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REVIEW OF MIGRANT EMPLOYMENT IN LOW-SKILLED WORK RESPONSE BY THE ASSOCIATION OF LABOUR PROVIDERS TO THE MIGRATION ADVISORY COMMITTEE CALL FOR EVIDENCE

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Introduction

On 19 September the Migration Advisory Committee (MAC) launched a [call for evidence](#) in relation to a commission it received from the Government to advise on the reasons behind the growth of migration into low-skilled jobs. Specifically the MAC has been asked to consider:

- (i) *The extent to which, and the reasons why, employers actively choose to recruit migrant workers and through which channels.*
- (ii) *Why these migrant workers are attracted to coming to work in the UK, and how the UK compares with other countries in this context.*
- (iii) *The extent to which migrant labour fills gaps in the UK domestic labour supply for low-skilled work and whether the work they find is a match for the skills they bring.*
- (iv) *Whether there are structural or cultural issues which inhibit the recruitment of UK-born workers, including issues such as motivations and attitudes to work. Consideration should also be given to the interaction of factors including skills, housing, education provision, the benefits system and the labour market regulation, with a view to making recommendations as to possible actions here."*

The Association of Labour Providers (ALP) represents over 270 labour providers, who together supply the majority of seasonal and agency workers to the agricultural and food processing industries. The ALP submission below is based on feedback from discussions with members.

(1) The extent to which, and the reasons why, employers actively choose to recruit migrant workers and through which channels.

The UK agricultural, horticultural and food processing sectors experience fluctuating demands for labour due to seasonality, retailer promotional activity, operational and demand variations. This fluctuation in demand is mostly met by temporary agency workers supplied through labour providers. Estimates put the figure at 225,000 workers supplied by labour providers into these sectors with approximately 90% of these being migrant workers.

A labour provider's core function is to supply each client with the exact number of the right skilled workers to the right location on time each and every shift, meeting all compliance requirements.

Labour providers in the UK food and agricultural sectors are subject to the licensing regime of the Gangmasters Licensing Authority. Licensing Standard 5.7 requires that "A licence holder must not

unlawfully discriminate against a worker or work seeker on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.” Labour providers therefore do not actively choose to recruit migrant workers over and above UK-born workers as this would be discriminatory.

However, assuming fair sourcing and recruitment processes, the experience of labour providers, growers and food producers is that when compared to migrant workers, UK-born workers are less willing to apply for temporary, irregular agricultural and food processing jobs at or around NMW. The reasons cited are that:

- The work is perceived as hard and unpleasant.
- The work is not guaranteed
- It's not worth it for the rate of pay
- It is seen as migrant worker work – i.e. there is no community of like-minded people doing the work as there might working at a supermarket checkout for instance.

The experience of labour providers, growers and food producers is that for such work when compared to migrant workers, UK-born workers:

- Are less reliable – i.e. they fail to turn up for shifts regularly
- Are unable to sustain the pace of work required
- Are less willing to work difficult shifts – early mornings, weekends, nights, bank holidays
- Have higher attrition rates – i.e. they will leave after a few days

Without migrant workers there would be insufficient labour flows to meet the UK food industry requirement for a low cost, flexible labour market.

(2) Why these migrant workers are attracted to coming to work in the UK, and how the UK compares with other countries in this context.

Migrant workers are attracted to work in the UK for many reasons, but often because:

- It is culturally normal for their communities to travel to other countries to work
- There is work immediately available through our flexible labour market
- They may already speak English
- They may have friends, relatives, communities already working in the UK
- There is access to education, benefits and healthcare
- The UK is a fair and tolerant country

When all is weighed up, the chances and choices they have in the UK are better than they have at home.

(3) The extent to which migrant labour fills gaps in the UK domestic labour supply for low-skilled work and whether the work they find is a match for the skills they bring.

As previously stated, without migrant workers there would be insufficient labour flows to meet the UK food industry requirement for a low cost, flexible labour market.

Appendix 1, a paper prepared for the Defra SAWS Transition Working Group meeting on 2nd December shows that only an estimated 1000 of the workers expected to work in seasonal agricultural roles in 2014 will hold a UK passport. Of these the majority will be of first generation Indian, Pakistani and Nepalese heritage.

The accession of the A8 states in 2004 initially saw an influx of highly qualified Polish, Lithuanian, Latvian and Slovakian workers into low-skilled work. Generally now the applicants to such roles are appropriately skilled for the roles that they are applying for.

(4) Whether there are structural or cultural issues which inhibit the recruitment of UK-born workers, including issues such as motivations and attitudes to work.

Culturally:

- Seasonal agricultural work is no longer viewed as an option by UK students and young people looking for work over the summer period.
- Young people do not consider the career option of working in fields or greenhouses planting and picking crops.
- There is a reluctance for UK-born workers to apply to work in these roles which is perceived as hard and unpleasant; where work is not guaranteed; paid at or around NMW.
- There is a move away from UK-born workers working in productive roles in fields and factories and a move to working in service roles.
- UK-born workers perceive certain roles as migrant workers jobs
- There is an expectation of a right to more amongst UK-born young workers. Some jobs are perceived as not good enough rather than a stepping stone.
- There is an experience amongst employers that UK-born workers are less reliable, less able to work at the pace required and more likely to leave.

Commercially:

- Competitive and supply chain pressure and continuous improvement:
 - Drives pay rates down to NMW for the lowest skilled workers
 - Demands labour flexibility so that only productive labour is paid
 - Drives higher output from labour down to individual worker level
- The only inhibitor on this drive for more for less (aside from legal minima i.e. NMW, working time etc and the limit of human endeavour) is labour supply. Consequently this requires looking beyond locally to a broader pool and ultimately a migrant workforce for a sufficient supply of labour that is:
 - Prepared to accept pay and terms at or around the legal minima
 - Prepared to work in roles where work is not guaranteed and may be requested at short notice
 - Reliable, hard-working and compliant

- Labour provider margins do not allow for significant sums to be spent on sourcing labour. Recruitment is often by word of mouth amongst migrant communities. This precipitates the predominance of certain migrant nationalities.
- UK growing seasons have extended beyond the summer holidays of school children and students.

Structurally:

- The Benefits System is not fit for purpose with regard to integrating irregular working and benefits. It is understood that the Universal Credit will not help. Workers should not be prevented from working irregularly because of the benefits system. Instead the system should encourage them to work. They should be better off working than on benefits.
- There is a significant talent mismatch in the UK whereby 2.5m people are unemployed at the same time as there are 1m unfilled vacancies. Action is required to incentivise the study of key subjects within food production and agriculture to ensure that the UK's workforce has the skills it needs to deliver the potential for domestic and export growth within these sectors.
- The Sector Skills Councils – Lantra and Improve may more successfully engage with the temporary agency sector.
- Career guidance is dissolved and ineffective. There should be a single career initiative/route/guidance point for each broad industry sector. All industry/trade association efforts to attract workers into a sector should be channelled through this. Examples of good sectoral initiatives include Brightcrop (www.brightcrop.org.uk) aimed at attracting young talent into primary agriculture and horticulture, and Feeding Britain's Future, (<http://www.igd.com/our-expertise/Feeding-Britains-Future/>) a nationwide campaign launched by the Institute of Grocery Distribution (IGD) in partnership with Jobcentre Plus to provide more than 15,000 young people with the opportunity to develop their skills and gain an insight into the food and grocery industry.
- For piece rates – the NMW as a minimum precludes providing work to those workers who are unable or unwilling to pick or pack at a commercial rate.
- The artificially low rate of the accommodation offset, even where the use of accommodation provided by the employer is optional is a barrier to providing work with accommodation. This should be re-examined.
- The additional health and safety “protections” for 16 and 17 year olds should be removed. In practice they serve no benefit and have resulted in employers not taking on 16 and 17 year olds for ill-defined or understood “safety” reasons. They merely act as a barrier to work for young people.
- Jobs for young people need to continue to be structured into apprenticeships.
- Return to work mechanisms through employment businesses need to be developed.

AGRICULTURAL SEASONAL LABOUR SUPPLY CHANNELS

Taken from Paper for 2 December 2013 SAWS Transition Working Group – by David Camp, ALP

Recruitment channels for 2014 seasonal workers into agriculture / horticulture:

Model	Worker Contract	Proportion of 70,000	Benefits	Cons / Risks
Grower recruits directly Source in UK through HR (includes returners)	Grower	10% 7,000	Self-managed; Use of returners; own control. May be lower cost	Insufficient supply; Speed of reaction; HR team costs
Grower recruits directly Source overseas through HR (includes returners)	Grower	20% 14,000	Self-managed; Use of returners; own control.	May be in/direct discrimination; Difficulty of control from afar
Grower recruits directly Migrant worker contacts used	Grower	4% 2,800	Lower cost;	Supervisor may be charging/controlling workers; May be acting as / using unlicensed gangmasters; Difficult to control
Labour Provider Introduction Fee	Grower	25% 17,500	Single payment Can use a no. of LPs Can use with other methods	Costs will be higher than SAWS as churn will increase. Labour providers mostly have used subagents who charge workers
Labour Provider Hourly Charge Rate	Labour Provider	35% 24,500	Standard model Can use a no. of LPs Use of specialists geared to providing this service	Potential for higher churn; Depends on quality of service provided by labour provider. Labour provider may use subagents who charge workers
Labour Provider Harvest Management	Labour Provider	1% 700	Known cost to harvest	Difficult to source; Higher risk in outsourcing harvest; Contractually challenging;

Estimated numbers by nationality of 2014 agriculture / horticulture seasonal workers

Nationality	Workers
Bulgaria	22,000
Romania	18,000
Poland	15,000
Lithuania	4,000
Slovakian	4,000
Latvian	2,000
Nepalese/Indian /Pakistani (visas)	1,000
British (mostly Indian /Pakistani ethnicity)	2,000
Illegal	2,000

Good grower practice to secure/retain seasonal labour:

1. Determine labour supply option(s) at early stage
2. Account for increased labour turnover in labour supply planning
3. Seek to reduce turnover by providing: acceptable terms and conditions; good accommodation and facilities; regular/reasonable hours; clearly communicating expectations; good supervision and management
4. Implement a returner programme
5. Selling benefits

Barriers/Areas to address:	Questions for SAWS Transition Working Group to consider
1. Image of industry	Separate action point.
2. Interaction with benefits for UK workers	Will Universal Credit help?
3. Career paths	For discussion with Lantra
4. Irregularity	Can co-ordination of labour demand/usage be facilitated?
5. Nature of work	Down to each grower to address
6. Co-ordinated industry activity	What areas?
7. Pay	Down to each grower to address? Any help needed to structure pay/piece rate models?
8. Accommodation	Joint approach on NMW Accommodation offset?
9. Transport	Lack of insurance availability. Deductions prevented by NMW interpretation.
10. Eures/Recruitment Conferences	How to access/structure these?
11. Guidance/training for growers	How to structure/facilitate/fund?
12. GLA awareness	How to structure/facilitate/fund?