



House of Commons

Environment, Food and Rural
Affairs Committee

**Labour shortages in
the food and farming
sector: Government
Response to the
Committee's
Fourth Report of
Session 2021–22**

**Second Special Report of
Session 2022–23**

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The Environment, Food and Rural Affairs Committee

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

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You can follow the Committee on Twitter using [@CommonsEFRA](https://twitter.com/CommonsEFRA).

Second Special Report

The Committee published its Fourth Report of Session 2021–22, [Labour shortages in the food and farming sector](#) (HC 713), on 14 June 2022. The Government response was received on 14 June 2022 and is appended below.

Appendix: Government Response

Introduction:

The Government thanks the committee for its report into labour shortages in the food and farming sector. We welcome the opportunity to present a joint Home Office and Defra response to the report's recommendations.

It is a Government priority to enable an innovative, productive, and competitive food supply-chain, which invests in its people and skills. We are aware that there are both short and long-term challenges to recruiting across the food and farming sector, which has faced difficulty in securing sufficient labour in recent years. Despite this, the UK has a highly resilient food supply chain, which has coped well in responding to unprecedented challenges, including fluctuations in the supply of labour.

We have worked closely with industry and across Government over the past year to respond to labour shortages in affected sectors. We extended the Seasonal Worker route until 2024, delivered emergency, temporary visa schemes for the poultry, pork, and HGV food transportation sectors in response to specific challenges last autumn, and introduced an accompanying package of non-immigration measures to alleviate pressures in the pig sector, including Private Storage Aid and Slaughter Incentive Payment Schemes. We continue to closely monitor pressures in the food and farming sector and work closely across Government to ensure that the labour needs of the sector are understood.

The Committee made fourteen recommendations which the Government has addressed below. For reference, the recommendations provided by the EFRA Committee are presented in italic font and Government responses are listed directly below in non-italic font.

Recommendations:

Pig sector

- 1. Given the potential market failure represented by inherent inequity in sectoral contractual arrangements we call on the Secretary of State to use the powers under the Agriculture Act 2020 to intervene with measures aimed at providing support for pig farmers rather than pork processors. (Paragraph 21)*
- 2. We also call for the Government's review of fairness in the pig supply chain to be taken forward as a matter of urgency and for the final report to be published before the end of July 2022. (Paragraph 21)*

The Government has worked closely with the pig industry to help them respond to the challenges caused by the pandemic, including the loss of exports to the Chinese market for certain pig processors, disruption to CO2 supplies, and a temporary shortage of labour in the processing sector.

We introduced a package of measures to help address the animal welfare implications of pigs backed up on farms including Private Storage Aid, Slaughter Incentive Payment Schemes and temporary visas for skilled butchers. Defra are also working with the Agriculture and Horticulture Development Board (AHDB) and other government departments to seek to both open new markets and to expand existing overseas markets. On 17 March 2022 Defra announced the opening of a new export market to Chile worth £20 million in the first 5 years of trade. The further extensions and amendments that Defra have recently made to the Private Storage Aid and Slaughter Incentive Payment Schemes have resulted in an increased uptake of both schemes, helping reduce the number of pigs backed up on farms.

Defra does not currently plan to introduce financial support measures for pig farmers. We believe that targeting our financial support on incentivising processors to slaughter more pigs, thereby reducing the backlog and the animal welfare impacts on farm is the most effective way of supporting farmers at this time. In recent months we have seen the backlog reduce from around 200,000 pigs at its highest point to around 25,000 currently.

Moreover, the Government is committed to tackling the unfairness that can exist in the agri-food supply chain. We are planning to launch a public consultation in Summer 2022 exploring how fairness and transparency can be improved in the pork sector. As part of this consultation process, we will gather opinions about the role and effect of market consolidation on the sector.

The Government will continue to work closely with the pork sector to discuss any supply chain issues and any actions taken will be developed alongside industry with the close involvement of stakeholders.

Minister Prentis has also chaired two roundtables – on 10 February and 3 March 2022 - with pig industry representatives from across the UK to discuss the challenges that the sector has been facing in recent months.

Temporary visa schemes

3. *We do, however, welcome the fact that the Government was willing to introduce temporary short-term visa schemes for the food and farming sector but it should learn the lessons from the operation and performance of these schemes and apply them to any similar schemes that are needed in the future. We recommend that the Government must conduct a comprehensive lessons learned exercise on the operation and performance of the temporary visa schemes. This must be informed by meaningful engagement with the sector. The Government should publish the result of this study before the end of July 2022. (Paragraph 32)*

The Government introduced temporary visa schemes for poultry workers, food-sector HGV drivers, and pork butchers in recognition of the unique circumstances facing the food and farming sector due to global supply chain pressures. We listened to the concerns of the sector and acted to alleviate what was a very tight labour market in the lead up to Christmas 2021. These schemes were in addition to several skilled roles in these sectors, including butchers, already being eligible since January 2021 to apply to come to the UK through the Skilled Worker route as part of the Points Based System.

The schemes were delivered as an emergency response to a number of short-term issues in the supply chain in the lead up to Christmas 2021 in the wake of the economy reopening post-pandemic, with Defra and the Home Office working closely to implement the schemes at pace. We utilised the existing framework of the Seasonal Worker route, which is a well-established route and has been subject to previous review, to successfully deliver these measures. There are no plans to undertake a formal lessons learned exercise for the temporary visa schemes.

The scheme had a positive impact on food supply. As noted in the committee's report, the poultry industry was able to access sufficient labour to meet peak Christmas trading demand in 2021 and credited the temporary visa scheme with this outcome. The reasons behind visa quotas not being met are likely to be complex and varied – including a decrease in the number of HGV drivers employed in other countries across the world during the pandemic and negative perceptions linked to pay and conditions. As the independent Migration Advisory Committee (MAC) outlined in their annual report from 2021, it could be that both sectors could do more to attract and retain British workers, particularly those who have not traditionally worked in those sectors, to help fill labour gaps.

We have been clear that temporary visas are not a long-term solution to labour shortages, and that businesses must make investments in the UK domestic workforce and automation to reduce their reliance on migrant labour. The Government agrees with the MAC's conclusions that "employers who are able to offer conditions that suit the greatest number of people are likely to be those who find it easiest to recruit staff."

The Government does not plan to re-introduce similar temporary visa schemes in the future.

Engagement with industry

4. *We are concerned that, despite existing channels, the Government did not acknowledge the sector's mounting concerns about labour shortages earlier in 2021. The Government should not have been "waiting for the data" before taking any action. It should have had contingency plans to mitigate the fairly obvious risks and developed specific measures far sooner in response to first-hand accounts being provided by the sector. The whole of Government needs a step change in how it engages with industry, taking seriously the concerns they raise and acting promptly on them. As a first step in achieving this, we recommend that the Food Industry Resilience Forum should meet at least monthly throughout 2022 and 2023, for a senior Home Office official to attend, and for the Government to publish minutes of its meetings within a fortnight. (Paragraph 37)*

Defra maintains a collaborative relationship with industry which allows us to effectively respond to disruption. This was successfully demonstrated in response to unprecedented disruption to both supply and demand throughout the Covid-19 response.

Since March 2020, the Home Office has delivered an extensive, wide-reaching campaign and engagement programme targeting employers and other interested parties about the EU Settlement Scheme and new immigration system. As of mid-May 2022, the Home Office has delivered over 550 events reaching over 40,000 stakeholders. The agriculture and food supply sector has been present at many of the cross-sector events and the Home Office has also specifically led or participated in 17 agriculture or food supply sector focused events during this period.

Defra does not intend to stand up the Food Resilience Industry Forum regularly in response to labour shortages in the food and farming sector. Instead, Defra will continue to engage with industry through a range of stakeholder engagement and forums and to monitor any key pressures in the labour market. The Home Office will attend Defra forums to engage on immigration issues when relevant, alongside other departments, such as the Department for Education and Department for Work and Pensions to have a rounded discussion on workforce capacity issues. A Food Resilience Industry Forum can be stood up at short notice should the need arise.

Workforce data

5. *We also recommend that the Government reviews the timeliness of the data it relies on and, in any reply to this Report, sets out what datasets it uses to monitor the sector, how regularly these are updated, and the time lag between the period covered by the data and data being received and examined by the Department (Paragraph 38).*

Defra monitors a range of data and intelligence sources to understand the labour market in the food and farming sector, including using quantitative and qualitative data from both Government and industry sources. Given the importance of seasonal labour in horticulture for bringing in the harvest, Defra monitors labour market data in this sector especially closely, working with the operators of the Seasonal Worker visa route to understand the number of seasonal workers in the UK.

However, we are aware of limitations with existing datasets on the wider food and farming workforce. In particular, many available datasets are aggregate in nature, making it difficult to be conclusive about the exact level of vacancies in some agricultural sectors. Defra will continue to take steps to improve its data collection and ensure that the clearest possible picture of the food and farming workforce is available to inform decision making.

Skilled Worker route

6. *We agree that migrant workers should have a reasonable understanding of English to allow them to communicate at work, integrate into their new communities, protect them from exploitation, and ensure health and safety at work. However, we do not believe this requires a blanket approach to the English language requirement, and that a more tailored approach could be taken to support the food and farming sector. The fact that the Minister for Safe and Legal Migration thought that the language level requirement was lower than it really is suggests to us that there should be some room for greater flexibility. Given the Minister for Safe and Legal Migration's position that Skilled Worker Visa applicants only need "basic conversational English", we recommend that the Home Office must immediately lower the English language requirement to a "basic user" level (either the A2 or A1 scale) of the Common European Framework of Reference for Languages for those Skilled Worker Visa roles in the food and farming sector. (Paragraph 49)*

The Government welcomes the Committee's recognition of the importance of English language ability in allowing workers to communicate at work, including in relation to health and safety, and to integrate and function in wider society. The importance of English language requirements, including for mitigating the risks of labour exploitation, has also been recognised repeatedly by the MAC.

As the Committee notes, the requirement is set at level B1 on the CEFR scale. This is the lowest level at which someone is considered to be an "independent user". As quoted in the Committee's report, speakers at B1 level are able to "understand the main points of clear standard input on familiar matters regularly encountered in work, school, leisure, etc." and "deal with most situations likely to arise whilst travelling in an area where the language is spoken". B1 is a basic conversational level and does not represent fluency. It is only once speakers reach B2 level they "can interact with a degree of fluency and spontaneity that makes regular interaction with native speakers quite possible". The Government believes B1 is the most appropriate level for skilled workers entering the UK and we have no plans to lower the requirement. The most recent published immigration statistics show that work visa applications are now back to pre-pandemic levels. Skilled Worker visas in 2021 were up 37,551 or 33% compared with 2019, which points to firms looking to hire overseas workers as being able to meet the various requirements of the Points Based System, including language requirements, in ever increasing numbers. We therefore do not accept this recommendation.

We note the comments in the report regarding occupational requirements. It is important to note skilled workers will additionally have to meet any regulatory requirements for the job they will be doing in the UK. For example, a doctor will need to meet the requirements for GMC registration, which includes an English language requirement equivalent to level C1. The B1 visa requirement is the baseline level required of all skilled workers, regardless of occupation. Given the importance in helping individuals to communicate in wider

society, as well as protect themselves from exploitation – factors which are important, whichever sector they work in – we do not consider there is a case for sector-based exceptions to the B1 requirement.

It is worth recognising that the Skilled Worker route is by no means the sector's only option for additional recruitment. Beyond the Points Based System there is the UK labour market which includes UK workers and migrants with general work rights. These workers do not have to meet the salary, skill or English language requirements and the pool is widening, with over 6.5 million applications to our hugely successful EU Settlement Scheme and with the Ukrainian visa schemes becoming fully operational.

7. We are disappointed that the Home Office Minister for Safe and Legal Migration refused to recognise that businesses recruiting overseas labour face costs far in excess of the visa application charges. We were not satisfied with the Minister's response when he refused to accept this fact. We reiterate our previous recommendation that the Government must urgently consult with the sector to establish what additional costs businesses face when applying for visas for vital overseas labour and to develop an action plan to minimise bureaucratic barriers and process costs. We call on the Government to publish a report and action plan within six months of the publication date of this Report. (Paragraph 52)

The cost of applying for a sponsor licence is £536 for small employers and £1,476 for large employers. The Immigration Skills Charge is also reduced (to £364/year) for small employers. The other immigration-related costs quoted in Table 3 of the report are accurate, other than a recent slight uplift in the Skilled Worker visa fee from £610 to £625.

The Home Office fees (being the sponsor licence application fee, the certificate of sponsorship fee and the visa application fee) make up less than 10% of the £425,050 total stated in Table 3. Income from these fees charged plays a vital role in the Home Office's ability to run a sustainable Migration and Borders system. Any income generated above the estimated unit cost of administering an application contributes to funding the wider operation of the system, but the system also still requires some funding through general taxation.

Fees are set taking account of the charging powers provided by Section 68(9) of the Immigration Act 2014, which include the ability to set fees based on: the cost of processing the application, the benefits and entitlements provided by a successful application and the wider cost of the Migration and Borders system. Full details can be reviewed via the following link: <http://www.legislation.gov.uk/ukpga/2014/22/section/68>.

As well as these fees, the Home Office also collects funds raised by the Immigration Skills Charge, which is provided to the consolidated fund and supports DfE's skills programmes, and the Immigration Health Surcharge, which supports the NHS. It was a manifesto pledge of this Government to increase the health surcharge to ensure it covers the full cost of use. The £624 charge compares favorably with other countries, which often require migrant workers to take out private health insurance. Temporary workers who come to the UK for six months or less are not required to pay the charge. The Immigration Skills Charge is intentionally designed to act as a cost incentive, to encourage employers to consider training and development of resident workers over recruiting migrant workers.

Shortage Occupation List

8. *We recommend that the Government immediately add the food and farming roles that were contained in its MAC's September 2020 recommendations to the SOL. (Paragraph 59)*

9. *We also recommend that the MAC use its power to initiate its own inquiries to review the labour needs of the food and farming sector. (Paragraph 59)*

There are two main benefits of a job appearing on the Shortage Occupation List (SOL), which is just one option for scoring additional points in the Skilled Worker route. Firstly, these roles benefit from reduced visa fees. Secondly, lower salary thresholds are in place with an absolute minimum of £20,480 per year. As noted in the committee's report, butchers, for example, are frequently already paid above the standard £25,600 threshold for Skilled Workers, and so do not need the additional points they would score from being on the SOL. An occupation on the SOL does not mean the wider requirements of the Skilled Worker route are disappplied, including the English language requirement and skill thresholds. Inclusion may, in some cases, be counterproductive if it stifles the wage growth needed to address shortages in the longer term.

The Minister for Safe and Legal Migration wrote to the Chair of the MAC in March 2021, setting out the Government's decision not to make wide scale changes to SOL relating to medium-skilled occupations at that time. Jobs such as meat hygiene inspectors, skilled horticulture workers, butchers, poultry dressers and veterinary nurses had only recently become eligible for Skilled Worker visas. The Government considered it was important to see the impact of this huge expansion in eligibility, as well as how the labour market recovered from the Covid-19 pandemic, before making further changes.

It is now clear the labour market has recovered much better than anyone had expected. Given the UK's recent emergence from the pandemic, the Government agrees the time may now be right to revisit the SOL but does not agree with the recommendation to immediately make the changes the MAC recommended back in 2020. Those recommendations were based on evidence which is now two years old and largely garnered before the Skilled Worker route was launched or the medium-term impacts of the Covid-19 pandemic were known. The Government therefore intends to commission the MAC to review the SOL again later this year, so any changes to it can be based on the latest available evidence. We strongly encourage the sector to engage with the MAC on this review.

The MAC is independent, and its terms of reference enable it to engage in work of its choosing and to comment on the operation of any aspect of the immigration system. It is, however, sponsored by the Home Office and its workplan is largely determined by commissions from the Government. We note the Chair of the MAC has written to the committee, outlining the MAC's intention to consider the food and farming sector as part of its wider SOL review, rather than leading an independent review into the sector. We would encourage the sector to submit evidence to the MAC through the call for evidence for this review.

Seasonal Worker visa route

10. *We welcome some of the reforms that Government has made to the Seasonal Workers Pilot, including accepting our recommendation that the scheme is extended to the ornamental sector and the provisional announcement of the number of Seasonal Worker Visas for 2022 through to 2024. Given the expansion of the SWP scheme to include ornamentals, we recommend that the Government should immediately make available the additional 10,000 visas. (Paragraph 68)*

11. *The Government should publish monthly updates on the seasonal labour market to create an evidence base for whether further visas should be issued. (Paragraph 68)*

12. *The Home Office must also engage closely with the sector to ensure a smooth flow of seasonal workers and to make sure that UK Visas and Immigration is resourced to swiftly process Seasonal Worker Visas. (Paragraph 68)*

13. *We also call on the Government to make the Seasonal Workers Pilot a permanent scheme and for it to commit to announcing the number of visas that will be available under the scheme on a rolling five-year basis. (Paragraph 69)*

On 24 December 2021, the government announced that the Seasonal Worker route would be extended through to 2024, allowing overseas workers to come to the UK for up to six months to harvest both edible and ornamental crops. An evidence-based decision on the future of the visa route will be made in 2024.

As announced in the Government Food Strategy, the government will release the additional provision of 10,000 visas under the Seasonal Worker Visa Route, with 2,000 of these going to the poultry sector. This means that in total 40,000 visas will be made available for seasonal workers in 2022, providing labour for food businesses across the UK.

The Home Office already publishes regular updates on the number of visas issued through the Seasonal Worker route via the Quarterly Immigration Statistics, which can be found here: [Immigration statistics quarterly release - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/immigration-statistics-quarterly-release). The Government does not intend to publish more frequent statistical updates on the Seasonal Worker route.

As noted by the Committee, the number of visas will be tapered from 2023, to account for an increased focus on UK resident workers and automation. Defra will bring forward further proposals in due course on additional ways to support the sector, as well as progressing recommendations from the automation review.

We are confident in the supply of seasonal labour through the Seasonal Worker route.

Longer term solutions

14. *In the longer term, we agree with the Government that the sector needs to shift its focus away from immigration and toward domestic workers and technological innovation and development. While not able to deliver results overnight, a greater focus on the development and deployment of technology combined with attractive educational and vocational training packages to attract British-based workers could reduce the sector's dependence on overseas labour. It is vital that the Government works with the sector to develop a sustainable labour plan to make the most of these opportunities and potential. The Government must*

produce a long-term strategy setting out how technology and labour will together meet the evolving needs of the food and farming sector. This work must be cross-departmental in nature and closely engage those within the sector who will be vital to achieving its successful implementation. (Paragraph 75)

The Government is grateful for the committee for highlighting the importance of a long-term shift away from a reliance on immigration in the food and farming sector. An increased focus on domestic workers and technological innovation, including automation and training, will be vital to ensure a sufficient and suitably skilled workforce for the food and farming sector in the medium to long term.

We are pleased to inform the committee that, as announced in the Government Food Strategy, Defra will commission an independent review to tackle labour shortages in the food supply chain. This will consider the roles of automation, domestic labour, and migration in the labour market, the last of these with reference to the wider work by the MAC, to ensure UK businesses can access the labour they require.

In 2021 Defra led a Review of Automation in Horticulture. It will provide a better understanding of what is required to accelerate the development and uptake of automation technologies in both the edible and ornamental sectors, in England, with the view to reducing the sector's long-term dependency on seasonal migrant labour from 2022 onwards. Defra will publish this Review of Automation and a Government response in summer 2022.