases in staff wages is commonly cited as a key action being taken to attract and retain the right type of candidates whilst also remaining competitive. A large number of businesses responding to our information request have already implemented wage increases or are in the process of reviewing pay packages as a way to incentivise staff to remain. Inflation in wages amongst those who responded has ranged between 10 to 30% across different parts of the Food and Drink sector. For example one horticultural producer has increased wages by 30% in just 18 months. Wage inflation is also notably high for drivers where companies are struggling to compete against some of the more competitive day rates of UK supermarkets which can exceed £800. Covid-19 has also caused wages to increase with a report by John Pelham of Andersons Midlands (2020) showing that wages for seasonal workers in the horticulture sector rose by 34% in a five-year period to 2020 and that Covid-19 impacts added a further 6-15% labour related costs in 2020.⁶⁵

In one company they have resorted to advertising pay rates for younger staff at the same rate as an older experienced worker to help incentivise applications, and yet are still not getting the traction they would anticipate.

Many feel that wage rate inflation is resulting in a 'price war' to obtain and keep staff, particularly in high demand rural areas where there is only a finite pool of labour. This is having negative repercussions for businesses as costs inevitably rise. In two businesses, they have calculated that the revised pay rates will create an additional cost of over £1 million over 13 months. A haulier company, who would rather remain anonymous, quoted that their wages may increase by 30% and overall costs by 10% which will ultimately filter through to the product. There is therefore growing recognition that substantial wage increases are not sustainable in the long-term unless there is an acceptance of higher food prices from supermarkets and customers.

Additionally, as the sector adopts more technology and automates processes, there will be more demand for employees to have digital skills which will result in higher paid, higher skilled jobs.⁶⁶

Case study: TP Niven

This raw milk haulier has increased farm collection drivers wages by 15% to try and keep them in this sector. They also have taken class 2 drivers on which they view as adding costs into the operation because the vehicles carry less which adds extra miles and extra shifts.

Increased reliance on contractors

The solution for many businesses has been to supplement shortfalls in staffing levels through contractors provided through agencies. Reliance on agencies has sometimes tripled for some businesses. One such organization is Abbey View Produce where they have increased labour providers from two to five and are looking to incorporate a sixth agency in the next two weeks.

Whilst it was acknowledged by many that the increased reliance on agencies has helped to mitigate some of the shortages, respondents also noted a number of drawbacks. The first of these is that it is an expensive solution which not everyone has the means to cover. Use of agencies also increases the amount of administration resulting from timesheets being manually approved and verified, balancing staff orders between agencies, confirming actual supply and invoicing. A small number of respondents also found that sometimes sourcing staff from agencies can result in poorer quality workers who need significant training investment and supervision. In recent months there are also more reports of businesses being shorted by their agency at short notice resulting in disruptions to product areas. However, it should be noted that others have had more positive experiences with the quality of candidates secured.

Those that have been able to continue to employ staff directly as opposed to through agencies and have a core long-term team feel that they are generally more resilient.

Relocation

A small number of respondents are considering relocating in order to be closer to a more plentiful labour pool. This was also highlighted in the Food and Drink Supply Chain Workforce Survey which showed 17% of the 238 respondents would relocate overseas if their company did not have access to (non-UK) EU nationals, and 7% would relocate in the UK.⁶⁷ In some cases this means relocating within the country, for example one business is moving parts of their product line to third party packing facilities where there is a greater availability of labour.

A small number of businesses with operations abroad are already evaluating the viability of expanding their overseas operations or moving part of their production line abroad where labour availability is less of an issue. For one business they are treating 2022 as a trial year to see how this move would affect margins and acknowledged that the shift could result in them become more of a distributor than a producer.

Case study: Winterwood Farms

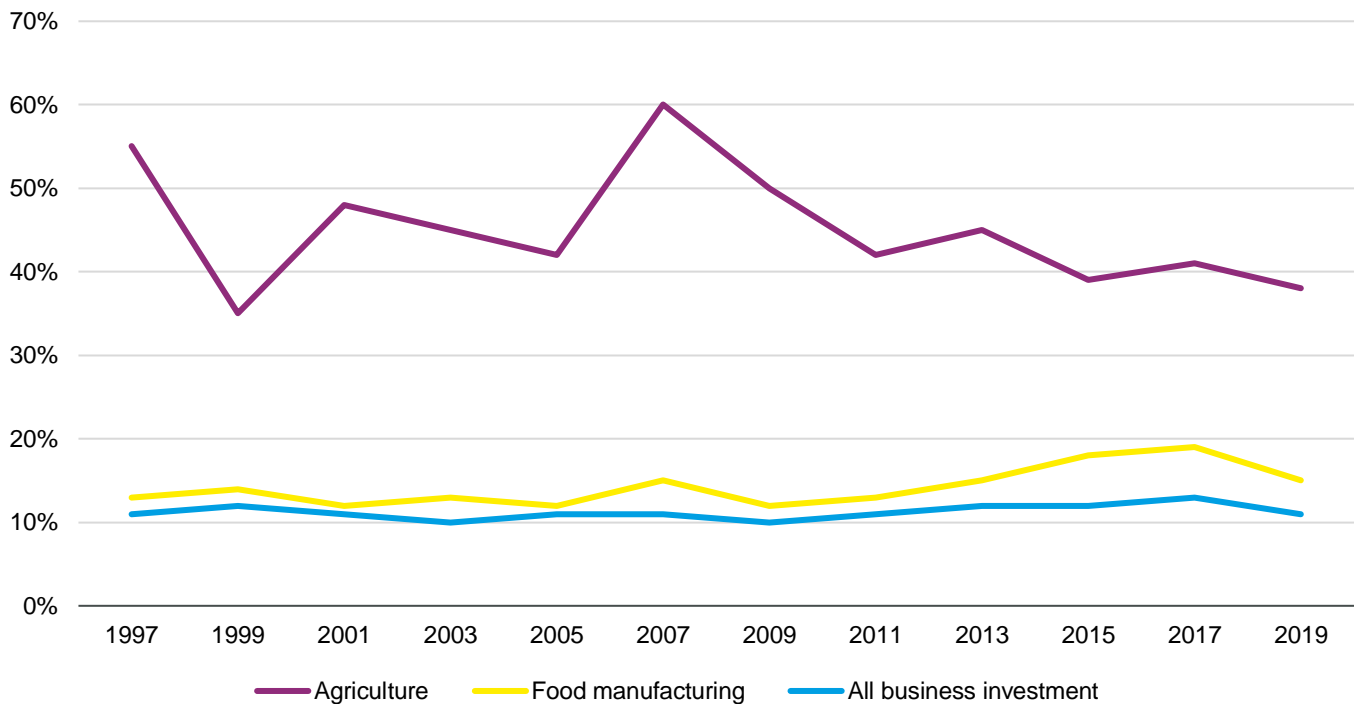
Winterwood Farms pack soft fruit in the UK both from their own farms in other countries, such as Poland and RSA, as well as own and bought-in home grown soft fruit. Currently they are expanding their overseas operations, particularly in RSA as they view Poland as also being negatively affected by Brexit in terms of its UK market. They have already bought a new farm in RSA which will now require significant resources. As a consequence even if labour was readily available tomorrow, they see their financial ability to invest in the UK as now being "vastly reduced". Also once an overseas investment is made, then this has longer term implications past the initial cost.

Increased investment in automation

Within the Food and Drink sector there has already been significant investment in automation and robotic solutions over the past decade. This is seen as a long-term commitment to reduce dependence on low skilled workers and also create a safer and more efficient working environment. Developments cited in responses have included the adoption of robotics in warehousing and packing plants, milking and cheese making machinery, cutting/slicing machinery, automated labelling and investments in factory systems.

Figure 8 shows that business investment by the agricultural sector has regularly exceeded 40% of its Gross Value Added (GVA), or about £5 billion a year since 2000, compared to about 10% for the economy as a whole.⁶⁸

Figure 8: Business investment as a proportion of sector GVA output



Source: House of Commons Library (2020) -The UK's new immigration policy and the food supply chain – The role of technology)

Some of those responding to our information request have seen positive results from the upfront investment including time savings, improved efficiencies and a reduction in the need for low-skilled manual labour. For example, G's Fresh invested £10 million over a 5-year period into developing mechanisation and automation of the harvest process and have improved productivity of harvest by 20% as a result. However, they also noted that despite this success the technology is still in its infancy and will remain heavily reliant on skilled harvest labour.

Whilst the responses to our information request showed a clear appetite to continue to invest in automation to help mitigate labour shortages, there was also recognition that in certain sections of the industry, such as meat production and many fresh produce harvesting operations, automation is not currently a viable replacement for the flexibility, dexterity and judgement that a human would provide. In some cases, this has caused companies to put in machinery, only to remove it shortly after as it was underperforming compared to people. There is also a space requirement for new machinery and skilled operators are still required to use, maintain and monitor the technology.

Two examples where automation has caused challenges include:



The meat industry

According to the British Meat Processors Association (BMPA), automation has had mixed results for the sector. In retail butchery tasks such as slicing and dicing have been automated and have significantly reduced the number of skilled butchers needed over the last 10 years. However, when automation was employed in the deboning of pork legs the lack of machine precision compared to humans meant the yield was lower. It was a yield loss that was considered unacceptably high particularly in an industry working on wafer thin margins. It also affects profitability and increases food waste. The slaughter line is also difficult to automate because the machines are not dextrous enough to adapt quickly and efficiently to the different shapes and sizes of animals, particularly in lamb and cattle but also pigs. Other respondents to our information request noted that some machinery is only needed on a seasonal basis (e.g. making pigs in blankets) and therefore makes automation less viable if its only being used for a small portion of the year.



Vineyards

Mechanization will only be suited to certain aspects of the production cycle but will not be able to replace human tasks all together. According to one of the respondents to our information request, to produce high quality grapes it is essential that hand harvesting, accurate pruning and careful treatment of the vines throughout the growing season is practiced.

A further draw back raised by respondents is that automation is not a quick fix with the results taking years if not decades to surface and therefore isn't viewed as means to resolve the immediate situation. This is evidenced in an academic paper which shows that realistically it will take 5 to 10 years before robotics have an impact on the scale of labour resources required by the industry.⁶⁹



Flexibility from buyer/customer

In order to mitigate disruptions and manage expectations, some companies are having increased dialogue with customers to keep them informed of changes and create more flexible arrangements. A number of those responding to our information request are working with customers to smooth out delivery profiles to reduce the peak and trough effect throughout the week.

Initiatives to improve the image of the sector

The image problem is felt right across the food supply chain resulting in many sectors bodies and businesses launching initiatives to improve the perception and promote the sector as a career choice. Initiatives have included FDF's "Taste Success" campaign, FDF Scotland's "A Future in Food" projects, IGD'S "Feeding Britain's Future" campaign and the "Big Hospitality Conversation" run by the British Hospitality Association in partnership with DWP.

Case study: Feeding Britain's Future

The Institute of Grocery Distribution (IGD) runs the Feeding Britain's Future Programme which is an industry-wide programme to help young people improve their employability skills so that they can succeed in the workplace. Through this programme, professionals from across the food and grocery industry help to inspire and educate students nationwide, so they understand how to translate their education into skills for work, while learning about the diverse range of careers within the industry.⁷⁰ To date this programme has provided training for over 50,000 secondary school students with the help of professional volunteers from over 200 companies that have volunteered 18,000 hours. Since the pandemic they have continued to provide support through the deployment of a digital version of the programme that combines online resources with live webinar events and allows students to access the school programme from their home.⁷¹

Case study: The National Pig Association

The British pig industry has worked hard for many years to find solutions to attract and retain more people into the industry. They were the first industry to develop a Continuing Professional Development (CPD) scheme - the Pig Industry Professional Register - to enable people working in the industry to demonstrate competence and to document their training and experience record when moving from one employer to another. This has subsequently developed further to AHDB Pork's PigPro - which in addition to CPD, enables staff to access and monitor training, develop career progression plans, mentoring and advice.

The organisation has focussed on promoting agriculture as a career of choice to undergraduates in agricultural colleges - e.g. the Harper Adams Pig Industry Scholarship Partnership, where undergraduates experience a funded placement year within the industry as part of their course and often go on to secure permanent employment within the industry once they graduate.

They have also developed a pig careers website for the allied trades to show interested people the breadth of career options within the industry, and worked with careers advisers from schools as well as being involved in schemes such as Bright Crop, Institute of Grocery Distribution (IGDs) Feeding Britain's Future programme, and Education and Employers Inspiring the Future which connects state schools and colleges with employers and people from the world of work. Volunteers from Apprentices to CEOs, Archaeologists to Zoologists pledge just one hour a year to volunteer in a state school or college near where they live or work to talk to young people about their job and career route.

Potential opportunities

6

The graphic features several thick, overlapping curved bands in shades of blue, yellow, purple, and dark blue, set against a light grey background. A white circle with a grey border contains the number '6' in a dark grey font, positioned on the left side of the graphic.

Potential opportunities

Major disruptions in any market do present opportunities with innovation in response to challenges bringing forward new delivery models, products and services. Given the scale and nature of the issues currently facing the sector, the focus of this report is on the challenges and the next chapter specifically focuses in on the asks of UK Government and the devolved administrations in response to the unprecedented pressure facing the sector. However, it is important that these 'asks' are considered in a wider context. They are asks that will support the realisation of longer-term opportunities around improving skills, levelling up and enhancing productivity. They are therefore 'asks' that enable the realisation of wider UK Government objectives.

Upskilling and skills improvement

Given the diverse range of roles in the sector there is an opportunity to continue to nurture and develop the relevant skills base to ensure that the workforce can meet employer demand. This is seen as a key priority area for the sector with the National Skills Academy for Food and Drink, the National Centre for Excellence in Food Engineering and the Institute for Agriculture and Horticulture just three examples of organisations working in the sector to develop the skills base within food and drink manufacturing.⁷² Many of the respondents to our information request pointed out that upskilling was already the "method of choice", but that the increased pressures resulting from labour shortages has forced businesses to think more innovatively and invest more time and effort into upskilling existing staff. It is hoped this will also help retain staff long term, reduce turnover and help progress workers through the business into supervisory and managerial positions. Additionally, the transition towards automation is increasing the need to have workforce that is 'future fit'.

The approach to upskilling amongst those businesses that responded to the information request ranged from running additional training courses, to offering apprenticeships and creating a dedicated academy. One example of this is from a Dairy Milk Haulier who have created a driver academy to train up those who wish to pursue a career as an HGV driver. The scheme is open to all ages as opposed to just an apprenticeship level.

Whilst apprenticeships are seen as a good method for upskilling workers, several industry bodies noted that it was hard for them to access the scheme or that they felt it wasn't being used to its full potential within the industry. In part, this is due to a lack of available industry-focused apprenticeship schemes at the right skill level. It is a challenge that is not unique to the Food and Drink industry.

The recently published "State of the Nation: Social Mobility and the Pandemic" report by the Social Mobility Foundation found that the majority of apprentices were from higher socio-economic backgrounds and consequently often pitched at people further up the career ladder, requiring high level apprenticeships. People from lower-socio economic backgrounds were missing out on apprenticeships, as they were less likely to get onto schemes and there was a decline in apprenticeships at levels two and three, which people from more disadvantaged backgrounds were likely to be clustered in. Given the national presence of the Food and Drink industry, coupled with the broad range of roles and skills levels the sector is uniquely placed to be able to provide these apprentice opportunities across the UK.

A number of respondents also noted that the process of upskilling workers from scratch is still reliant on there being the local population being able and willing to enrol in the first place, and if the numbers aren't sufficient, it can become financially unviable to put on training for such a small cohort of people.

Therefore, if this opportunity is to materialise, clearer employment pathways need to be established enabling both young people as well as those working in other sectors to understand the range of employment opportunities and the diversity of roles. Alongside this, there needs to be close working with further and higher education providers to ensure that the supply of training and education matches demand, taking account of not just the skills needs for the industry now but also the needs over the next decade and beyond.

Levelling up

The Food and Drink sector is a very broad and diverse sector whether that be in terms of the geographic locations of the businesses, the skills and education requirements or the nature of the different roles available. Alongside this, as has already been noted, it is a large economic contributor employing roughly 14% of the entire UK workforce.

These two factors mean that the sector has an important contribution to make in helping to deliver the UK government's priority around levelling up. Of particular importance is the fact that much of the sector's operation and employment basis are not in urban centres and as such provide important employment opportunities in places where major employers or particular sector strengths are limited.

The opportunity therefore is that enhanced recruitment and appropriate support with skills and qualifications could provide important employment opportunities for local residents. The challenge, is that the population in these rural areas is less dense than in urban centres and therefore there may be a mismatch between supply and demand. If this opportunity is to be realised and the sector is to play an important role in helping support the recovery from Covid-19 in the short term and levelling up over the medium term, then it will require planning and leadership over a broad geography. It is planning that needs to look beyond skills and training to also include infrastructure and transport provision.

Improvements in productivity

Investment in automation and with it the enhancements to productivity that result was seen as one of the biggest opportunities for the sector. As outlined in Chapter 5, this is not something new and significant investment has already taken place. The increasing labour challenges and associated disruptions caused by Covid-19 and the exit from the EU is however driving progression in automation and robotics at a much faster pace. In a 2021 survey of 99 food growers and manufacturers carried out by the Association of Labour Providers, 51% of survey respondents said they would use automation to reduce reliance on skills and labour, which was the highest figure of all possible answers and up from 45% in November 2020.⁷³ It presents a significant opportunity to reduce reliance on labour intensive manual tasks, reduce production costs, open up a greater variety of roles at higher skill levels, increase food quality and security and improve efficiencies.

However, automation does require significant upfront investment and with it long-lead times for the delivery and installation of new equipment as well as different space requirements. Therefore, in an environment where margins are coming under increasing pressure and profits are reduced there is limited capacity for organisations to make the capital investments required.

A further drawback highlighted in the previous chapter, is that for some sub-sectors automation has failed to replicate the level of precision that manual labour can provide and therefore is only suited to certain parts of the industry.

For other sub-sectors, investment in automation has already been made (as outlined in Chapter 5) and as such, they are now limited in the extent to which they can continue to further automate processes with the technology that is currently available. The result is that while automation does provide an opportunity for the sector it should be regarded as a medium to long-term solution and certainly not one that resolves the immediate pressures that the sector is currently facing.



Asks and interventions

7

The graphic features several overlapping, curved bands in shades of blue, yellow, purple, and dark blue, creating a sense of movement and depth. A grey circle containing the number 7 is positioned on the left side, partially overlapping the bands.

Asks and interventions

In order to address the challenges set out in this report, there are number of interventions and asks of UK Government and the devolved administrations. These have been broken down into those actions which need to be considered immediately and those that should be considered over the coming months.

The ambition is to work together to enable the sector to transition to a more stable long-term footing and in doing so help facilitate the recovery from Covid-19 and support the delivery of UK Government priorities around levelling up.

Immediate actions

Introduction of a 12-month Covid-19 Recovery visa

This visa would enable all involved throughout the supply chain to recruit to critical roles – such as HGV drivers – and significantly reduce the labour shortages currently being faced across the supply chain.

The ask is to work in partnership with UK Government to design a scheme that aligns with the UK Government's long term immigration objectives, can be implemented quickly and enables effective management and monitoring to ensure that all requirements are fully complied with.

Revision and expansion of the Seasonal Worker Pilot Scheme

Whilst many are very grateful for the number of visas that have been made available via the Seasonal Worker Pilot Scheme there was still a sense that it is neither flexible or large enough to instil confidence that labour needs will be met in 2022.

Increased research and statistics on the impact of ending free movement

In particular the Migratory Advisory Committee (MAC) should be commissioned by UK Government to undertake a review of the impact of ending free movement on the food sector. This could be similar to the review that was also commissioned in July this year to review the impact that ending freedom of movement has had on the adult social care sector.

There were three main asks in relation to the Seasonal Worker Pilot Scheme:



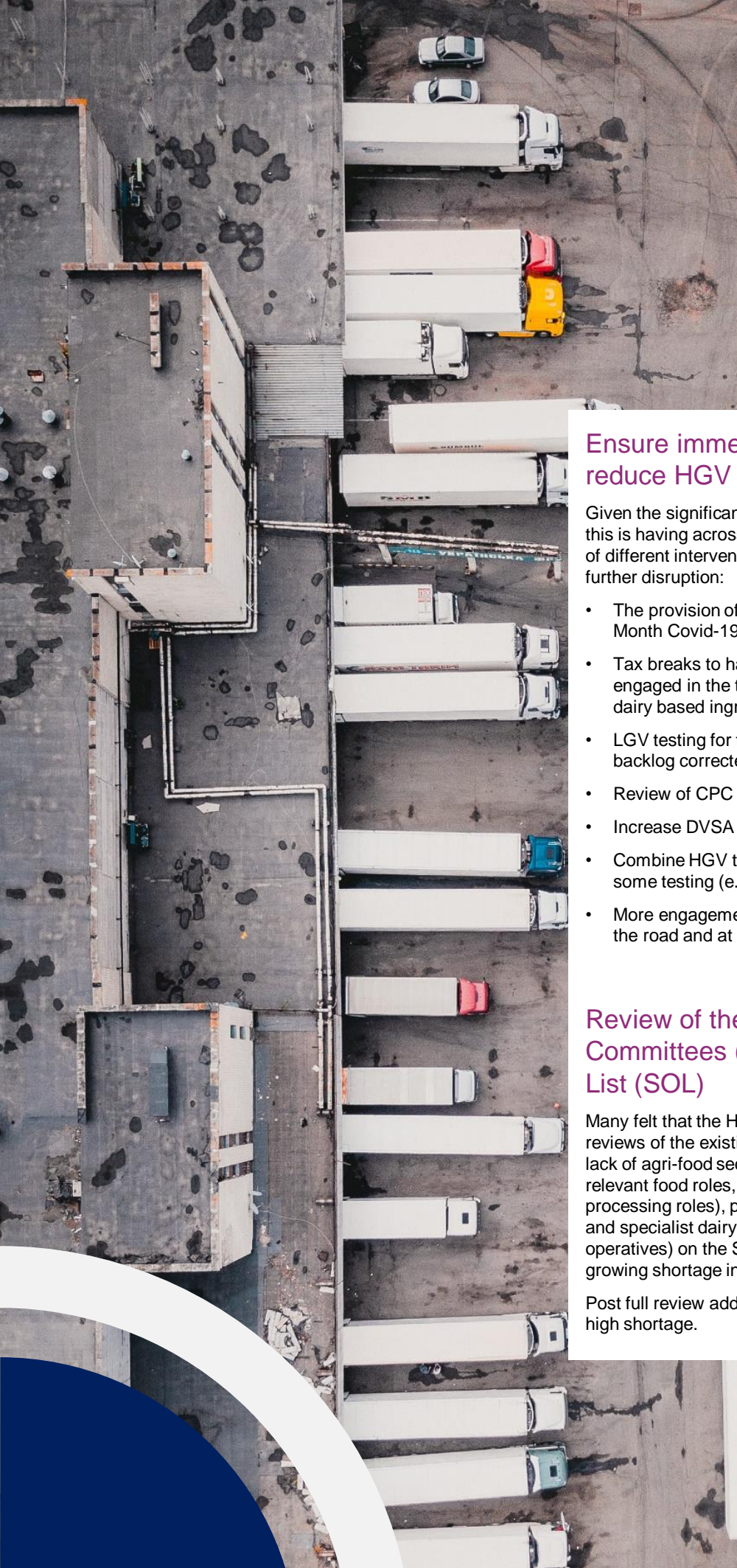
Commit to a permanent seasonal worker scheme for UK horticulture



Expansion of the scheme to include more Visas and operators, and to be made available to the non-edible horticulture sector (e.g. ornamentals)



Create a seasonal worker scheme for the poultry sector.



Ensure immediate actions are taken to reduce HGV shortages

Given the significant shortages of HGV drivers and the impact this is having across the whole supply chain, there are a range of different interventions that could help prevent further disruption:

- The provision of short-term visa access for HGV drivers (12 Month Covid-19 Recovery visa)
- Tax breaks to hauliers, VAT, Vehicle excise duty for those engaged in the transportation of essential foodstuffs and dairy based ingredients.
- LGV testing for trainee drivers should be a priority with any backlog corrected as soon as physically possible.
- Review of CPC licenses requirement
- Increase DVSA driver testing capacity
- Combine HGV tests into one shorter examination, leave some testing (e.g. manoeuvring) to trainer not examiner
- More engagement to provide better facilities for drivers on the road and at customers sites

Review of the Migration Advisory Committees (MAC) Shortage Occupation List (SOL)

Many felt that the Home Office should carry out more regular reviews of the existing Shortage Occupation List to address the lack of agri-food sectors. The review should look to include relevant food roles, particularly butchers (and associated meat processing roles), poultry workers, HGV drivers, Forklift drivers and specialist dairy farm workers (such as milk parlour operatives) on the Shortage Occupation List to help fix the growing shortage in these roles

Post full review address the removal of chefs which are also in high shortage.

Actions for the coming months



Promote the sector as a career choice

Governments across the UK should work with industry leaders to deliver robust campaigns to promote the industry and incentivise more UK workers to fill these roles. Where, across the UK, Governments are not doing so they should invest in promoting agriculture, aquaculture and the Food and Drink sector in education – thereby helping to change the perception of working in the industry.



Coordinated approach to training

Linked to the ask above, UK Government and the devolved administrations should work with industry to ensure that the regional industry supply and training demand is matched by focusing on the areas that need it most. In doing so, the UK Government and devolved administrations could play a lead role in supporting the retraining of labour through engagement with employers and unions. This will also contribute towards the UK Government ambition of levelling up parts of the country where need is greatest.



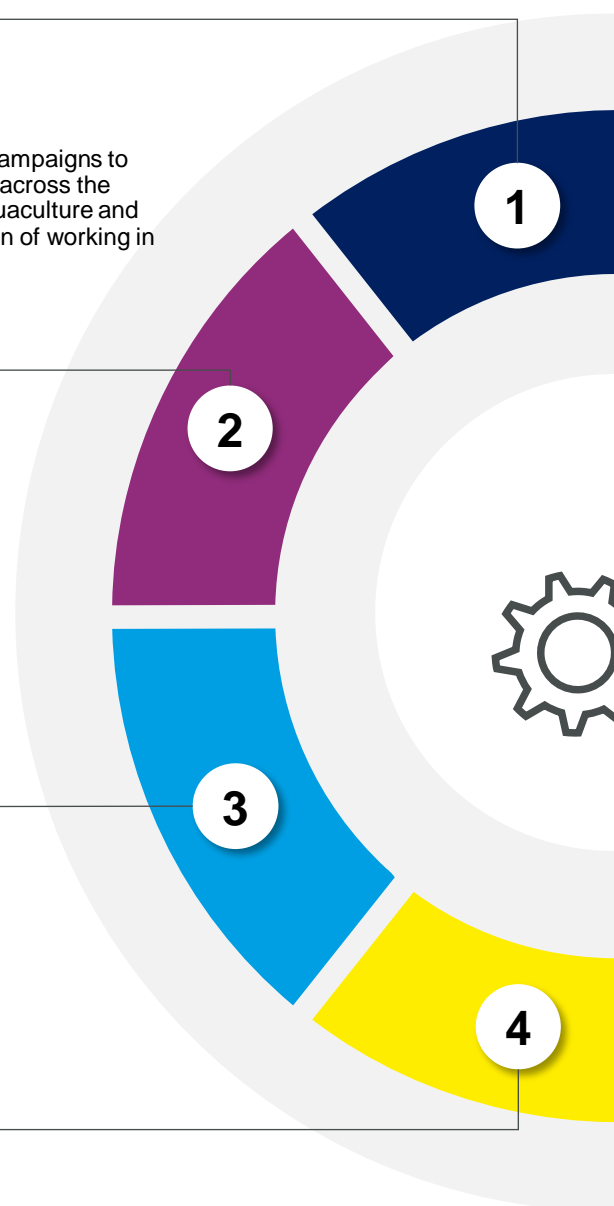
Review and expansion of the Kickstart scheme

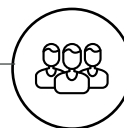
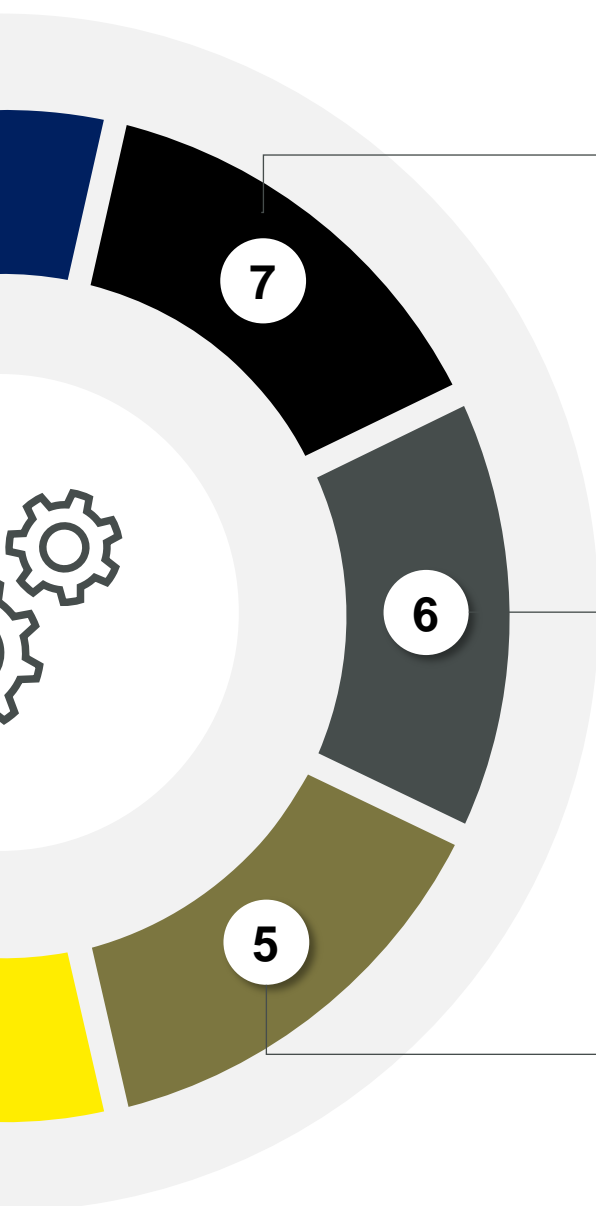
Whilst a number of respondents have utilised this scheme there were calls for it to be extended and made accessible to a wider pool of under 25's with less criteria and restrictions.



Lifetime Skills Guarantee

The UK Government should add relevant Food and Drink courses to the list of Level 3 adult course eligible for the £95m Lifetime Skills Guarantee which will help to bridge the widening skills gap with overseas workers while working to attract and train home-grown workers. Where appropriate, devolved administrations should also think carefully about how they are supporting people of all ages in retaining for the Food and Drink sector.





Review of immigration policy

Work collaboratively with the MAC on a review of the impacts of the immigration policy on the food supply chain.

Seek to identify mitigations that the industry can adopt and potential improvement in the immigration system that support the sector for the longer term.



Greater incentives for apprenticeships

Governments across the UK should consider:

- a. The level of incentives for companies to take on apprenticeships needs to be increased to make them more attractive to both employers and apprentices
- b. Greater flexibility in how the apprenticeship levy can be utilised, enabling businesses to train and upskill more staff to fit the evolving needs of businesses.



Youth mobility scheme extension

Extend the youth mobility scheme to cover European and other relevant countries such as the Ukraine would enable some flexibility in the labour market to meet demand for roles that do not meet the criteria of the Skilled Vias whilst also providing opportunities to UK citizens.

Annex



Annex A

The ask – part 1

Please provide any documentation or data you have already gathered that evidences and/or illustrates the scale, nature and urgency of the labour availability issues facing your segment of the UK food sector supply chain.

This could include, but is not limited to, scenario planning and workforce forecasts, surveys or other reports.

The ask – part 2

Please provide response to the following questions.

Please provide an overview of your employment model/the model generally deployed within your segment of the supply chain

Please can your response provide a sense of the different skills and occupation levels and the proportion of employees at each level

Please summarise the labour challenges that are currently facing your business/ your segment of the supply chain

Where possible please provide a sense of scale either in terms of proportion of the workforce affected, numbers of jobs unfilled, the specific roles and skills sets where challenges exist

Please describe the impact these labour challenges are currently having on business operation

Where possible please provide a sense of scale for example the amount of turnover lost, the level of wastage etc

Please describe the impact of these labour challenges in 12 months if action is not taken

Please provide a sense of how the problem will escalate over the period and/or whether it is a seasonal issue etc

What do you see as the knock-on impacts for the wider food supply chain?

Please provide your views on the segments that are likely to feel the greatest impacts

What actions have been taken to seek to mitigate the challenges and impacts?

Please set out any actions you have taken – the impact they have had – and why they cannot be repeated

What changes and/or interventions would make the biggest difference and help to resolve the challenges

Please describe what action you would like Government to take and in what form eg grants, regulatory change etc

Do you see any opportunities for your business/ your segment of the supply chain as a result of these challenges?

Please identify any opportunities this disruption to the market presents eg new delivery models, increased investment in automation, upskilling of the workforce

Annex B

The ask - Part 3

Please complete the tables below:

Current situation

What is your full staff complement?

Please provide a Full Time Equivalent (FTE) number for all staff including current vacancies

How many vacancies do you have currently? (please provide a FTE number)

Vacancies by skill and employment type

Of the vacancies noted in cell B8 what number are: (please provide a FTE number)

	Highly skilled (requiring a postgraduate degree/PhD, professional qualification, NVQ7 and above or equivalent)	Skilled (requiring a degree and experience, NVQ 5-6 or equivalent)	Low skilled (requiring little experience, NVQ 1-2 or equivalent)	No skills or experience required
Processing				
Operational				
Distributional				
Management				
Total				0

Vacancies by role

Of the vacancies noted in cell B8, please detail the number by current role type, eg drivers

(please add more rows as required)

Role type	Number of FTEs
Total	0

End notes

1. This report looks at the full supply chain within the Food and Drink sector and in doing so covers everything from the inputs in farming, farming, processing manufacturing, distribution, retail and hospitality. Throughout this report references to the sector as a whole cover all aspects of this supply chain with specific references made to different elements and sub-sectors. The issues referenced throughout are also consistent across the ornamentals supply chain.
2. DEFRA (Nov 2020) Food Statistics in your pocket: Food chain. See - <https://www.gov.uk/government/statistics/food-statistics-pocketbook/food-statistics-in-your-pocket-food-chain>
3. Grant Thornton and FDF (2017) 'Economic contribution and growth opportunities for the food and drink manufacturing sector'
4. Food and Drink Federation (2016) 'Breaking the Chain Key workforce considerations for the UK food and drink supply chain as we leave the EU'
5. Business Register and Employment Survey (2019) Based on SIC code 55100: Hotels and similar accommodation
6. Food and Drink Federation (2021) 'Our Industry at a Glance'. See - <https://www.fdf.org.uk/globalassets/resources/public/general/industry-at-a-glance-may2021.pdf>
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8. Food and Drink Federation (2020) 'Export Snapshot 2020'. See - <https://www.fdf.org.uk/globalassets/resources/publications/reports/exports-reports/exports-snapshot-h1-2020.pdf>
9. Labour Force Survey (July 2021) Office for National Statistics
10. Food and Drink Federation (2016) 'Breaking the Chain: Key workforce considerations for the UK food and drink supply chain as we leave the UE'
11. Annual Population Survey (2017) ONS
12. People 1st (2017) 'Migrant workers in the hospitality and tourism sector and the potential impact of labour restrictions'
13. Written evidence submitted by the NFU (LFS0013), <https://committees.parliament.uk/writtenevidence/2457/pdf/>
14. Written evidence submitted by the NFU (LFS0013), <https://committees.parliament.uk/writtenevidence/2457/pdf/>
15. NFU (202) End of 2020 Season Horticultural Growers Survey (based on 202 responses)
16. NFU (2019) Briefing for DEFRA - Estimated number of seasonal workers based on a survey sample of 104 turkey producers in December 2019. The number of seasonal workers employed on farm in 2019 by the sample group (980) was extrapolated to establish an estimate for the total number of seasonal workers employed in 2019 by an estimated 900 UK seasonal turkey producers.
17. Road Haulage Association (July 2021) 'A report on the Driver Shortage'
18. Food and Drink Sector Council (2019) 'Preparing for a changing workforce: A food and drink supply chain approach to skills'
19. Grant Thornton and FDF (June 2017) 'Economic contribution and growth opportunities for the food and drink manufacturing sector'
20. RHA (July 2021) 'A Report on the Driver Shortage'
21. UK Hospitality (2021) Employment Survey - based on responses of the employers of 69,000 people across 241 companies
22. It should be noted that this is based on 73 responses to our information request and therefore is not representative of the whole supply chain
23. 'Highly skilled' defined as requiring a postgraduate degree/PhD, professional qualification, NVQ 7 and above or equivalent; 'Skilled' requiring a degree and experience, NVQ5-6 or equivalent; 'Low skilled' requiring little experience, NVQ 1-2 or equivalent.
24. Association of Labour Providers (2021) ALP Food Supply Chain Labour Survey Results - May 202 (Based on 217 responses between 17th and 28th May 2021.)
25. Based on analysis by the Food and Drink Federation (2020) Skilled worker visa: £1,408; Certificate of sponsorship: £199; Immigration Health Surcharge (£624/year): £3,120; Immigration Skills Charge (£1,000/year): £5,000; Total costs: £9,727
26. Road Hauliers Association (2021) 'A Report on the Driver Shortage'
27. See - <https://natwestbusinesshub.com/articles/food-and-drink-sector-faces-labour-shortage> and <https://www.fdf.org.uk/globalassets/resources/publications/fdsc-workforce-skills-report.pdf>
28. Food and Drink Supply Chain Workforce Survey (based on 106 responses) featured in Breaking the Chain (2016) Food and Drink Federation

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29. National Skills Academy (March 2014) Tasty Jobs - Successes and Challenges in Recruitment in the UK Food and Drink Sector
 30. Based on Grant Thornton Information Request with 73 responses
 31. 'Highly skilled' defined as requiring a postgraduate degree/PhD, professional qualification, NVQ 7 and above or equivalent; 'Skilled' requiring a degree and experience, NVQ5-6 or equivalent; 'Low skilled' requiring little experience, NVQ 1-2 or equivalent.
 32. Grant Thornton and FDF (2017) 'Economic contribution and growth opportunities for the food and drink manufacturing sector'
 33. Food and Drink Federation (Nov 2020) – Letter to Secretaries of State and Professor Bell
 34. Road Haulage Association (July 2021) 'A Report on the Labour Shortage'
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 36. ONS (July 2021) - Coronavirus and its impact on UK hospitality: January 2020 to June 2021
 37. Road Haulage Association (July 2021) 'A Report on the Driver Shortage'
 38. Ibid
 39. NFU (2018) Written evidence submitted by the NFU for Parliament (LFS0013)
 40. NFU 2021 Labour Survey
 41. NFU Daffodil Grower Survey 2021
 42. NFU's Horticulture Seasonal Worker Survey 2020
 43. Royal Association of British Dairy Farmers (2021) – RABDF Labour Survey
 44. IBISWorld – Brexit impact reports – Dairy Cattle Raising
 45. British Meat Processors Association (June 2020) 'BMPA report: labour in the meat industry'
 46. British Veterinary Association – Written evidence submitted by the British Veterinary Associations ([LFS0031](#))
 47. House of Commons Library (Dec 2020) 'The UK's new immigration policy and the food supply chain'. See - https://publications.parliament.uk/pa/cm5801/cmselect/cmenvfru/231/23106.htm#_idTextAnchor012
 48. UK Hospitality (2021) Employment survey – based on responses of the employers of 69,000 people across 241 companies
 49. NFU Access to Labour Survey (based on 135 responses) – features in the FDF's report 'Breaking the chain: Key workforce consideration for the food and drink supply chain as we leave the EU'
 50. FDF – HGV Driver/Labour shortages survey (based on 24 respondents)
 51. Defra Logistics and FDF Food Chain Labour Group Survey – based on 144 responses
 52. NFU Daffodil Grower Survey 2021 Results
 53. NFU (2020) End of 2020 Season Horticultural Growers Survey – Headline statistics (based on 202 responses)
 54. NFU (2020) Horticulture Seasonal Labour Survey 2020 (244 growers took part)
 55. ALP Food Supply Chain Labour Survey Results (May 2021) Based on 99 responses from food growers and manufacturers between 17th and 28th May 2021
 56. See - <https://www.theguardian.com/uk-news/2021/jul/30/driver-shortage-crisis-threatens-uk-milk-deliveries-in-wake-of-brex-it-and-covid>
 57. See - <https://www.bbc.co.uk/news/business-57983698>
 58. See - <https://www.bbc.co.uk/news/business-57690505>
 59. Defra Logistics survey and FDF Food Chain Labour group survey – based on 144 responses
 60. See - <https://www.theguardian.com/business/2021/jul/11/uk-food-worker-shortages-push-prices-up-and-risk-christmas-turkey-supplies>

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61. Food and Drink Federation (2021) 'Eating into household budgets – The Government's recipe for food price inflation'
 62. See - <https://www.kantar.com/uki/inspiration/fmcg/2021-wp-shoppers-inch-towards-old-habits-as-grocery-market-heads-back-to-normality>
 63. See - <https://www.agriland.co.uk/farming-news/imported-goods-and-food-account-for-250-million-tonnes-of-uk-carbon/>
 64. NFU (2020) End of 2020 Season Horticulture Growers Survey – Headline Statistics (based on 202 responses)
 65. John Pelham of Andersons Midlands Parsonage Farm (2020) 'The Potential Implications of Covid-19 for the Costs of Production of UK Fruit and Vegetables in 2020'
 66. Food and Drink Sector Council (2019) 'Preparing for a changing workforce: A food and drink supply chain approach to skills'
 67. Food and Drink Supply Chain Workforce Survey, featured in 'Breaking the chain: Key workforce considerations for the UK food and drink supply chain as we leave the EU'
 68. House of Commons Library (2020) 'The UK's new immigration policy and the food supply chain'. See - https://publications.parliament.uk/pa/cm5801/cmselect/cmenvfru/231/23109.htm#_idTextAnchor024
 69. Pearson et al (2020) The potential of Robotics and Artificial Intelligence in Agriculture. The Agri Robotics Task and Finish Group
 70. Food and Drink Federation (2016) 'Breaking the chain: Key workforce considerations for the UK food and drink supply chain as we leave the EU'
 71. See - <https://www.hopscotchconsulting.co.uk/our-thinking/posts/2020/may/feeding-britains-future-a-conversation-with-igd/>
 72. Food and Drink Federation (May 2020) – Submission to the House of Commons Environment, Food and Rural Affairs Committee inquiry: Labour in the food supply chain
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