



Brexit Briefing Paper 2

Migrant labour and the Scottish red meat sector - a Brexit discussion paper

INTRODUCTION

The red meat supply chain in Scotland generates an annual output of some £2.4bn creating employment of in excess of 33,000 people¹. Migrant labour plays a key role in the sector and this paper discusses the importance of non-UK labour at the farm and processor level.

Pig farmers have a significant number of non-UK nationals working on their farms, but in general among those rearing ruminant livestock for meat production non-UK workers are not an important source of labour. Where non-UK labour is of fundamental importance to the red meat supply chain is in the slaughter and processing sector. Not only is non-UK labour important on the factory floor but it is also key in respect of veterinary inspection.

Without access to skilled domestic or migrant labour the ability of the Scottish red meat sector to contribute to the growth targets set by the Scotland Food and Drink Partnership in its Ambition 2030 strategy published in spring 2017 will be compromised.

MIGRANT LABOUR AMONG BEEF, SHEEP AND PIG FARMS

The majority of Scottish farms are small family businesses and the Scottish agricultural census of June 2016 suggests that only around one-third of all farm businesses employ labour. Of those businesses employing full time labour just over half employ only one person. Furthermore, family members account for 52% of full and part time employees while a further 23% describe themselves as business partners. Seasonal and casual labour, where non-UK labour is most important, makes up one quarter of the employed workforce but they are mainly found in the soft fruit and vegetable producing regions of Scotland.

Consequently, the use of EU labour in the farming of livestock for ruminant meat production is less critical than for some other sectors. Nevertheless, migrant labour does make a significant contribution to the farm workforce on Scottish pig farms with the majority of specialist pig producers in Scotland employing some EU staff. A survey by the National Pig Association indicated that over half of GB pig farm businesses employed at least one non-UK national, and Scotland is little different.

MIGRANT LABOUR IN THE ABATTOIR AND PROCESSING SECTOR

A survey among its members by the Scottish Association of Meat Wholesalers (SAMW) showed a significant dependence on migrant labour. Non-UK labour has been an important part of the meat processing sector workforce for several years and a number of non-UK employees have progressed to supervisory and management roles.

¹ "An assessment of the Economic Contribution of Scotland's red meat supply chain" a report by Pareto Consulting for QMS

The survey conducted in February 2017 shows 52% of the unskilled workforce², 44% of the skilled workforce and 16% of supervisory and management staff to be non-UK nationals. In total among those businesses responding to the survey just in excess of 1500 employees are non-UK nationals or some 43% of the total workforce. At the UK level, the Migration Observatory report that 41% of the workforce in the manufacture of food products are foreign born workers, the highest level of all sectors³.

In respect of statutory food safety inspection and monitoring carried out in Scottish abattoirs, Food Standards Scotland report that around 98% of their official veterinarians are non-UK nationals.

Recruitment of unskilled and skilled staff from the local community is clearly a challenge. This challenge results from a lack of Scottish nationals willing to take on jobs with what may be considered unsocial hours, particularly in the slaughter sector, or in a work environment that includes working in chills or areas kept cool for food safety reasons and with a need to wear specialist personal safety equipment, which in some cases can be heavy. The challenge is also affected by the falling unemployment rate across Scotland, which for February to April 2017 stood at 4.0% down from 4.8% over the whole of 2016 and 5.8% in 2015⁴. Additionally, many meat processing businesses are located in areas with unemployment levels below the national average; for example, Aberdeenshire, Moray, Dumfries and Galloway, Perth and Kinross, Angus and Stirling all have unemployment rates estimated to be below the Scottish average. Abattoirs in these regions would account for some 70% of the Scottish cattle and pig kill and 90% of the Scottish sheep kill.

Skilled or unskilled labour?

Dressing and cutting carcasses is considered by the meat processing industry to be a skilled task. Poor quality dressing and cutting can result in higher levels of waste in an industry working on net profit margins at the low single-digit level. The meat processing sector considers that training in basic knife skills can take 6-8 weeks. However, fully proficient boners and cutters can take around a year to learn the necessary skills and consistently apply them. Nevertheless, because these skills are learned on-the-job they do not necessarily need formal education qualifications beyond those acquired by the time compulsory education is completed at age 16. In contrast, people employed to carry out meat hygiene inspections in abattoirs and processing facilities generally require a degree level education.

The lack of a requirement for post-compulsory education would lead to most abattoir and processing line jobs being considered to be low-skilled by some, for example the OECD. However, the Standard Occupational Classification (SOC) used by the Office of National Statistics in the UK which ranks jobs on a scale of skill level 1 unskilled to skill level 4 highly skilled considers abattoir workers, meat boners, slaughtermen and butchers to be "*skilled trade occupations*" at skill level 3 "*generally requiring knowledge associated with post-compulsory education, but normally not to degree level. Some jobs at this level will not require formal qualification or vocational training, but will require a significant period of work experience.*" According to the SOC classification, meat hygiene inspectors would also be of skill level 3 but veterinary inspectors would be considered skill level 4. In contrast, agricultural workers and meat packers would be skill level 1.

² Unskilled workers were those working in cleaning, packing and dispatch roles, skilled staff included slaughtering and butchery workers

³ "Migrants in the UK Labour Market; an Overview" The Migration Observatory published 1/12/2016

⁴ "Regional Employment patterns in Scotland – Statistics from the annual population survey 2016". Scottish Government May 2017

Determining the skill level of jobs in the red meat sector is important in considering options for the future supply of staff. For migrants entering the UK from outside the EU the UK applies immigration rules on the basis of a five-tier structure:

- Tier 1 – Entrepreneurs, investors, exceptional talent;
- Tier 2 – Highly skilled workers;
- Tier 3 – Low skilled workers filling specific temporary labour shortages;
- Tier 4 – All student visas; and
- Tier 5 – Temporary workers and youth mobility

Currently Tier 3 migration is currently suspended on the grounds that free movement within the European Union would facilitate a supply of suitably skilled workers if required. In respect of Tier 2 migrants, strict rules apply to salary levels and company sponsorship although some flexibility is provided by a detailed shortage occupation list, which currently does not include agriculture or food processing and manufacture. Consequently, these criteria result in skilled agriculture and meat processing jobs not being recognised as Tier 2 level for immigration purposes. Tier 5 offers some potential for short term recruitment of people for up to two years from a limited range of countries.

The Brexit challenge

There is minimal current provision for the entry of non-UK nationals to work in agriculture and meat processing other than through the EU free movement of labour provision. To make this possible, either Tier 3 employment categories would need to be reactivated once the UK leaves the EU, or some sort of special arrangement would need to be put in place for the sector. Given the high degree of reliance on EU workers to the sector, the alternative is likely to be a shortage of workers for the sector, which would be likely to grow over time.

SECURING FUTURE LABOUR SUPPLIES

A further concern for the meat processing sector is that of labour turnover. The uncertainty caused by the Brexit vote has led to a higher rate of turnover among migrant labour than was previously the case and also some reduction in numbers considering employment in Scotland. The sector then has two concerns in respect of non-UK labour, one being current established employees leaving and the second a reduction in those willing to come to the UK.

Typically labour turnover in the meat processing sector is reported at 20% or more per year with the meat hygiene inspection service reporting similar levels.

Ideally the sector would seek to recruit a domestic workforce, but experience over a number of years does not give them confidence that there are people willing to take on these jobs and the training required. Many processors work with Job Centres on a semi-permanent basis in an effort to recruit skilled and semi-skilled workers locally, but with little success. The challenges identified by the processing sector in recruiting UK born employees include a lack of availability of suitably skilled workers, particularly butchery skills, as well as people simply being unwilling to consider these jobs for a number of reasons. These include shift working and unsociable hours, the work being physically demanding and, for reasons of food safety, the controlled temperature of the factories and, for personal safety, the need to wear personal

protection equipment that is often heavy. Additionally, processors also report examples of people taking on jobs but simply not returning to those jobs after a few days of working.

Minimum wage rates are specified by statute but the ability of processors to pay significantly above these levels is constrained by the small operating margins in the sector. Nevertheless, wage rates are considered to be regionally competitive and are not considered to be the main reason for low numbers of UK applicants for jobs available.

The Brexit Challenge

In the short term, the sector requires a continued mechanism to recruit non-UK nationals and this could be facilitated by the return of Tier 3 to the current UK government immigration rules. Alternatively, a means of recognising the need for workers in this sector and allowing sponsored entry for suitably qualified staff for a fixed term for specific jobs, for example skilled butchers and official veterinarians, should be considered.

In the longer term, a mechanism to encourage and support school and college leavers and inactive or unemployed UK nationals into the sector is needed. This a challenge that requires a review of transition to work mechanisms for the whole of the red meat supply chain from farming to meat distribution and that for example:

- promote the range and diversity of jobs and skills needed by the sector to school and college leavers;
- encourage and support on-the-job training;
- provide specific training and apprenticeship schemes for new entrants to the industry;
- support businesses recruiting long term unemployed, and provide a mechanism to support wages through a training period.