With the government having guaranteed CAP payments over the medium term and Environment Secretary Michael Gove having set out an outline for post-Brexit funding, a more prosaic concern has become particularly prominent, that of seasonal work in the agricultural sector. Many farmers rely on migrant labour, and the potential for disruption of farming production would have knock-on effects throughout UK supply chains. The National Farmers Union (NFU) has called for the re-introduction of the Seasonal Agricultural Workers Scheme (SAWS) in response to labour shortages that disrupted production in 2017. Michael Gove has expressed support for the scheme but has also stated that, because of a growing EU economy, farmers may need to look further afield for labour in the future. The decision to leave the European Union has upset the apple cart for the majority of UK farmers. IBISWorld estimates that 38% of employees on UK farms are seasonal or casual labour, mainly required when seeds are planted in early spring and harvested in the summer. Over 80,000 seasonal workers are required during harvest seasons and the weak pound, stronger economic conditions in many EU countries and concerns over Brexit led to labour shortages over 2017, which affected output. The waiting list for seasonal workers declined significantly in the past year, which affected revenue and margins for many in the agricultural sector and particularly the fruit and vegetable growing industries. Due to the delicate nature of soft fruits, wages in the Fruit Growing industry (IBISWorld report A01.200) absorb 37.4% of revenue, a higher share than most other industries in the agricultural sector.

The number of seasonal workers returning to British farms fell throughout 2017. The weak pound is affecting remittances for many workers, while improved employment opportunities in other EU countries has discouraged some

<table>
<thead>
<tr>
<th>Industry</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fruit Growing in the UK</td>
<td>37.35</td>
</tr>
<tr>
<td>Poultry Raising in the UK</td>
<td>28.10</td>
</tr>
<tr>
<td>Sheep Farming in the UK</td>
<td>22.44</td>
</tr>
<tr>
<td>Flower and Plant Growing in the UK</td>
<td>20.12</td>
</tr>
<tr>
<td>Vegetable Growing in the UK</td>
<td>15.35</td>
</tr>
</tbody>
</table>

SOURCE: IBISWORLD
workers from making the trip. IBISWorld estimates that the average seasonal labourer earned €412.82 per week prior to the EU referendum. In the following year, however farm workers earned 13.6% less in euro terms for the same hours during the 2017 harvest season, despite improvements in the national minimum wage. The lack of motivation for seasonal workers to commit to the same number of hours for effectively less pay due to the depressed pound contributed to 29% of vacancies being left unfilled in the crucial harvest month of September, according to the NFU. Labour shortages meant that not all fruit could be picked, and apples that were usually sold at premium prices were sent for fruit juice production because the delay in picking time had reduced their quality. Apples sent for juice production are usually sold at 20-25% of the price of those sold to supermarkets for household consumption, emphasising the financial detriments a lack of readily available labour can have. In many cases strawberries, which account for 46.2% of revenue in the fruit growing industry, were left to rot in fields across the country, according to several fruit growers. Some farmers had to write off several hundred tonnes of soft fruit and vegetables, costing hundreds of thousands of pounds.

In addition to the direct and tangible effect of labour shortages, prevailing uncertainty is also affecting farming strategy. The annual harvest can require 12 months of planning, depending on the size of the farm. A lack of clarity regarding UK-EU immigration policies has contributed to plans by a small number of farms to establish foreign operations. Approximately 30% of horticulture farmers fail to register a profit annually, which eliminates the option of increasing wages to attract domestic workers. The inability to increase wages due to slim margins could cause many farms to close or relocate. For example, Haygrove Limited, which accounts for 4.5% of the fruit growing industry and employs 1,150 seasonal workers, has implemented plans to move its berry growing to China due to Brexit uncertainty. Large farms able to offer high wages must seek the services of highly skilled recruiters specialising in the agricultural sector, as many farmers can find it difficult to attract staff. For example, a recent YouGov survey that found less than 5% of UK adults surveyed would

Employment: UK Agriculture 2017

SOURCE: Defra and IBISWorld
Casting shade: Seasonal labour and British agriculture

Consider working on a dairy farm. Wages are a secondary consideration when recruiting UK workers, as farms that pay above minimum wage still fail to attract or retain domestic workers. Attitudes towards manual labour and the lowest unemployment rate for decades have deterred many from accepting temporary employment in remote farms. Such factors have made access to seasonal labour essential.

The United Kingdom previously operated a six-month seasonal agricultural workers scheme since 1945 until it closed in 2013, upon the lifting of restrictions on free movement rights for Bulgarian and Romanian citizens. The scheme, which was managed by nine operators approved by the UK Border Agency, had an annual quota of 21,250 workers. Many farmers, and the NFU as a whole, have advocated for a swift reintroduction of such a scheme. Michael Gove, the Environment Secretary, stated that the NFU’s case for the reinstatement of the Seasonal Agricultural Workers scheme (SAWS) is ‘compelling’, but nothing concrete has yet been developed, and in March 2017 Immigration Minister Robert Goodwill stated that the evidence was not strong enough to justify a new SAWS. Farmers argue that access to EU migrant labour is crucial for food production and that a new scheme being regulated and run under a quota system may also include workers from outside the European Union. It remains uncertain if the government will introduce the scheme.

In the absence of a seasonal workers scheme, wage costs will increase for farms that are unable to invest in expensive automated systems such as picking robots and robotic milking parlours. Raspberry harvesters, for example, can cost more than £100,000, a significant investment, particularly for smaller farms. The shortage of workers could force the sector to improve productive efficiency in other ways, however. For example, fruit growers may plant everbearing strawberries, which produce fruit throughout the season. In addition, training existing employees to boost output could ensure that remaining operators head in the right direction. The importance of training has been emphasised by employees and the Farmers’ Guardian, which ranked training and communication above wages in a survey on employee concerns. Improving internal operations to boost output is important for many farmers due to the rising population, because the possibilities of cherry picked Brexit policies to suit the agricultural sector is unlikely. While

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Minimum Weekly Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015-16</td>
<td>€356.53</td>
</tr>
<tr>
<td>2016-17</td>
<td>€360.00</td>
</tr>
<tr>
<td>2017-18</td>
<td>€374.62</td>
</tr>
</tbody>
</table>

Source: IHS Markit/CIPS UK Construction PMI
Casting shade: Seasonal labour and British agriculture

farmers may not be at the top of the tree when it comes to negotiation priorities, ongoing lobbying is likely to be beneficial. Furthermore, uncertainty could provide the final push for some operators to consider capital investment in automation, with developments such as the Hands Free Hectare project, supported by the Agricultura and Horticulture Development Board, key trends in this regard. Whatever the result, agricultural developments are likely to be pertinent for numerous business in the United Kingdom and produce retailers in particular should look on with interest, due to the ramifications seasonal labour, or a lack thereof, can have throughout supply chains.

IBISWorld Industry reports used in this special report:
A01.130 · Vegetable Growing in the UK
A01.190 · Flower and Plant Growing in the UK
A01.200 · Fruit Growing in the UK
A01.450 · Sheep Farming in the UK
A01.470 · Poultry Raising in the UK

For more information, please visit www.ibisworld.co.uk or call us on 020 7222 9898
At IBISWorld, we know that industry intelligence is more than assembling facts.
It is combining data with analysis to answer the questions that successful businesses ask.

Identify high-growth, emerging and shrinking markets
Arm yourself with the latest industry intelligence
Assess competitive threats from existing and new entrants
Benchmark your performance against the competition
Make speedy market-ready, profit-maximising decisions

Who is IBISWorld?
We are strategists, analysts, researchers and marketers. We provide answers to information-hungry, time-poor businesses. Our goal is to provide real-world answers that matter to your business. When tough strategic, budget, sales and marketing decisions need to be made, our suite of Industry and risk intelligence products give you deeply researched answers quickly.

IBISWorld Membership
IBISWorld offers tailored membership packages to meet your needs.

Disclaimer
This product has been supplied by IBISWorld Ltd. ("IBISWorld") solely for use by its authorised licensees strictly in accordance with their licence agreements with IBISWorld. IBISWorld makes no representation to any other person with regard to the completeness or accuracy of the data or information contained herein, and it accepts no responsibility and disclaims all liability (save for liability that cannot be lawfully discharged) for loss or damage whatsoever suffered or incurred by any other person resulting from the use of, or reliance upon, the data or information contained herein.

Copyright in this publication is owned by IBISWorld Ltd. The publication is sold on the basis that the purchaser agrees not to copy the material contained within it for other than the purchaser’s own purposes. In the event that the purchaser uses or quotes from the material in this publication – in papers, reports or opinions prepared for any other person – it is agreed that it will be sourced to IBISWorld Ltd.

Copyright 2018 IBISWorld Ltd