

OCTOBER 2023

UK LABOUR SUPPLY CHAIN SURVEY RESULTS

“The labour market is at its worst for over 35 years. The government needs a serious rethink in order to support business overall as costs are spiralling out of control and this is having significant impact on the economy.”



ALP
Association of Labour Providers

INTRODUCTION

The [Association of Labour Providers](https://www.labourproviders.org.uk) (ALP) has conducted labour market surveys of labour providers and labour users (employers) since 2017 to provide data and trends to inform access to labour policy and priorities for the UK labour supply chain.

This survey ran between 11th to 24th October 2023. The Labour Provider Survey had 117 responses and the UK Labour Supply Chain Survey had 111 responses.

HEADLINES

- The UK continues to suffer labour shortages. Two fifths of respondents still cannot recruit the workforce that they need and more than three quarters of labour providers have short supplied their clients
- Shortages of lower skilled workers are on the increase again with 18% of respondents experiencing a chronic shortage of pickers, packers and processors - up from 16% but well below the peak of 72% in 2021
- The highest reported impact of labour shortages continues to be the increase in recruitment and employment costs - 6 out of 10 employers and nearly 7 out of 10 labour providers have seen their costs increase.
- Despite the supply chain citing increased costs for agency workers, only 13% of labour providers have been able to pass on the majority of increased recruitment costs to their client, and 14% say that clients are demanding rate reductions.
- Over half of labour providers are supplying fewer workers, and 38% have lost clients due to labour shortages, whilst 25% of employers are rationalising or reducing output
- The post-Brexit immigration system is still not working for the UK food industry. Over half of food businesses and two thirds of labour providers believe that immigration visa routes should be extended to essential lower skilled roles.
- Government support to recruit UK based workers remains ineffective. Only 15% of labour providers find that their local Jobcentre provides useful support and only 3% find government return to work and employment support schemes helpful. A huge 51% of labour providers have not looked at Government support schemes indicating a need for sector engagement.
- Use of the Skilled Worker Scheme remains minimal with respondents reporting the process as time-consuming and expensive
- Both labour providers and employers state that the recent changes to the EU Settlement Scheme late application process will have a detrimental impact on labour availability

RESPONDENT COMMENTS

"Labour users must recognise that labour providers are incurring rapidly rising costs associated with the recruitment side of their business and support financially to help cover additional cost."

"The cost of recruiting workers has increased. E.g., In the past it may have taken 20 phone calls to find 10 workers, now it takes 100 phone calls to find 10 new workers. It takes increased people resources to make these calls to new workers. We are having to offer subsidised transport for some workers, because we do not want to be short at the client."

"Our business turnover is down by 30% this year, whilst costs have increased between 20-40%."

"Clients are utilising their own workforce more and offering inconsistent work for casual labour making it hard to train and supply efficiently."

"We are at the lowest number of candidates working since starting the business in 2006."



LABOUR PROVIDER SURVEY SUMMARY

2023 EXPERIENCE SO FAR

- The last six months has seen a deterioration in labour supply. The number of labour providers unable to meet all their clients' labour requirements increased from 69% to 79%, 74% said they had short supplied up to 30% and 2% said they had short supplied over 50%.
- The top three impacts of the labour shortages were unchanged from last time:
 - 68% - Recruitment costs have increased
 - 56% - We are supplying fewer workers
 - 44% - We are working more closely with clients
- The top five most successful methods to source workers were largely unchanged from last time; targeted social media events moved up into the top 5 replacing increased pay rates:
 - 69% - Encouraged more word of mouth amongst existing workers
 - 58% - Increased general advertising including social media channels
 - 53% - Increased advertising on job boards
 - 50% - Contacted former workers to attract them back to work
 - 44% - Targeted social media events
- 28% have tried to pass on increased recruitment costs, but most clients have not covered labour provider increased costs, and 14% have seen clients generally demanding rate reductions to support their own cost increases.
- The top five things clients need to do to attract workers are unchanged from last time:
 - 79% - Improve pay and other terms and conditions
 - 55% - Be a welcoming, friendly, nice place to work
 - 52% - Offer more regular hours
 - 50% - Supervisory staff to treat workers with more respect
 - 50% - Improve the working environment

2023 CHRISTMAS EXPECTATIONS

- Two thirds do not expect to meet client demands for the 2023 Christmas peak
- Just over half expect to short supply their customers up to 25%, unchanged from last survey

IMMIGRATION SYSTEM

- Two thirds want immigration visa routes extended to other lower skilled roles
- Only 13% have established a service to recruit workers for the Skilled Worker Visa route
- One in ten estimated that over 25% of their current workforce had late applications to EUSS and would therefore be impacted by the recent change in rules.

GOVERNMENT SUPPORT

- 15% of labour providers found the Jobcentre helpful in finding workers, up from 13%
- Only 3% of labour providers find government employment support schemes helpful in supporting workers into work, although 51% have not looked at them at all.

FOOD GROWERS AND MANUFACTURERS SURVEY SUMMARY

2023 EXPERIENCE SO FAR

- Nearly half of businesses are experiencing labour shortages, higher than pre-Brexit levels
- 62% of businesses have seen labour costs increase in 2023
- A third of businesses are using more agency labour to meet the shortfall
- Labour shortages in unskilled, lower and semi-skilled have increased by 6%
- Only 17% of business are still suffering chronic shortage of lower/unskilled workers
- The top 5 changes with a positive impact on addressing labour shortages now includes training managers on how to better manage people:
 - Increased wage rates, bonuses, and incentives (57%)
 - Focus on being a better place to work (56%)
 - Working more closely with labour providers (54%)
 - Improved labour planning (48%)
 - Training managers on how to better manage people (41%)
- The biggest impact of labour shortages has been increased labour costs (62%), and has led to 32% using more agency labour, 25% rationalising/reducing output and 20% increasing the proportion of permanent workforce and using less agency labour

2023 CHRISTMAS EXPECTATIONS

- 83% said there would be an impact on their business as result of labour shortages
- Over half expect labour costs to rise
- The most common HR and recruitment changes businesses are planning to address labour shortages have seen a change in priorities:
 - Improved labour planning and ordering (45%)
 - Working closely with labour provider/external recruiters (42%)
 - Increase wage rates, bonuses and incentives (40%)
 - Implement a great place to work strategy (34%)
- A third of businesses are expecting to struggle and 3% are expecting it to be a crisis to recruit workers

IMMIGRATION SYSTEM

- 26% use the Seasonal Worker Scheme route for horticultural workers and want the numbers increased
- 20% are Skilled Worker visa route sponsors, but only 13% have recruited via this route
- 55% said that the changes to the EU Settlement Scheme late application process will impact labour availability with 19% saying this will have a significant or very significant impact

GOVERNMENT SUPPORT

- 58% want UK residents claiming Universal Credit to be incentivised to work
- 57% want to work with sector bodies on a campaign to attract UK resident workers to the food supply chain
- 52% want immigration visa routes extended to other lower skilled roles
- 43% want the government to make the benefit system truly flexible

LABOUR PROVIDERS SURVEY RESULTS

A total of 77 labour providers completed this survey.

| Labour Providers: Do you supply workers into? | May 2023 | Oct 2023 |
|---|----------|----------|
| Warehousing and logistics | 77% | 83% |
| Food processing and packaging | 71% | 75% |
| General manufacturing | 57% | 70% |
| Horticulture and agriculture | 26% | 27% |
| Food service and hospitality | 23% | 22% |
| Construction | 16% | 17% |
| Social Care | 5% | 8% |
| Retail | 9% | 4% |

| Labour Providers: During the last 6 months, did you meet your clients demands for workers? | May 2022 | Nov 2022 | May 2023 | Oct 2023 |
|--|----------|----------|----------|----------|
| We met all our clients demand for workers | 11% | 17% | 31% | 21% |
| We short supplied our clients by 0-10% of their demand | 46% | 40% | 38% | 43% |
| We short supplied our clients by 10-20% of their demand | | 21% | 14% | 22% |
| We short supplied our clients by 20-30% of their demand | 24% | 8% | 5% | 9% |
| We short supplied our clients by 30-40% of their demand | 8% | 6% | 4% | 3% |
| We short supplied our clients by 40-50% of their demand | 7% | 1% | 4% | 1% |
| We short supplied our clients by over 50% of their demand | 4% | 7% | 4% | 2% |

| Labour Providers: Has the quality of labour (English language, productivity, reliability etc) been: | May 2022 | Nov 2022 | May 2023 | Oct 2023 |
|---|----------|----------|----------|----------|
| Better than this time last year | 7% | 9% | 14% | 9% |
| About the same | 41% | 46% | 47% | 49% |
| Down on this time last year | 52% | 45% | 39% | 43% |

| How have labour shortages impacted your business? (tick all that apply) | Nov 2022 | May 2023 | Oct 2023 |
|---|----------|----------|----------|
| Recruitment costs have increased | 68% | 69% | 68% |
| We are supplying fewer workers | 48% | 61% | 56% |
| We are working more closely with clients | 47% | 48% | 44% |
| We have lost clients | 32% | 27% | 38% |
| Margins have decreased | | | 32% |
| We have become more choosy as to which clients we accept | 34% | 39% | 28% |

| | | | |
|---|-----|-----|-----|
| We are struggling to recruit and keep good managers and co-ordinators | 25% | 17% | 27% |
| We can charge more for workers | 34% | 19% | 18% |
| Margins have improved | 32% | 18% | 13% |
| Finding new clients is easier | 33% | 10% | 10% |
| Labour shortages have not impacted our business | 8% | 10% | 10% |
| We are supplying more workers | 14% | 7% | 9% |
| We are working with other labour providers more on joint or secondary supply | 21% | 8% | 8% |
| We are working with other recruitment intermediaries such as umbrellas or sourcing agents | 2% | 1% | 3% |

| In the last 6 months which have been the top 5 most successful methods in helping you to source additional workers (choose 5) | May 2022 | Nov 2022 | May 2023 | Oct 2023 |
|---|----------|----------|----------|----------|
| Encouraging word of mouth amongst existing workers | 71% | 80% | 69% | 69% |
| Increased general local advertising including social media channels | 53% | 56% | 47% | 58% |
| Increased advertising on job boards | 48% | 59% | 62% | 53% |
| Contacted former workers to attract them back to work | 43% | 49% | 44% | 50% |
| Targeted social media adverts | 42% | 47% | 40% | 44% |
| Increased pay rates | 75% | 55% | 56% | 33% |
| Closer collaboration with clients such as using their name/ website/reception/social media to advertise | | 16% | 13% | 22% |
| Advertising in local communities such as signs outside sites/flyers in community organisations | | 28% | 16% | 21% |
| Rewarding introductions through refer-a-friend schemes | 32% | 23% | 13% | 21% |
| Offered more flexible working hours and shifts | 32% | 30% | 18% | 15% |
| Targeted workers with EUSS status living overseas | | 13% | 8% | 14% |
| Targeted new sources of workers such as young people or the economically inactive | | 9% | 6% | 14% |
| Offered opportunity to work additional hours | | 16% | 8% | 11% |
| Offered guaranteed hours | 30% | 14% | 5% | 11% |
| Introduced sign on bonuses | 15% | 5% | 3% | 3% |
| Other (please specify) | | | | |
| ■ Open prison workers | | | | |
| ■ Trying to get clients to engage with ROTL | | | | |
| ■ Used the DWP Swap initiative | | | | |
| ■ Didn't manage to source any new workers | | | | |
| ■ Gaining a SAWs licence | | | | |
| ■ A little of all of the above | | | | |

| Labour Providers: Have you passed on the increased recruitment costs due to labour shortages and inflation to your clients? | May 2022 | Nov 2022 | May 2023 | Oct 2023 |
|---|----------|----------|----------|----------|
| Yes, most of our clients have accepted a rate increase but does not cover our increased costs | 63%* | 32% | 29% | 21% |
| Yes, most of our clients have accepted a rate increase which mostly covers our increased costs | | 22% | 16% | 13% |
| We tried, but most clients have not covered our increased costs | 22% | 16% | 26% | 28% |
| No, and clients have generally demanded rate reductions to support their own cost increases | 1% | 6% | 12% | 14% |
| We have not attempted to pass cost increases on to our clients | 13% | 16% | 10% | 15% |
| We have not had any increased costs | 1% | 8% | 8% | 9% |

(* Previous surveys did not ask if rate increase covered the increased costs)

| Labour Providers: For Christmas 2023, how much do you expect to short supply your clients? | Nov 2022 | May 2023 | May 2023 |
|--|----------|----------|----------|
| We do not expect to short supply | 20% | 35% | 35% |
| We expect to short supply our clients by 0-10% | 39% | 34% | 34% |
| We expect to short supply our clients by 10-25% | 25% | 19% | 19% |
| We expect to short supply our clients by 25-50% | 10% | 6% | 9% |
| We expect to short supply our clients by 50-75% | 5% | 3% | 2% |
| We expect to short supply our clients by over 75% | 1% | 3% | 1% |

| Labour Providers: What are the top 5 things your clients need to do to attract workers to their site (choose 5) | May 2022 | Nov 2022 | May 2023 | Oct 2023 |
|---|----------|----------|----------|----------|
| Improve pay and other terms and conditions | 91% | 87% | 88% | 79% |
| Be a welcoming, friendly, nice place to work | 39% | 56% | 66% | 55% |
| Offer more regular hours | 50% | 61% | 64% | 52% |
| Supervisory staff to treat workers with more respect | 41% | 55% | 58% | 50% |
| Improve the working environment | 38% | 45% | 52% | 50% |
| Pay for/subsidise daily travel to work | 36% | 37% | 17% | 30% |
| Offer opportunities for progression | 11% | 15% | 17% | 29% |
| Offer more flexible hours and shifts | 26% | 43% | 34% | 27% |
| Increase lead times for order | 21% | 17% | 16% | 27% |
| Pay a higher margin | 23% | 16% | 14% | 26% |
| Offer more overtime | | 25% | 14% | 25% |

| | | | | |
|---|-----|-----|-----|-----|
| Minimise early finishes | 11% | 16% | 10% | 16% |
| Offer a fixed term contract | | 9% | 4% | 15% |
| Pay for/subsidise travel to the UK | 5% | 6% | 5% | 7% |
| Pay for/subsidise worker accommodation | 7% | 8% | 3% | 7% |
| Offer access to client's employee assistance programme | | | 1% | 3% |
| Other (please specify): | 1% | 3% | 1% | 3% |
| <ul style="list-style-type: none"> ■ Culture is a big part of this ■ Businesses need to be better organised, understanding their peaks, understanding that onboarding of their new staff is the key for their retention, by upskilling their team and implementing better onboarding programme, teaching their supervisors and TL on good Leadership skills, is the key. Because people don't know what they don't know. ■ It is not a client issue, the workforce is just not there | | | | |

| Labour Providers: Have you established a service with overseas businesses to supply workers to food sector clients under the Skilled Worker Visa Route? | May 2022 | Nov 2022 | May 2023 | Oct 2023 |
|---|----------|----------|----------|----------|
| No | 89% | 93% | 91% | 87% |
| Yes, we have established this service, but as yet have not supplied any workers | 3% | 1% | 3% | 6% |
| Yes, we have established this service and have supplied some workers, but we only see this as a small part of our business | 2% | 2% | 1% | 1% |
| Yes, we have established this service and we have supplied workers, and we see this as a growing area of our business | 5% | 3% | 5% | 6% |

| Labour Providers: How would you rate your local Jobcentre in the last 12 months? | May 2022 | Nov 2022 | May 2023 | Oct 2023 |
|--|----------|----------|----------|----------|
| We have not approached our local Jobcentre | 35% | 30% | 38% | 39% |
| We tried to work with our local Jobcentre, but they were of no help | 55% | 49% | 49% | 45% |
| We work with our local Jobcentre, and they provide useful support | 10% | 21% | 13% | 15% |

| Labour Providers: What has been your experience of government return to work and employment support schemes in the last twelve months? | May 2022 | Nov 2022 | May 2023 | Oct 2023 |
|--|----------|----------|----------|----------|
| We have not looked at them | 34% | 37% | 45% | 51% |
| We have looked at them but could not see that they were relevant | 22% | 30% | 12% | 8% |
| We have tried them but found them of no or limited use in supporting workers into work | 35% | 26% | 36% | 38% |
| We work closely with government employment support schemes and find them helpful | 10% | 7% | 6% | 3% |

| Labour Providers: What proportion of your current workforce do you estimate are late applications to the EU Settlement Scheme, where your statutory excuse is a Certificate of Application and a Positive Verification Notice? | Oct 2023 |
|--|----------|
| 0% - 5% | 50% |
| 5% - 10% | 23% |
| 10% - 25% | 16% |
| 25% + | 11% |

| Labour Providers: What actions do you think the government should take to address labour shortages in the food supply chain (choose all that apply) | Nov 2022 | May 2023 | Oct 2023 |
|--|----------|----------|----------|
| Extend immigration visa routes to other lower skilled roles | 69% | 70% | 66% |
| Work with sector bodies on a campaign to attract UK resident workers to the food supply chain | 62% | 62% | 54% |
| Incentivise UK residents claiming Universal Credit to take up jobs and work more hours | 61% | 65% | 54% |
| Make the benefits system truly support and reward flexible working | 61% | 58% | 54% |
| Allow asylum seekers the right to work whilst their application is processed | 64% | 64% | 51% |
| Allow labour providers to supply workers through the Skilled Worker visa route | 43% | 43% | 39% |
| Allow apprenticeship levy funds to be used for more flexible types of training across the sector | 29% | 40% | 30% |
| Incentivise economically inactive to take up jobs e.g. over 50s, carers, young people etc | | 31% | 29% |
| Allow undocumented workers (those present in UK, but without the legal right to work) to work in essential industries | 33% | 45% | 26% |
| Work with sector bodies on a campaign to attract harder to reach communities such as disabled and older workers | 21% | 25% | 19% |
| Other (please specify) | 9% | 1% | 9% |
| <ul style="list-style-type: none"> ■ Recognise foreign trades qualifications as per mainland Europe scales. ■ Allow new Frontier Worker Visas, Expand Youth Mobility Scheme to include South Africa, Zimbabwe (who were previously included) ■ Stop making it so attractive financially for people not to work ■ Allow transfer from temp to perm, for seasonal workers ■ Government have no idea and we would benefit if they dropped the extra tax capped app levy as many clients refuse to pay us ■ Support businesses with understanding the skills shortage, invest more in SME's and helping them to set up good onboarding, physical training and development of the people we already have, which is relevant hands-on experience provided, rather than just a theory. ■ Take action against the long term unemployed rather that reward them with Cost-of-Living payments | | | |

Labour Providers: How have labour shortages increased the cost of running your business?

- 30% more admin wages, especially in recruitment.
- Less customer contracts, difficult to maintain charge rate costs, more investment needed in order to recruit
- We have had to invest a lot more into advertising vacancies. We have had to deploy additional internal resource to find suitable candidates
- Incentives such as bonus payment for completing full week of work, transport subsidy
- The cost of recruiting workers has increased. E.g., In the past it may have taken 20 phone calls to find 10 workers, now it takes 100 phone calls to find 10 new workers. It takes increased people resources to make these calls to new workers. We are having to offer subsidised transport for some workers, because we do not want to be short at the client.
- Increased spend on job boards, demanding higher pay rate that is not always welcomed by clients so margins are squeezed.
- All job boards have put their costs up by huge margins in some cases 300% as they know the labour shortage means more advertising is needed to attract people
- We have to pay more to get workers to sites that are not on a train or bus route. We need to do this to help our long-standing clients.
- Labour shortages have undoubtedly increased the overall cost of recruitment. The labour market has become far more competitive which has led to more time being invested into recruitment. Passing the additional cost onto labour users has been a somewhat sensitive issue. Labour users must recognise that labour providers are incurring rapidly rising costs associated with the recruitment side of their business and support financially to help cover additional cost.
- Our business turnover is down by 30% this year, whilst costs have increased between 20-40%
- We haven't felt the labour shortage as such, we felt a skills shortage for more skilled roles, where by businesses struggling to figure out, how to get skilled people, how to train them quick and efficient.
- The use of job boards has gone through the roof which is our main source of advertising for candidates. Also spending a lot of wasted time interviewing candidates who really do not want to work
- Advertising cost, plus increased investment in time to flyer, walk high street etc. Transport cost to support moving workers from location to location. Increased churn, increases application and induction time/costs.

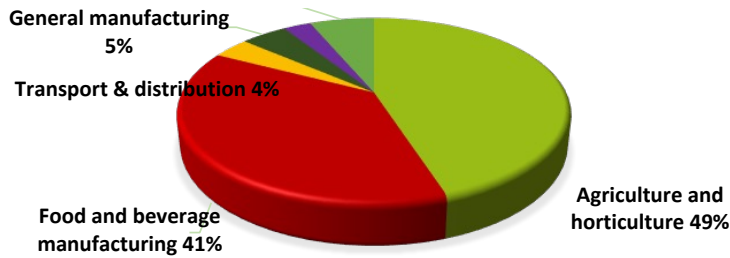
Labour Providers: Are there any other comments that you would like to add?

- Open up SAWs to more Labour Providers. Flexible working visas for EU nationals, 6 - 12 month working visas
- Some clients have conditions around RTW checks, that are above the legal requirement, which creates an unnecessary barrier to employment for some work seekers.
- Increased costs of running a business has seen our profit margins decrease. Clients less likely to recruit in an uncertain economy
- Respect of workers and supply chain should be priority to fight the labour shortage
- Until the Government looks at the Universal Credit and benefit system for able bodied workers the labour shortage will continue as many people are better off claiming benefits and have no need to work
- We are at the lowest number of candidates working since starting the business in 2006

- Allow free movement of Europeans (with a limit so that Net migration figures don't become excessive), don't allow benefits to people who come into the country unless they have 3 years solid work and then only. Stop paying people (who are able to work) to live here whilst their immigration status is being decided instead allow them to work and contribute to the economy.
- The effect of BREXIT on availability of migrant lower skilled workers from EU has been damaging.
- The government needs to have a migration policy that works. We need to increase workers across all sectors, there are shortages of engineers 500K, finance personnel, 50K, administrative skills 500k, construction Trades 1M, there also needs to be emphasis on apprenticeships and raising the rate they are paid to £8 ph
- We also struggle to attract and retain permanent employees with the right experience and skills
- Clients are utilising their own workforce more and offering inconsistent work for casual labour making it hard to train and supply efficiently
- Due to slow economy and multiple site closures in our local area over the last 12 months we have not experienced labour shortages. On the contrary, we have observed how at least 4 major food manufacturing site closures in our local area have flooded labour market with available operatives, frequently unable to find alternative employment due to extremely low sales volume across all industries. It is however what we call a temporary false labour market condition, as we're already observing some economy recovery and as the things improve, we will be slowly reverting back to the crisis scenarios where both labour suppliers and users are suffering major labour shortages thus unlikely to meet their customers' demands. What deteriorates labour suppliers' situation is precisely the last 12 months during which manufacturers began to believe the labour shortages are a thing of the past. We're already struggling to re-educate some of our clients who began paying NLW in the last year, as they believe our pleas to introduce financial incentives in the upcoming Christmas peak is an expression of our recruitment and business shortcomings rather than ringing the alarm bells.
- Interest rates would be the other issue!!
- The government need to take another look at the visa scheme as it is not sustainable for Northern Ireland and the low skilled workforce.
- The labour market is at its worst for over 35 years. The government needs a serious rethink in order to support business overall as costs are spiralling out of control and this is having significant impact on the economy
- Where is our industry going? Will there still be a temp market in 12 months' time? I'm not sure many labour providers can sustain the challenges we are currently facing. It would be useful to understand what the ALP are doing within your contacts and network to put across the problems our sector is having.
- The government need to do more to support the lower skilled area of industry. Brexit has not worked out well for us, we need to go back to freedom of movement!

UK LABOUR SUPPLY CHAIN SUMMARY OF OCTOBER 2023 RESULTS

A total of 111 companies completed this survey.

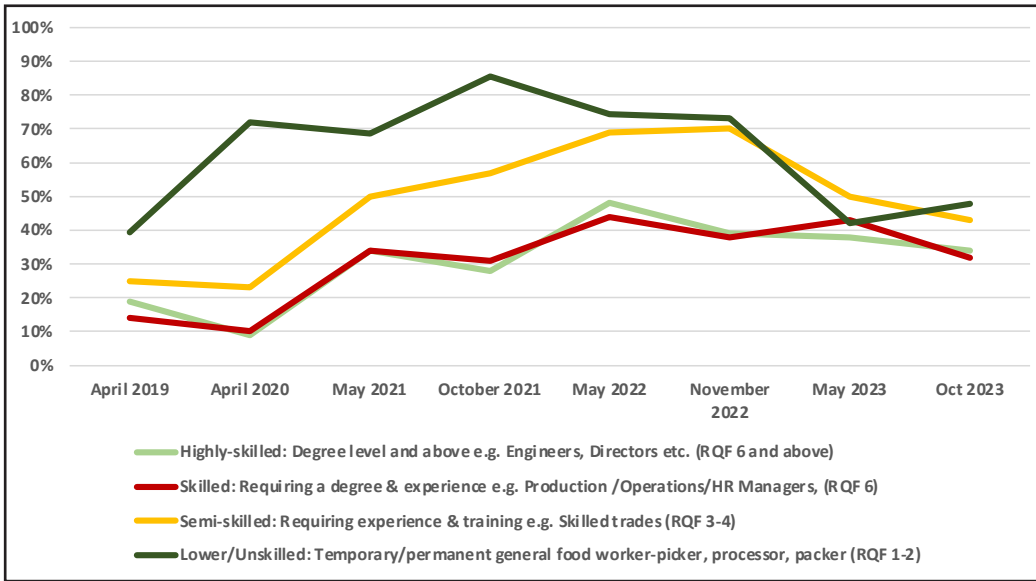


- 72% - Medium or large companies**
- 85% - companies based in England**
- 13% - companies based in Scotland**

| Supply Chain: Which recruitment channels do you use to source your temporary/ seasonal workers? Tick all that apply. | May 2022 | Nov 2022 | May 2023 | Oct 2023 |
|--|----------|----------|----------|----------|
| Direct recruitment | 73% | 61% | 57% | 59% |
| Labour provider – temporary agency worker supply model | 52% | 34% | 49% | 55% |
| SWS Operator – seasonal workers only | | 33% | 41% | 36% |
| Labour provider – recruitment only/direct employment model | 52% | 67% | 27% | 26% |
| Do not use temporary/seasonal workers | 25% | 19% | 27% | 18% |

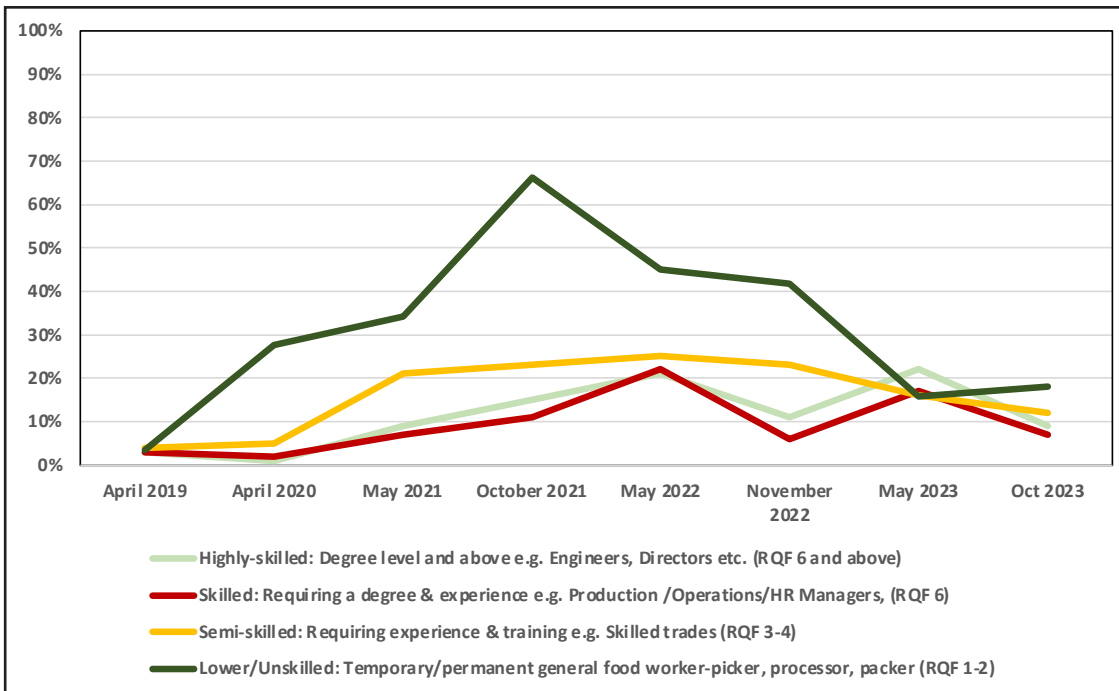
| Supply Chain: Throughout the last 6 months, how was your site with regards to availability of labour of the following types of labour/skill level? | | | | |
|---|-------------------|---------|------------------------|-------------------|
| | Fine, No problems | Just Ok | Intermittent Shortages | Chronic Shortages |
| Highly-skilled: Degree level and above e.g. Engineers, Directors etc. (RQF 6 and above) | 33% | 33% | 25% | 9% |
| Skilled: Requiring a degree & experience e.g. Production /Operations/HR Managers, (RQF 6) | 36% | 32% | 25% | 7% |
| Semi-skilled: Requiring experience & training e.g. Skilled trades (RQF 3-4) | 27% | 30% | 30% | 12% |
| Lower-skilled Permanent: Requiring some training/ experience e.g. Process operative, skilled field worker (RQF 2) | 14% | 32% | 35% | 18% |
| Lower skilled temporary / agency / seasonal | 19% | 32% | 32% | 18% |
| Unskilled: Requiring minimal training / experience, e.g. Elementary roles, picking, packing etc. (below RQF 2) | 19% | 33% | 27% | 21% |
| Unskilled temporary/agency/seasonal | 23% | 37% | 26% | 14% |
| <div style="display: flex; justify-content: space-between; align-items: center;"> Got Significantly Worse Got Worse Stayed the Same Got Better </div> | | | | |

Employers: % with intermittent and chronic labour shortages by skill level



- 48% of respondents are experiencing labour shortages - higher than pre-Brexit figures
- Labour shortages in unskilled, lower and semi-skilled roles have increased by 6%

Employers: % with chronic labour shortages by skill level



- Businesses expressing chronic labour shortages were almost non-existent pre-Brexit.
- Having peaked in October 2021, only 18% of businesses are still suffering from a chronic shortage of lower/unskilled workers

| Supply Chain: Which changes have you made over the last 6 months that have had a positive impact on addressing labour shortages in your business? (Select all that apply) | Nov 2022 | May 2023 | Oct 2023 |
|--|----------|----------|----------|
| Increased wage rates, bonuses and incentives | 69% | 63% | 57% |
| Focus on being a better place to work | 54% | 48% | 56% |
| Working more closely with labour provider | 51% | 59% | 54% |
| Improved labour planning | 45% | 59% | 48% |
| Improved worker retention activities | 35% | 39% | 44% |
| Trained managers on how to better manage people | | | 41% |
| Improve worker sourcing methods | 41% | 30% | 26% |
| Increased hours and overtime of current workers | 21% | 18% | 23% |
| Offer access to your employee assistance programme | | 10% | 21% |
| Focus on UK recruitment | 18% | 20% | 20% |
| Using the Skilled Worker visa route to recruit from overseas | 18% | 15% | 17% |
| Nothing has had a positive impact | 18% | 5% | 8% |
| Focus on EU recruitment | 5% | 11% | 7% |
| Other | | | 6% |
| <ul style="list-style-type: none"> ■ Keep staff interested by telling them what and why they are doing specific jobs ■ UK recruitment very challenging with workers starting and not staying with poor work ethic ■ Invested in automation where possible ■ Downsizing fruit production by 80% to reduce exposure to labour shortages ■ We have been fine this year as we have not had to source the usual number of temporary workers for our peak seasonal work as the orders from our customers for the packing of Christmas gifts has greatly reduced. ■ Maintained a static amount of operatives instead of increasing labour as costs from agencies are ludicrous and they are not means testing their labour for quality and if they are what they say they are | | | |
| Supply Chain: What impact have labour shortages had on your business over last 6 months? (Choose all that apply) | Nov 2022 | May 2023 | Oct 2023 |
| Increased labour costs | 70% | 71% | 62% |
| Use more agency labour to meet the shortfall | 53% | 32% | 32% |
| Rationalise/reduce our output | 44% | 32% | 25% |
| Automate to reduce reliance on skills and labour | 27% | 15% | 22% |
| Increase proportion of permanent workforce and use less agency labour | 24% | 22% | 20% |
| No impact | | | 17% |
| Move part of our growing/production overseas | 4% | 4% | 0% |
| Our business became unviable | 3% | 3% | 1% |
| Move all of our growing/production overseas | 0% | 0% | 1% |

Supply Chain: Over the next 6 months, how do you foresee the position of your site with regards to recruiting the following types of lower skilled labour / skill level

| | We will be fine | We should be just Ok | We will struggle | It will be a crisis |
|--|------------------|------------------------|-------------------|---------------------|
| Lower-skilled permanent: Requiring some training/experience e.g. Process operative, skilled field worker (RQF 2) | 19% | 44% | 35% | 1% |
| Lower skilled temporary/agency/seasonal | 26% | 42% | 31% | 1% |
| Unskilled: Requiring minimal training/experience, e.g. Elementary roles, picking, packing etc. (below RQF 2) | 24% | 41% | 32% | 3% |
| Unskilled temporary/agency/seasonal | 31% | 38% | 30% | 2% |
| Got Significantly Worse | Got Worse | Stayed the Same | Got Better | |

■ 32% of businesses expecting to struggle and 2% expecting it to be a crisis

| Supply Chain: Over the next 6 months, which recruitment changes are you planning to address skills and labour shortages (tick all that apply): | Nov 2022 | May 2023 | Oct 2023 |
|--|----------|----------|----------|
| Improve labour planning and ordering | 48% | 34% | 45% |
| Work more closely with labour provider/external recruiters | 60% | 38% | 42% |
| Use additional labour providers to supply workers | 29% | 18% | 28% |
| Increase internal recruitment resource and budget | 22% | 15% | 20% |
| Increase recruitment of young people in the local labour market | 18% | 15% | 19% |
| Don't know what other recruitment changes we can make | 33% | 24% | 18% |
| No specific recruitment actions needed – do not expect shortages | 9% | 13% | 16% |
| Work with Jobcentre to source from different hard to reach groups | | 8% | 15% |
| Focus on recruiting EU pre/settled status workers from Europe | 28% | 16% | 14% |
| Start or increase use the Skilled Worker visa route to recruit from overseas | 13% | 16% | 12% |
| Increase recruitment of older people in the local labour market | 14% | 8% | 12% |
| Improve UK resident worker sourcing methods | 24% | 6% | 9% |
| Consolidate current labour providers | 9% | 5% | 7% |
| Increase recruitment of people with disabilities in the local labour market | 8% | 8% | 6% |
| Other | | | 6% |

- Not entirely sure how to recruit settled or pre-settled as no government plan for next generation!!
- Continue using 2 Saws operators and continue to recruit direct as we do
- Continue to shrink the business
- We have tried absolutely everything, from Indeed to local agencies to attending tons of job centre recruiting days, we have worked with several prisons over the past 5 years trying to recruit ex-offenders, we are sponsors for the UK Visa scheme but it is still incredibly hard to recruit.
- Work with local college
- Our skilled labour takes 3 years of training, we are planning on taking on apprentices and training them up

| Supply Chain: Over the next 6 months, which HR changes are you planning to address skills and labour shortages (tick all that apply): | May 2022 | Nov 2022 | May 2023 | Oct 2023 |
|--|----------|----------|----------|----------|
| Implement a great place to work strategy | 54% | 42% | 28% | 40% |
| Increase wage rates, benefits, bonuses and incentives | 44% | 38% | 34% | 34% |
| Don't know what other HR changes we can make | | 28% | 22% | 20% |
| Increase hours and overtime of current workers | 3% | 8% | 15% | 19% |
| No action – do not expect shortages | | | 14% | 19% |
| Introduce a labour turnover reduction strategy | 16% | 27% | 14% | 14% |
| Offer more flexibility of hours and shifts | 21% | 20% | 18% | 13% |
| Introduce or increase worker accommodation | 22% | 14% | 13% | 8% |
| Introduce guaranteed hours for agency workers | | 13% | 8% | 8% |
| Provide financial wellbeing support | 11% | 6% | 11% | 2% |
| Introduce paid for/subsidised daily travel to work | 13% | 5% | 3% | 2% |
| Introduce paid for/subsidised travel to UK | 5% | 3% | 3% | 2% |
| Other (please specify) | 13% | 5% | 1% | 6% |
| <ul style="list-style-type: none"> ■ Continue to work closely with SAWS providers ■ Improve quality of accommodation ■ We would like to increase, wages, bonuses etc. but the business has worked at a loss for the last 2 years due to poor returns from the supermarkets, so we do not have the money to invest in these areas. ■ We might have to downsize the business and reduce number of staff as increasing wages further will make us very uncompetitive as a manufacturer compared to foreign competitors from Turkey, India and China | | | | |

| Supply Chain: What impact do you expect workforce shortages to have on your business from now until the end of 2023 (tick all that apply) | May 2022 | Nov 2022 | May 2023 | Oct 2023 |
|---|----------|----------|----------|----------|
| Increased labour costs | 83% | 80% | 81% | 53% |
| No impact expected | 2% | 6% | 9% | 30% |
| Rationalise/reduce our output | 32% | 42% | 25% | 22% |
| Automate to reduce reliance on skills and labour | 31% | 24% | 18% | 14% |
| Increase proportion of permanent workforce and use less agency labour | 24% | 19% | 18% | 11% |
| Our business is likely to become unviable | 10% | 10% | 5% | 5% |
| Move part of our growing/production overseas | 6% | 4% | 6% | 0% |
| Move part of our growing/production overseas | 6% | 4% | 6% | 6% |

| Supply Chain: What actions do you think the government should take to address labour shortages in the food supply chain (tick all that apply)? | May 2022 | Nov 2022 | May 2023 | Oct 2023 |
|---|----------|----------|----------|----------|
| Incentivise UK residents claiming Universal Credit to take up jobs and work more hours | | 61% | 46% | 58% |
| Work with sector bodies on a campaign to attract UK resident workers to the food supply chain | | 65% | 49% | 57% |
| Extend immigration visa routes to other lower skilled roles | | 68% | 56% | 52% |
| Make the benefits system truly flexible to reward working | 64% | 51% | 43% | 43% |
| Allow labour providers to supply workers through the Skilled Worker visa route | 39% | 51% | 33% | 41% |
| Allow asylum seekers the right to work whilst their application is processed | 56% | 49% | 38% | 35% |
| Allow apprenticeship levy funds to be used for more flexible types of training across the sector | 36% | 44% | 29% | 34% |
| Incentivise economically inactive to take up jobs e.g over 50s, carers, young people etc. | | | 22% | 27% |
| Allow undocumented workers (those present in UK, but without the legal right to work) to work with limited rights in essential industries | 37% | 35% | 23% | 24% |
| Work with sector bodies on a campaign to attract harder to reach communities such as disabled and older workers | | 25% | 14% | 16% |
| Other (please specify) | 11% | 5% | 9% | 7% |
| <ul style="list-style-type: none"> ■ I don't think there is a labour shortage. There are many unemployed people claiming benefits who can work. ■ Extend immigration visa routes to both, skilled and unskilled workers ■ Negotiate free movement of people between the EU and UK ■ The government absolutely need to stop allowing people to claim Universal Credit when they are capable of working. They have no incentive to work for their money if they are simply given it! The UK Visa route also needs to be made a lot easier. We are sponsors yet find it almost impossible to get through the application process to employ people from overseas. We have been constantly rejected for absolutely no good reason at all. The system is far too strict, and we are in genuine need of staff to run our production plant. ■ Allow EU workers | | | | |

| Supply Chain: Do you use the Seasonal Worker visa route? | Nov 2022 | May 2023 | Oct 2023 |
|--|----------|----------|----------|
| We do not use the Seasonal Worker visa route | 66% | 56% | 62% |
| We use the Seasonal Worker route for poultry workers and think 2000 visas is enough | 0% | 1% | 1% |
| We use the Seasonal Worker route for horticultural workers and think 45,000 visas is enough | 3% | 14% | 10% |
| We use the Seasonal Worker route for poultry workers and think the number of visas should be increased | 0% | 0% | 1% |
| We use the Seasonal Worker route for horticultural workers and think the number of visas should be increased | 29% | 29% | 26% |

If you think the number of visas should be increased, to how many and why

- It needs to be increased to at least 60,000 or allow current visa to be longer
- The number of visas should be enough to make sure farmers can plant, pick and pack their crops.
- It needs to be increased to what the NFU suggest if the UK wishes to continue to produce goods
- 60,000 it's a large highly seasonal industry UK workers don't/can't off the seasonal flexibility, face impacts on benefits etc.
- 60k - to ensure every employer gets the quota they want
- The system is a shambles that doesn't work for UK food production, doesn't work for the people coming to work here and is a fantastic example of our governments incompetence
- There should be more flexibility around start and finish dates. As a seasonal business with annually changing production plans some years staff are needed earlier but can't have returnees due to 5 month gap requirement.
- This year there was enough workers for our season (6 weeks in July and August) but this year was also a poor crop for most growers so we needed less workers, next year if everyone has a full crop there won't be enough workers.
- Through work with the industry bodies and conversations with colleagues and other businesses in the same sector feel that another 20,000 visas would be closer to the number required.
- Perhaps doubled. Highly unlikely to get enough UK people doing horticultural work
- 60,000 would accommodate the needs of food producers.
- 55,000 beginning of the year

| Are you a Sponsor under the points-based system and have you recruited workers through Skilled Worker Visa Route? | May 2022 | Nov 2022 | May 2023 | Oct 2023 |
|---|----------|----------|----------|----------|
| No, we are not a sponsor | 82% | 80% | 84% | 80% |
| Yes, we are a sponsor but have not recruited any skilled workers yet | 13% | 13% | 4% | 7% |
| Yes, we are a sponsor and have recruited skilled workers from overseas directly ourselves. | 5% | 3% | 10% | 8% |
| Yes, we are a sponsor and have recruited skilled workers with an overseas based recruiter. | 0% | 1% | 1% | 1% |
| Yes, we are a sponsor and have recruited skilled workers, using a UK based labour provider to manage the process | 1% | 4% | 1% | 4% |

If yes, and you have recruited skilled workers, please say how many and from which countries

- 1 from Italy
- We have successfully recruited just 1 worker (from Romania). The entire process was incredibly time consuming, very expensive for both sides and unnecessarily complicated. We have since tried to sponsor 2 Albanians but it has taken months and months for the Home Office just to agree to us having 2 CoS allowances. Our experience with being sponsors has not been a positive one at all. We went through a lot to become sponsors and now that we are, it very much feels like our requests are rejected at every attempt. There is also very little support from the Home Office given. Every time I have phoned the helpline, I've been told they are unable to help.
- 8 – Philippines
- 2 from India

| Will the changes to the late application process to the EU Settlement Scheme impact labour availability for your business? | Oct 2023 |
|--|----------|
| No, it will not impact our labour availability | 45% |
| Yes, it will have a small impact on labour availability | 36% |
| Yes, it will have a significant impact on labour availability | 14% |
| Yes, it will cause very significant concern on labour availability | 5% |

How have labour shortages increased the cost of running your business?

Oct 2023

AGENCY WORKERS

- We have had to pay increasingly higher fees to agencies for workers willing to work in horticulture.
- Having to use agency more and longer hours worked by other staff
- At times we have had to utilise additional agencies which we have no working relationships with and therefore it has come at a premium
- Agency labour charging exorbitant rates damaging market workplace
- Increased, higher levels of overtime. Lower productivity caused by existing staff getting tired.
- Running with additional labour from agency increases our labour costs. Equally due to the changes with COAs' the agency don't have the labour resource that they did.
- Have to offer good working hours and bonuses. Use of agencies which have an annual fee and weekly worker fee, so workers are more expensive.

SEASONAL WORKERS

- Use more SWS workers increase cost
- We have over booked our workforce - worrying not all workers would come and this resulted in us having too many people and not enough work being available at times. So, paradoxically, as a result of labour shortages we became overstaffed and had to then top up our workforce to 32 hours at times and not being able to offer more work to our better workers and returnees.

INCREASED LABOUR COSTS

- We are paying more for our labour, we have had to introduce transport to bring people to site, we have to hold back on growth plans
- Having to grade longer hours
- We have had to significantly increase wages to retain and/or recruit staff.
- We have increased wages and use incentives to get workers to do more hours and work quicker but it often doesn't incentivise many, but our costs are higher
- Increased use of overtime at higher cost
- Labour costs for current workers, overtime required to ensure customers specs and orders are delivered.
- We had to make the highest ever annual wage increase
- We have had to increase our basic pay hourly pay rate
- Not enough people, had to increase working hours pushing employees into overtime rates
- Increase in base rate of pay for unskilled labour to be competitive with other businesses
- Skilled tractor driver shortage means salary command increased significantly with knock on effect to team leaders / managers as they can earn more driving a tractor
- More overtime to meet demand. More pressure on current workers - more absence for those.
- We have had to increase the hours of our workers so increasing the amount of hours paid as overtime and workers are less productive as they are tired.
- We have had to pay overtime to existing staff (both permanent and agency) to make up shortages
- We have to work longer, pay more overtime hours
- Significantly increased costs as wage rates have had to increase to attract labour and yet that labour is less productive

INCREASED BUSINESS COSTS

- Increased recruitment cost
- With the need to increase the bonus's, offer free accommodation costs and services (electric and gas), all of which adds a high increase to the running costs of the business
- Lack of stability of workforce. Increased unproductive hours
- Represents a 100% increase in our fruit picking costs and with no uplift from the retailers it makes apple and pear production even more loss making. We can't risk growing too much fruit as we don't think we will be able to pick it in time

BUSINESS IMPACT

- We are reviewing all options including coming out of labour-intensive horticulture.
- We are cutting production
- The time it takes to fill vacancies has a significant impact across the business, it's taking more time that Managers don't have, also our teams are small so gaps in workforce affect our production output, shorting orders as we don't have enough people to fulfill them. We have increased our budget for automation investment to try and reduce the amount of manual labour we require but it's still not enough.
- We have had to downsize our business and significantly decrease the amount of product we can offer our customers as a result of the labour shortages (approximately 25%). The greatest impact though has been the attitudes of the workforce. A lack of us being able to recruit easily has create a culture that the workforce believe they are irreplaceable and therefore able to do as they wish. This has put extreme pressures on our Management Team trying to deal with absenteeism, disobedience and other disciplinary matters created as a result of this culture.
- Produce has gone unharvested due to lack of sufficient labour at peak times

NO IMPACT

- There have been no labour shortages this season due to the smooth running of the SAWS scheme
- We have been fine this year, but last year we did have to use agencies for a short period as well as trying to recruit directly which added a substantial cost to our small business.

Are there any other comments that you would like to add:

Oct 2023

- A tight labour market is good for everyone. Cheap labour (oversupply) results in poor outcomes, especially in the lower paid, and doesn't encourage effective utilisation of labour.
- Since Brexit the recruitment of production staff and skilled workers in the industry has been appalling. It is becoming impossible to find maintenance or engineering staff. Anyone that we find commands a disproportionately high salary not commensurate with their experience or viable for the business. We are canvassed regularly by those who are on benefits to work ONLY if it is "cash in hand" - purely so that they can continue to exploit the benefits system. The UK's benefits are deemed generous and sadly is exploited. There seems no incentive by the government to take robust action.
- The current visa system needs to be extended and short placements need to be included as some crops have a short harvest window.
- Ideally the seasonal worker scheme should be increased to a 9-month working visa with 3 months at home; guarantee the seasonal worker scheme for 5 years; allow employers to recruit directly themselves and do away with the operator "hire" fees as it is a drain on finances
- The massive rationalisation of labour providers under the current seasonal workers scheme has been a disaster for our industry. Even the ones accredited have been tripped up and nearly bankrupted by government incompetence. Leaving the EU has been a disaster and there is clearly no support or interest in UK farming let alone horticulture. I am at a loss as to what to say on this. We have been abandoned and are all rapidly going out of business
- I appreciate the opportunity to voice my opinions on this matter because it is so incredibly important to our business that the labour shortage issues are addressed, acknowledged and sorted. There is so much wrong with the system currently and it has to be dealt with as a matter of urgency else it is going to kill the wonderful farming industry we should be proud of in this country. The government should be offering more support to businesses like ours, not creating such huge issues for them that they can almost no longer function
- Government needs to wake up. Empty shelves or imported goods will become the norm. We have some of the best growers, growing conditions and committed people in the world - and nobody to harvest. British nationals do not want to work outdoors. The EU workers are staying away and we are having to go further and further afield to find people.
- The SAWS Scheme is invaluable to our business think going forward as pre-settled status workers don't apply for settled status we will need a higher percentage of workers on SAWS Scheme.

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