INFORMING POLICY:

The importance of European Union labour to the UK dairy sector

The Royal Association of British Dairy Farmers
ABOUT RABDF

RABDF is the sole UK charity focused on the unique needs of milk producers. It has unique relationships throughout the whole dairy supply chain, and has used these to investigate producer views on the use of overseas labour on UK dairy farms both before the EU referendum and after. It has also supplied specialist advice on this issue for its members and has also sought meetings with Government ministers through the All Party Parliamentary Group, of which it provides a joint secretariat.
While many agricultural sectors rely on seasonal unskilled labour, especially around harvest, the requirements of dairy farming are very different. This is mainly due to the daily ‘harvest’ of milk which demands 24-7 attention year-round, relatively high levels of skill and an acquired knowledge of the farm and animals. The ability of UK dairy farmers to source domestic labour to fill roles in their businesses has progressively declined in recent years; now, many workers on dairy farms come from central or eastern Europe, an arrangement that has worked well for both employers and employees.

The Royal Association of British Dairy Farmers (RABDF) is concerned that with the UK’s pending exit from the European Union, access to a large workforce meeting dairy farming’s specific requirements will be lost. This could have significant impact on the UK’s c. 13,000 dairy producers and their production of what is a tenth of Europe’s total milk supply. Furthermore, the production of milk is responsible for 80,000 jobs within the British food and drink sector, creates a turnover of £6 billion, and supplies around 36% of our daily calcium requirements.

With UK self-sufficiency for dairy products at only 77% and ambitions from New Zealand and Ireland among others to increase their exports to the UK, a decline in domestic dairy production arising from a lack of labour could lead to long-term displacement of domestic production from imports.

To explore this issue in more depth, RABDF undertook a survey of UK dairy farmers in 2014 when the prospect of an EU referendum was first raised, and again in 2016 after the referendum had taken place. It has also conducted a survey via YouGov in 2017 of the British public, to determine willingness to work on dairy farms.

The dairy farmer surveys found an increasing reliance on semi-skilled and skilled labour from central and eastern Europe between 2014 and 2016, and rising concern among producers over the future potential loss of access to that labour. The consumer survey indicated a fundamental lack of willingness among the general public to entertain the typical working environments found on a dairy farm, such as jobs involving animals or machinery, locations in rural areas and relatively unsocial working hours. These findings are wholly supported by a wide range of reports issued over the past decade on the image and profile of farming, and changing expectations among the wider UK workforce.

In conclusion, urgent action is needed. RABDF calls on the Government to recognise the very specific needs of the UK dairy farming sector for permanent year-round semi-skilled and skilled labour, and the current inability and unwillingness of the current UK workforce to fill this gap. A lack of suitable labour risks disadvantaging UK dairy farmers, and negatively impacting the economic viability of the sector, UK food security and farmer and animal health and welfare. A solution would be to ensure farmers could continue to source semi-skilled and skilled labour from European countries in the short to medium term.

In the longer term, the sector itself must address its underlying lack of attractiveness. It must promote its relatively competitive pay and address the problems of unsocial hours and rural isolation. Those who derive great job satisfaction from working in the sector should be used to promote it. Negativity must be curbed as this diminishes the sector’s prospects in the eyes of the public; a positive outlook would do much to improve appeal. Steps should also be taken to increase the awareness within schools of career opportunities in dairy farming, and challenge misperceptions among teaching staff and careers advisers which may support negative views or impressions of a low-opportunity sector.

Taking action in these areas will not only prevent the deterioration of the industry – it could open new opportunities to increase self-sufficiency and revenue from this valuable sector.
The UK dairy industry produces 14 billion litres of milk each year1 from a national herd of 1.9 million dairy cows, the fifth-largest herd in Europe behind Germany, France, Poland and Italy. However, higher-than-average milk yields per cow mean the UK currently contributes around 10% of the EU’s annual milk supply2. Overall, while the UK has just over 13,000 dairy producers3, the wider dairy industry is responsible for a total of 80,000 jobs within the British food and drink sector4, 10% of our food and drink output and a turnover of £6 billion5.

Milk remains an outstanding product of consistently high nutritional quality. It can be undervalued by consumers, as shown in a recent survey by the National Osteoporosis Society6 which suggests a fifth of under 25s are cutting out or reducing dairy in their diet. Despite this, the UK industry is estimated to supply around 36% of UK citizens’ daily calcium requirements, and 33% of their iodine and Vitamin B12 needs.

Milk is produced efficiently in the UK. While the international dairy sector is responsible for 2.7% of greenhouse gas emissions globally7, this incorporates a wide variation, with highest emissions from the least-efficient farms in sub-Saharan African regions at around 7.5 kg CO₂-equivalent per kg of Fat and Protein-Corrected Milk (FCPM). In comparison, the lowest emissions are 1-2 kg CO₂-eq per kg FPCM in more industrialised regions, including the UK. Efficiency gains in industrialised regions means milk production emits far fewer greenhouse gases than in previous decades; for example, emissions in 2007 in the US have been estimated to be 37% of those in 19448, per litre of milk produced.

Dairy farming in the UK also encompasses a range of systems from cows housed all year to those grazed for around 10 months, aimed at optimising the individual resources and market for each farm. Altogether, UK farms supply a market of which around half is liquid fresh retail milk, just over a quarter is cheese and the remainder is used for dairy products and manufacturing9. An even supply of milk year-round is preferred as UK processing capacity is limited and the large proportion of liquid milk sales requires consistent production.

The perishability of fresh milk protects the UK’s domestic liquid milk market from imports to a greater or lesser extent, with its island status creating a natural barrier. However, the dairy market is only 77% self-sufficient in milk and dairy10 although levels of self-sufficiency vary significantly between milk powders at more than 200% and cheese at just over 50%11 with significant imports from predominantly the EU – especially Ireland – and New Zealand.

In summary, the UK has a competitive dairy sector with an abundance of natural resources that support efficient production across a range of systems. Dairy is a well-established part of the diet and has a large domestic market which presents opportunities for growth – but is also an attractive target for overseas producers. Failure to meet domestic demand and aggressive exports from other countries could lead to a longer-term decline in self-sufficiency.
Aside from seasonal peaks where specialists are usually brought in, labour requirements in dairy farming remain relatively constant all year irrespective of system. Jobs are varied but generally skilled or applied. While automation in feeding, milking and managing cows has increased, most work remains relatively ‘hands on’ with human interpretative skills and experience essential to manage the technology. This approach also forms an essential part of cow management, allowing opportunities to monitor health, welfare and reproduction, augmented by employees’ good working knowledge of the animals and land on the farm.

These factors together indicate a requirement for year-round labour: preferably lasting three to five years at a time to reap the benefits of experience; starting with at least some skill base then rising to quite focused or advanced skills and training; and an ability to work in teams. Wages are competitive. With good herd managers commanding salaries of £60,000 plus potentially a tied house/other benefits, remuneration is higher than in other agricultural sectors and comparable to better-paid positions with comparable skills outside farming.

Meanwhile, expectations among the general workforce have changed and this has led to agriculture having some of the highest levels of hard-to-fill vacancies, with reasons cited including remote locations and unsociable hours. This shift has been happening for some time; as one 2012 survey report says: “…employees now demand much more”… “they want to be treated fairly and with respect; they expect to be fulfilled…empowered to work flexibly.”

The problem extends to both low-skilled and skilled positions. In 2014, of the 13 million low-skilled jobs in the UK, 84% were held by UK-born workers and 16% by migrants; it was also recognised that it is labour-intensive sectors such as food manufacturing and agriculture which often cannot get an adequate supply of UK-born labour.

But the issues are not confined to low-skilled positions; graduates have changing expectations too. A survey of ‘Millennial’ graduates carried out in 2011 as they started to enter the workplace found that they were less loyal to their work and expected to change jobs often, development and work/life balance were more important than financial reward, and career progression was the top priority. The limitations in terms of career development and conditions in the UK dairy sector present clear challenges.

Several reports published following the referendum confirm the requirement for labour in the UK dairy farming sector at just over two Annual Work Units per dairy farm. However, in a 2015 report ‘Who will Milk the Cows?’, written before the European referendum, a cited survey carried out by Careers in Farming and Food Supply highlights perceptions of interviewees that the agricultural industry is boring, repetitive and low paid.

Further observations in the report are that eastern European staff are filling a very important role in the dairy sector, and that the agriculture sector will need 60,000 new entrants within the next five years. Should post-Brexit restrictions on European workers be implemented, further questions arise as to whether this will also have a knock-on impact on the welfare of farmers and their animals.
To gain further insight into this issue and gather evidence about the potential impact, a survey of dairy farmers RABDF first carried out in 2014 was repeated after the EU referendum.

A comparison of the 2014 and 2016 surveys identified fears about filling job vacancies and future sourcing of skilled EU labour.

**In summary:**

- 51% of respondents in 2016 had experienced difficulty recruiting staff within the last five years; in 2014 this was 40%.
- 56% of respondents in 2016 had employed staff from outside the UK in the last five years; in 2014 this was 32%.
- 93% of dairy farmers in both surveys said that overall, the use of EU labour had been a successful option for their farm.
- 50% of these workers in 2016 were highly skilled or mainly highly skilled in dairy, that is, they were able to do most of the jobs on a dairy farm.
- 85% of dairy farmers had employed staff from Poland and 23% from Romania. Slovakia, Latvia and Hungary were common sources of overseas dairy labour.
- 83% of respondents in 2016 indicated ‘willingness to work’ was the reason why they employed EU labour.
- 63% of respondents said they employed EU labour due to insufficient UK staff availability; this was virtually unchanged from 2014.
- 60% of respondents in 2016 indicated they expected their EU staff to remain for three or more years; in 2014, 56% said they expected them to remain for two years or more. Very few regarded them as seasonal, transient or temporary.
- Of particular note in 2014, very few were sourced via the Seasonal Agricultural Workers Scheme (SAWS) which ceased to operate in 2013.
- In 2016, 62% were concerned Brexit would affect their ability to employ EU labour; 58% were worried about their unit’s financial viability due to labour shortage.

More than 2,000 UK adults were also surveyed in early June 2017 by YouGov to find out how acceptable they would find the option of working in the dairy farming sector.

The questions established the acceptability of a number of general working conditions, of which six of the 10 were strongly related to dairy farming; the respondents were then asked how likely they would be to consider a role in dairy farming.

**In summary:**

- Very few people – 4% in this survey – were willing to consider job roles that include all the main features of working on a dairy farm: working outside; flexible hours; working with animals; working with machinery; working in small workforces; rural locations.
- Of those finding any of the features related to dairy farming personally acceptable, between 63% and 85% of these appeared to lose interest once they were aware the role was in dairy farming and were unlikely to consider a job in the sector.
- Working with machinery and animals is particularly unpopular, as is working in a rural location.
- Just 12 skilled of well-qualified respondents accept the main features of working on a dairy farm and would be likely to consider a role in the sector. The greatest proportion – 51% – of those unlikely to consider a role in dairy farming are skilled or well-qualified.
The Dairy All-Party Parliamentary Group (APPG) recently held an inquiry on skills and labour, hosted at Portcullis House by its chairman Simon Hoare MP and attended by Robert Goodwill MP, the then Minister of State for Immigration.

It was emphasised that Government is very aware the food and farming sector relies strongly on migrant labour for both skilled and unskilled jobs and wants to reassure the dairy industry that there will be no ‘cliff edge’ post-Brexit.

After the referendum, there were some concerns that uncertainty or possibly bad publicity around racist attitudes would stop EU workers coming to the UK. However, figures from October to December 2016 show that this is not the case, especially for Romanian and Bulgarians workers. The strength of the UK economy and the availability of jobs make the country more appealing than other national economies which do not create as many jobs.

It was important to note that seasonal agricultural workers do not contribute to the net immigration targets. These targets only cover workers staying for more than 12 months in the UK. Similarly, students leaving after graduation do not contribute to the net immigration targets.

It is understood the Government plans to launch a wide-ranging consultation in summer 2017 and will ask all sectors to submit evidence on the role, the impact and the importance of migrant workers in each sector.

It was recognised that there are several issues that can influence the uptake of food and farming jobs, including access to housing, transportation and the work itself. A recurrent theme is the significant gap in dedication and motivation between local (UK) workers and foreign workers. It is often easier to hire foreign workers willing to do hard work with unsociable hours than local workers. Linked to this issue is the question of reform of the welfare system.

At the moment, there is no control on EU migration. There are rules in place for non-EU migration. Post-Brexit, the Government will look at controls on migration from the EU to the UK.

The fact that some food and farming companies rely heavily on foreign workers was also highlighted, for example Northern Ireland food processing sites. The Government wants EU workers currently living and working in the UK to know that they are still welcome and that freedom of movement is guaranteed for the next two years. However, it is important to take into account UK nationals living in the EU and therefore, the rights of both UK and EU nationals will be an important feature of the Brexit negotiations.

The APPG is encouraging the Government to look at cross-department initiatives such as working closely with the Department of Education to raise awareness of food and farming jobs as careers of choice and increase the appeal of the careers with UK nationals.

The Minister noted the importance of the apprenticeship levy which incentivises training for companies of 250+ employees [with dairy farms largely micro-businesses, this does not directly benefit them]. The Government is also keen to protect the Common Travel Area on the Island of Ireland.

Subsequent to this meeting, the Government published a report arising from an inquiry carried out in early 2017 into whether there was a shortage of labour in the agriculture and horticulture sectors, what the short and long-term causes of any shortages were, and what policies the Government should adopt in the short and medium-term to prevent any such future shortages.

The report stated: “During our inquiry we heard from a wide variety of witnesses representing various agricultural and horticultural employers who relied on a mix of unskilled, semi-skilled and skilled labour. They were unanimous in reporting that their businesses had long struggled to find sufficient labour to meet their needs, either from UK or overseas sources. They considered that these problems had worsened since June 2016 following the UK’s decision to leave the EU.”

The Government’s Home Office has also since announced it is commissioning the Migration Advisory Committee to examine the role EU nationals play in the UK economy and society, with the report due September 2018.
DISCUSSION

While the UK dairy sector holds significant nutritional and economic importance for the country, there is scope to increase self-sufficiency as well as expand exports for higher value produce. However, integral to the supply of dairy are the labour and skills to produce it. It is clear that ongoing difficulties in recruiting the staff needed are worsening: surveys suggest that between 2014 and 2016, a quarter more dairy farmers experienced difficulties recruiting the right staff, and 75% more were recruiting staff from overseas or more specifically, central and eastern Europe, half of which were skilled or semi-skilled.

Should the ability of dairy farmers to recruit European labour post-Brexit be curtailed, the indications are they will not be able to fall back on the UK workforce to fill the gap. A survey of UK adults carried out in 2017 shows the conditions inherent in dairy farming lack appeal, but even among those who are willing to accept them, the majority are then put off when they find out the role is in dairy farming. The environment and image of dairy farming also appears to be a bigger barrier to those with higher levels of skills and qualifications. Overall, the work is simply not sufficiently appealing and cannot offer the flexibility, progression and lifestyle most now expect.

RABDF recognises the dairy sector itself bears no small responsibility for its poor image and unattractiveness to the UK working population and this needs to be properly addressed through a committed collaborative programme. However, creating a more attractive sector and competitive career paths within it will take time – time dairy farmers and their representative organisations do not have with potential overseas labour restrictions implemented from 2019. This issue needs to be addressed for the long term viability of the UK dairy farming sector, but also for potential ramifications on the health and welfare of farmers coping with an inability to secure labour and a subsequent possible impact on animal welfare.
RABDF calls on the Government to:

- Recognise the very specific needs of the UK dairy farming sector for permanent year-round semi-skilled and skilled labour
- Recognise the current inability and unwillingness of the current UK workforce to meet a significant part of this need
- Consider this need within Brexit negotiations and migration targets, to ensure measures are in place to provide continued access to semi-skilled and skilled European labour, to avoid disadvantaging UK dairy farmers and impacting on the economic viability of the sector, UK food and nutritional security, and farmer and animal health and welfare.

RABDF calls on the wider dairy industry to:

- Take collective and cohesive action to improve the image of dairy farming and the attractiveness of the sector as a career option to the domestic workforce – particularly looking at how working conditions that are currently unpopular can be improved
- Adopt a positive attitude and change the dialogue from problems to opportunities, potentially using advocates who have forged a successful career in the sector.
- Focus specifically on increasing the awareness of career opportunities in dairy farming in schools, and challenge misperceptions among teaching staff and careers advisers which may support negative views or impressions of a low-opportunity sector.

RABDF will:

- Examine specific activities it can undertake to promote dairy farming as a positive, progressive industry and form stronger links with those focused on raising the profile of dairy farming to those providing careers advice in schools.
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