SEAFISH ECONOMIC ANALYSIS

UK Seafood Processing Sector Labour 2019

Annual Report 2

UK seafood processing sector labour report 2019

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Executive Summary

The UK seafood processing sector is heavily reliant on non-UK workers, particularly those from other EU countries who are currently able to come to the UK to work under EU free movement rights. [1] Over the past few years there has been increasing concern and anecdotal evidence from seafood processors suggesting that the flow of workers from other EU countries, and the stock of EU workers already in the UK, has been contracting.

This research was commissioned by Defra to collect information on the composition of the seafood processing sector's workforce with the aim of tracking trends in the number, proportion and ease of recruiting both UK and non-UK employees in the period before the UK leaves the EU. The aim of this report is to provide information on the UK's seafood processing sector in order to inform decision making.

This report presents findings of the second annual survey of workforce composition and fifth survey of ease of recruitment (delivered quarterly). The first survey of the series was carried out in December 2017.

EU workers represented 51% of the total surveyed workforce employed in the seafood processing sector in 2018. The survey covered nearly 11,000 employees in seafood processing in 2018. Of the employees sampled, 48% were from the UK, 51% from other EU countries, and 1% were from non-EU countries. The survey distinguishes between employees (number of people) and full-time equivalent jobs. The employees covered translates to nearly 6,800 full-time equivalent (FTE) jobs. In 2018 the UK seafood processing sector supported 19,190 jobs in total, meaning the survey sample was 36% of FTEs.

Workforce composition varies significantly between home nation and between regions of the UK. Seafood processors in Grampian employed the largest proportion of non-UK workers at 70% of the sampled workforce whilst processors in the North of England employed the lowest proportion of non-UK workers at only 6% of the sample. Seafood processors in Humber – England's key processing hub – employed the second lowest proportion of non-UK workers at 33% of the sample.

Larger processing sites are more likely to employ EU workers than smaller sites. More than half of the employees from sites with over 100 FTE jobs in the 2018 sample were from other EU or third countries. Only 18% of employees at sites with 1-10 FTE jobs in the 2018 sample were from other EU or third countries.

Workers from other EU or third countries held a larger proportion of low-skilled and unskilled roles than skilled or high-skilled roles. Over 90% of high-skilled (NQF 6+) roles in the sample were held by British employees. As job skill level decreased the proportion of EU workers increased: people from other EU countries held 52% of low-skilled roles and 63% of unskilled roles in the sample of 8,928 employees in 2018. This trend varies by home nation with Scotland employing the highest proportions of low and unskilled EU workers.

Workers from other EU countries held a larger proportion of temporary and seasonal roles in the seafood processing sector in 2018. UK and non-UK workers held a roughly equal proportion of

[1] Seafish UK Seafood Processing Sector Labour Report, March 2018

permanent roles in the 2018 sample at 51% and 49% of permanent roles respectively. However EU workers held 68% of temporary roles and 68% of seasonal roles in the sample. Seafood processors stressed the difficulties in recruiting local people for short term roles, particularly in areas with low levels of unemployment.

Workforce composition varied by the type of fish processed at the site. Sites processing demersal species (whitefish) employed the largest proportion of UK workers at 70% of the 2018 sample; pelagic processing sites employed the largest proportion of non-UK workers at 66% of the 2018 sample.

Perceived ease of recruitment in the seafood processing sector varies by site size and by region. Just over half of survey respondents said that they had seen no difference in ease of recruitment between the last quarter of 2018 (October – December) and the preceding quarter (July – September). However, 71% of respondents from Grampian and 68% of sites with over 100 FTE jobs in 2018 said that recruitment had been more difficult. In contrast 92% of sites in the 1-10 FTE size band in the sample said they had seen no difference in ease of recruitment.

The availability of suitably skilled candidates is a key barrier to recruitment in the seafood processing sector. One fifth of respondents to the survey said that they were finding it increasingly difficult to source enough experienced staff with industry-specific skills such as filleting, machine minding or handling shellfish. Other factors affecting ease of recruitment include the unwillingness of EU workers to come to the UK and the increasing numbers of EU workers leaving the UK.

Respondent's confidence in their ability to recruit enough staff in the next quarter (January – March 2019) was higher than in the preceding quarter. This is likely due to difficulties in recruiting over the busy festive period when there is more competition between sites for candidates. Confidence was highest in the ability to recruit and retain enough high-skilled staff. Confidence was lowest in the ability to recruit enough low-skilled staff with only 38% of respondents saying they were confident or very confident about recruiting enough low-skilled workers in January – March 2019.

Respondents were relatively confident about their ability to meet their planned production levels in the first quarter of 2018 despite reported difficulties in recruiting. Only 10% of respondents said they were doubtful, and 5% very doubtful, about their ability to meet planned production levels in January – March 2019. However, it should be noted that for many processors the first quarter of the year is considered a "low-season" with decreased demand for seafood.

The next Seafish quarterly survey on recruitment in the seafood processing sector was carried out in April-May 2019.

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1. Introduction and background

In 2018 there were 353 seafood processing sites in the UK which derived over 50% of their turnover from fish processing, these sites were operated by 337 companies.[2] The turnover of sea fish (saltwater species) processing companies in 2014 was £3.13 billion and gross value added (GVA) was £554 million (n.b. these figures exclude the turnover and GVA of salmon-only processing companies).[3]

In 2018 fish processing sites accounted for 19,179 full-time equivalent jobs; 17,065 of them in majority sea fish processing sites and the remainder in salmon and trout only processing sites.

As the UK redefines its relationship with the EU it will be important for policy makers and industry to have accurate information about composition of the seafood processing sector workforce. In 2017, processors recognised that recruitment and retention of workers, for seasonal, temporary and permanent roles, was becoming a concern for some businesses and agreed that more information on the composition of the labour force was needed to inform future policy decisions.

To address these knowledge gaps, Seafish was commissioned by Defra to carry out a series of surveys of workforce composition and ease of recruitment in the seafood processing sector over the past 18 months.

This project started in September 2017, following project design meetings with industry stakeholders and government where it was agreed that Seafish would gather detailed evidence from the seafood processing sector through the following survey over a two-year period:

- An **annual survey** to collect information on workforce composition in the previous 12-month period.[4]
- A **quarterly survey** to collect information on ease of recruitment in the preceding three-month period and confidence in recruiting and retaining sufficient numbers of staff in the upcoming three-month period.

The intention of this project is to track trends in the number, proportion and ease of recruiting of both UK and non-UK staff working in the seafood processing sector.

The first output of this project reported on data collected for over 12,000 people employed in the seafood processing sector in 2017. This research found that citizens from other EU countries represented 49% of the total surveyed workforce. [5]

2. Methods and definitions

Seafish defines a **processor** as an individual factory or facility processing fish (saltwater or freshwater). A processing **site** is defined as the physical premises where fish processing activities are carried out. A processing **company** is an organisation that owns at least one processing site; some companies own more than one processing site. **Majority fish processors** are defined as sites which derive more than 50% of their annual turnover from fish processing activities.

[2] Seafish Processing Sector Census 2018, unpublished at the time of writing
[3] Seafish, Seafood Processing Industry Report 2016.
[4] Some workers may have been counted more than once if they worked for more than one processing site in 2018.
[5] Seafish UK Seafood Processing Sector Labour Report, March 2018

In late November 2018, all potential seafood processing companies operating in the UK were contacted by phone as part of the biennial Seafish processing sector census.[6] The 2018 census defined the population of sea fish processors in the UK as 353 majority fish processing sites operated by 337 companies in the UK (including those with salmon as their main species processed).[7]

Majority fish processors were invited to complete the 2018 annual survey on workforce composition and the quarterly survey on ease of recruitment in November and December of 2018. The quarterly survey covered the period October – December 2018.

Processors were sent survey forms by email and invited to complete surveys electronically. Further companies were contacted and surveyed by phone in January 2019 to ensure a good level of coverage across all company size bands and in all regions of the UK.

The questionnaires for both surveys are presented in full in appendix 1.

Key research questions this study aimed to address through the annual survey were:

- *What proportion of people working in the seafood processing sector over the past 12-month period were citizens of other EU countries?*
- *How does the proportion of UK and other EU workers vary by region, site size, job skill level, employment type (direct or agency workers), and contract type?*

Key questions this study aimed to address through the quarterly survey were:

- *How has the changing labour market affected recruitment and retention of staff?*
- *What are the main barriers to recruiting staff in the seafood processing sector?*
- *How do companies plan to adapt if they are unable to recruit and retain a sufficient workforce?*

[6] The biennial Seafish processing sector census captures a snapshot of the size and shape of the industry at the time of the census.

[7] Seafish Processing Sector Census 2018, unpublished at the time of writing

3. Seafood processing sector labour survey sample

Seafish collected data from 119 individual processing sites operated by 111 processing companies in the annual labour survey. The processing sites in the sample submitted data for 9,869 people employed in the sea fish processing sector and 861 people employed in salmon and trout processing for a total of 10,730 people employed across saltwater and freshwater fish processing in 2018.

According to the 2018 Seafish processing sector census, the companies that responded to the annual labour survey accounted for 6,684 FTEs in 2018 (or 36% of FTEs in the sector in 2018).

Seafish follows data confidentiality rules and does not publish aggregated data for regions or size bands with fewer than three companies. Due to the low number of survey responses from Wales, the Welsh and English sector data have been combined throughout this report. Regional analysis data from Wales is included in the group "South/Midlands and Wales". In 2018 the Welsh processing industry consisted of 8 processing companies each operating a single site, and in total they employed a total of 52 workers.

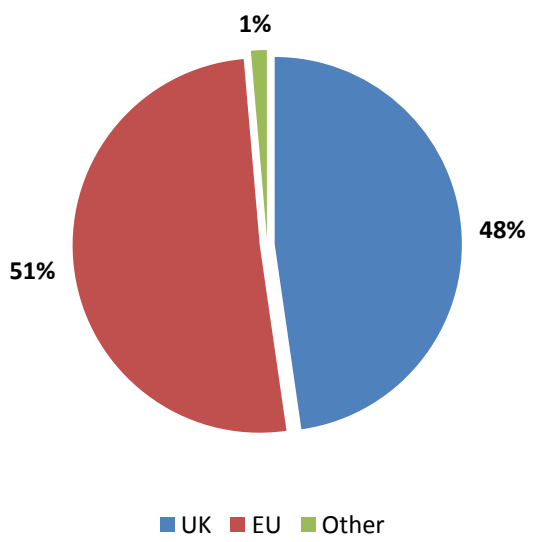
Some processors did not hold detailed information on the staff employed through agencies meaning that some companies were unable to provide data for all questions. This missing data may have resulted in underreporting of numbers of agency staff employed by the UK seafood processing sector in 2018.

Table 1: By region, (i) the number of workers (including direct employees and agency staff) reported by processing sites in the 2018 annual labour survey (i.e. total number of employees over the previous 12 month period), (ii) the number of FTE jobs represented by the processing sites in the sample according to the 2018 census (i.e. sample size from 2018 annual labour survey), (iii) the total number of FTE jobs in 2018 across all UK seafood processing sites as reported in the 2018 census and (iv) the estimated regional survey coverage by FTE jobs in the 2018 annual labour survey as a percentage of the total reported FTE jobs in 2018. Source: Seafish.

	Region	**i. Number of employees in 2018 survey sample**	**ii. FTE jobs represented by 2018 survey sample**	**iii. Total reported FTE jobs in 2018** (*all companies*)	**iv. Estimated survey coverage (% FTE)**
England & Wales	Humber	1,466	1,240	5,762	20%
	North England	416	308	1,147	27%
	S W England	822	358	1,222	27%
	South/ Midlands	639	465	1,757	26%
	Total	3,343	2,371	9,888	23%
Scotland	Grampian	3,695	1,845	4,332	45%
	Highlands and Islands	1,112	657	1,291	50%
	Other Scotland	2,042	1,277	3,263	40%
	Total	6,849	3,779	8,886	44%
N. Ireland	N. Ireland	538	390	405	91%
	Total	538	390	405	91%
United Kingdom	**Total**	**10,730**	**6,540**	**19,179**	**34%**

4. Workforce composition in the UK seafood processing sector

Processors in the sample reported a total of 10,730 workers employed in the UK seafood processing sector during 2018. The sample included 5,120 British workers, 5,463 workers from other EU countries, and 147 workers from third countries.



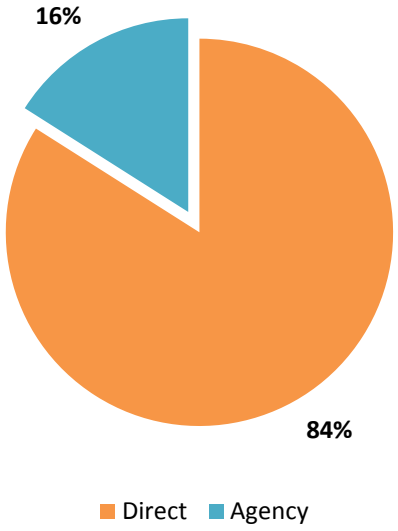


Figure 1: Nationality of workers in the sample of 10,730 people employed in the seafood processing sector in 2018, across all sites sampled. Source: Seafish.

Figure 2: Employment type for people employed in the seafood processing sector in 2018, across all sites sampled. Source: Seafish

British workers represented 48% of the sample and workers from other EU countries represented 51% of the sampled workforce. This represents a slight increase in the proportion of workers from other EU countries employed in the sector when compared to results of the Seafish 2017 annual labour survey: in 2017 49% of workers employed in the sector (from a sample of 12,735 people) were from other EU countries.

The small increase in the proportion of non-UK workers in the sample between 2017 and 2018 can be explained by the large sample from Scottish processing sites in 2018. Research by Seafish and by Marine Scotland has consistently shown that processing sites in Scotland generally employ a larger proportion of non-UK workers than sites in England, Wales and Northern Ireland.[8,9] More information on workforce composition by home nation is presented in section 4.1.

Data on gender was collected for 9,807 people in the sample, with gender unknown or unreported for 923 people in the sample: 59% of the sample were male and 41% were female. Seafood processing employs a much higher proportion of female workers than other areas of the seafood sector; in a sample of 708 people employed in the catching sector in 2018 only 1% were female.[10]

As shown in figure 2, 84% of workers in the sample were directly employed by processing sites whilst 16% of workers were contracted through an external employment agency. This represents a slight increase in the proportion of agency workers from the previous year: in 2017 the proportion of workers contracted via an agency was 11% of the sample, compared to 16% of the sample in 2018.

[8] Seafish ,UK Seafood Processing Sector Labour Report, March 2018
[9] Marine Scotland, Employment in Scotland's Seafood Processing Sector 2018
[10] Seafish, 2018 Employment in the UK fishing fleet, February 2019

Another possible explanation for the increased proportion of non-UK workers in 2018 is the increase in agency workers in the sample. As shown in figure 3, the proportion of EU workers employed through an agency (24% of all EU workers in the sample) is three times higher than the proportion of UK workers employed through an agency (8%). One reason for this is that some employment agencies which supply workers to the processing sector actively advertise roles abroad to attract staff to the UK, particularly from Poland, Lithuania and Bulgaria.

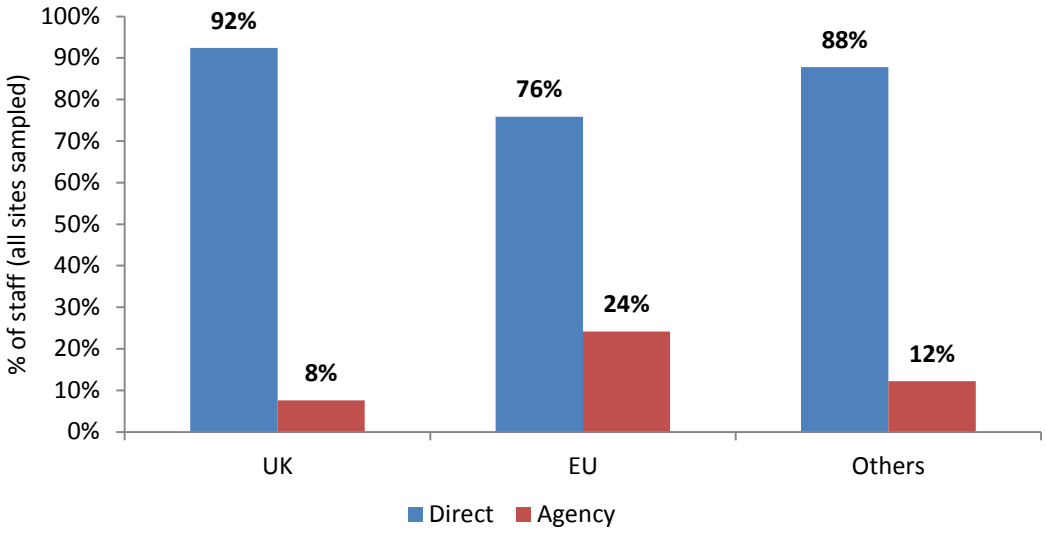


Figure 3: Employment type by nationality for sampled workers employed in the seafood processing sector in 2018, across all sites sampled. Source: Seafish

Seafish's quarterly surveys on ease of recruitment in the seafood processing sector asks processors what changes they would make in response to staff shortages. Increased use of employment agencies has consistently been one of the most common responses to this question. Employment agencies are seen by some processors as a fail-safe recruitment method to be relied upon when traditional methods of recruitment do not produce enough candidates.

In the last published quarterly survey[11], delivered in October 2018, 56% of respondents to the survey said that they would increase their use of employment agencies in response to difficulties in recruiting. In the December 2018 labour survey, two processors commented that agencies in their areas were struggling to meet their requirements for workers.

4.1 Nationality of the processing sector workforce by home nation

The proportions of UK, EU and non-UK citizens in the sample of people working in the seafood processing sector in 2018 by home nation are shown in figure 4.

Scotland had the highest proportion of non-UK workers at 60% of the total sample of 6,849 people employed at Scottish sites in 2018. This represents a slight increase from the 2017 sample in which 57% of workers at Scottish sites were from other EU or non-EU countries.

[11] Seafish Processing Sector Labour Report, Quarterly Update 4, October 2018

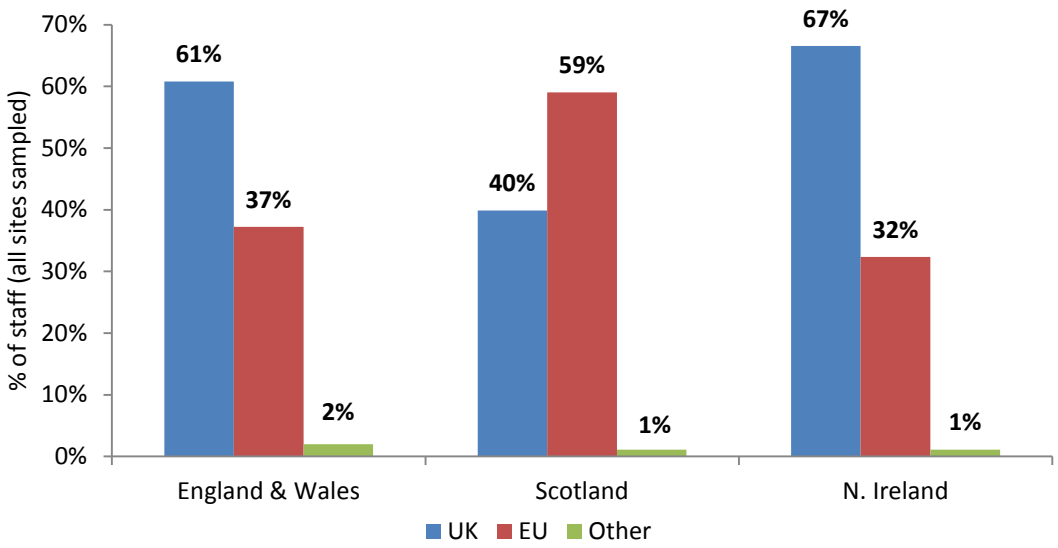


Figure 4: Nationalities of the sample of people employed in the seafood processing sector in 2018 by home nation, across all sites sampled. Source: Seafish

Data has consistently shown that processing sites in Scotland employ a larger proportion of non-UK workers than sites in England, Wales and Northern Ireland. Explanations for this include the fact that seafood processing sites in Scotland are often located in geographically remote areas with a small local population, low levels of local unemployment, and seasonal variations in wild capture fisheries which have an impact on the desirability of the sector as an employee. See sections 4.5 and 4.8 for more information on the impact of seasonality and fish type on workforce composition.

UK workers represented 61% of the sample of people employed in the sector in England and Wales in 2018 (3,343 workers).

Of the home nations, Northern Ireland had the highest proportion of British staff at 67% of the Northern Ireland sample (538 workers).

4.2 Nationality of the processing sector workforce by region

The split between UK and non-UK workers varies significantly by region, as shown in figure 5.

The key seafood processing hubs in the UK are Humber in England and Grampian in Scotland, accounting for 30% and 23% of all FTE jobs in the sector respectively in 2018[12].

The **Grampian region employed the highest proportion of non-UK workers with 69% of the sample of 3,695 Grampian workers from other EU countries and 1% of the sample from non-EU countries**. This was the highest proportion of non-UK workers of any region in the survey.

Processing sites in the Grampian region are largely clustered around the fishing ports of Peterhead and Fraserburgh. Sites in this area are heavily dependent on wild capture fisheries and primary processing of fresh fish from the associated ports; however, processors in this area will also transport fish from other areas of the UK by road, including the west coast of Scotland and in some

[12] Seafish Processing Sector Census 2018, unpublished at the time of writing

cases as far afield as the English Channel, or import raw materials from other countries depending on the availability.

Processors in the **Humber region reported the second lowest proportion of non-UK workers in the sample at 33%**. The sample from Humber covered 1,466 people though lacked complete data for the total number of agency workers employed by several processing sites. As a result, the proportion of non-UK workers in the Humber region could be slightly underestimated. The findings of this survey mirror the findings of Seafish's 2017 annual labour survey in which data was collected for 3,178 workers employed in the Humber processing sector. In the 2017 survey sample 33% of employees were from other EU countries and 6% were from other non-EU countries giving a total of 39% non-UK workers.

North England had the highest proportion of UK workers of any region in the sample at 94% of the sample of 416 workers. This can be in part explained by the size of the processing sites in the sample from North England: of the 11 sites sampled only 1 was in the 100+ FTE size band with the remaining 10 sites supporting 40 or fewer FTE jobs in 2018. See section 4.3 for more information on the impact of processing site size on workforce composition.

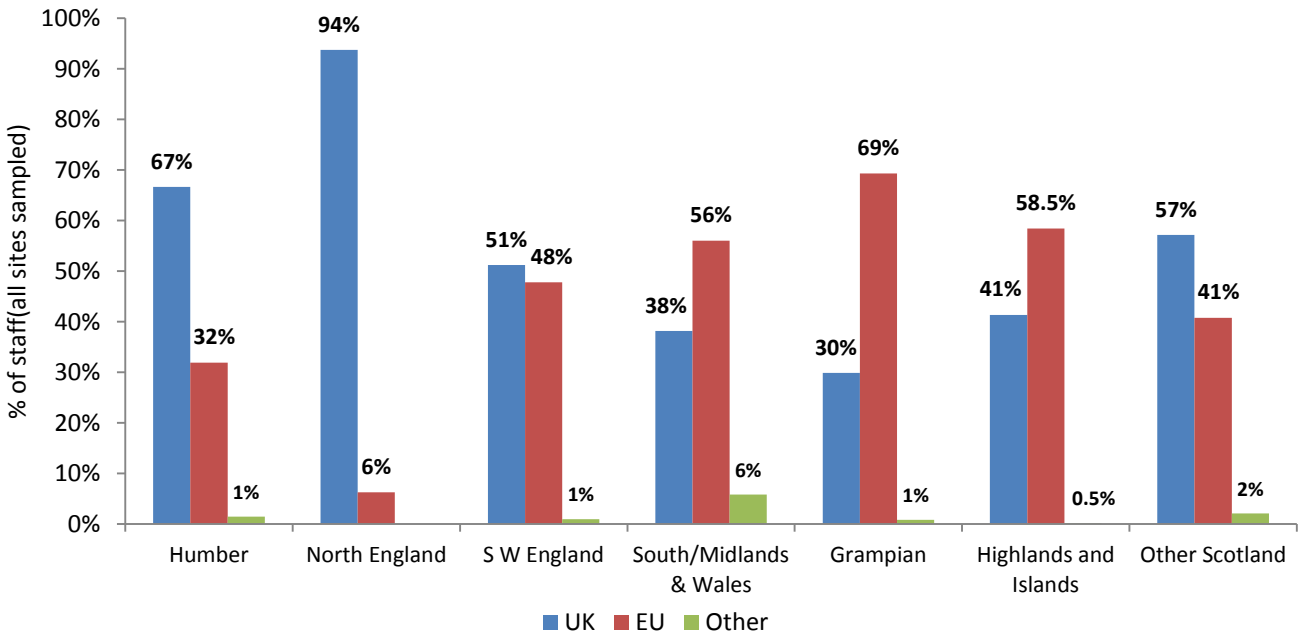


Figure 5: Nationalities of the sample of people employed in the seafood processing sector in 2018 by region in England, Wales and Scotland, across all sites sampled. Data for Northern Ireland are shown in figure 4. Source: Seafish

Survey data were compared with ONS data on the average proportion of non-British, working age (16-64 years old) residents in each of these regions between October 2017 and September 2018, see figure 6. ONS figures are based on the Annual Population Survey[13], and it should be noted that they exclude people absent from the UK for more than six months of the year and may not capture certain population groups such as overseas students living in communal university halls. These figures have been included as estimates for comparison purposes only to provide context for seafood processing sector employment figures.

[13] Office for National Statistics, Annual Population Survey, Nomis Web February 2019

In almost every region of the UK, the proportion of non-UK workers employed by the seafood processing sector was significantly higher than the proportion of non-British residents in the region according to ONS data.

These figures support reports (both anecdotal and through Seafish quarterly surveys on ease of recruitment) that one of the main barriers to recruiting British people in the seafood processing sector is that British nationals do not want to work in seafood processing.

During the course of this research several seafood processors have acknowledged the fact that employing a high proportion of non-UK staff can in itself make it more difficult to recruit British nationals as some UK candidates are reluctant to work on a site where English is not the most commonly used language between employees. As a result, some employers were offering non-UK staff English language lessons.

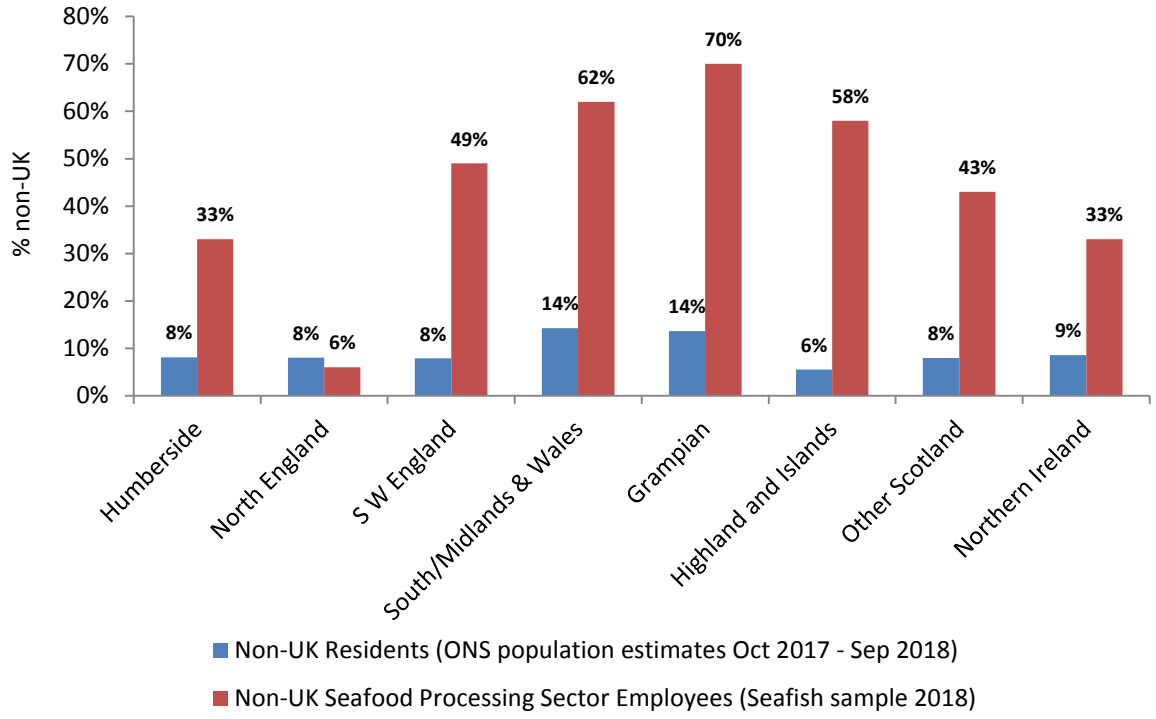


Figure 6: Proportion of non-UK residents in the sample of people employed in seafood processing in 2018 (10,730 people) across all sites sampled by region, and proportion of non-UK residents (between 16-64 years old) by region, according to the Office of National Statistics (accessed February 2019). Source: Seafish data and ONS Annual Population Survey data from NOMIS.

4.3 Nationality of the processing sector by site size

Site size is known to be a major factor influencing the nationality mix of the workforce.[14] Larger processing sites are more likely to employ a higher proportion of non-UK workers than small sites. Processing sites in the survey are assigned to an FTE size band based on the results of the Seafish census 2018; workforce composition by FTE band is presented in figure 7.

[14] Seafish UK Seafood Processing Sector Labour Report, March 2018

As site size increases, the proportion of UK employees generally decreases. Processors in the 100+ FTE band accounted for 6,461 workers in the sample, 46% of these workers were British whilst 53% were from other EU countries and 2% were from non-EU countries. In comparison, 82% of workers employed at sites in the 1-10 FTE band were British (date for 355 employees was provided).

Larger processing sites often experience higher levels of staff turnover and require a more flexible workforce to cope with seasonal variations in supply of raw materials (for example changes in the supply of pelagic species such as mackerel based on the fishery) or demand for seafood (for example increased demand for premium products during the festive period). As a result, larger sites often employ more agency staff and more temporary workers, many of whom are from other EU countries.

In contrast smaller processing sites often have more stable workforces with much lower levels of staff turnover; it is not uncommon for small processing sites to be family-owned and operated businesses. During Seafish's quarterly surveys on ease of recruitment in the sector some small sites commented on the fact that they have not needed to recruit any new staff for several years and, in two cases, for over a decade. Small processing sites are less likely to use employment agencies, and more likely to recruit staff locally. As a result, they employ a higher proportion of UK workers.

Although 44% of all seafood processing sites in the UK are in the 1-10 FTE jobs size band, they accounted for only 4% of FTE jobs in 2018. In contrast, sites in the 100+ FTE jobs size band make up only 13% of all sites in the UK but accounted for 69% of FTE jobs in the sector in 2018.

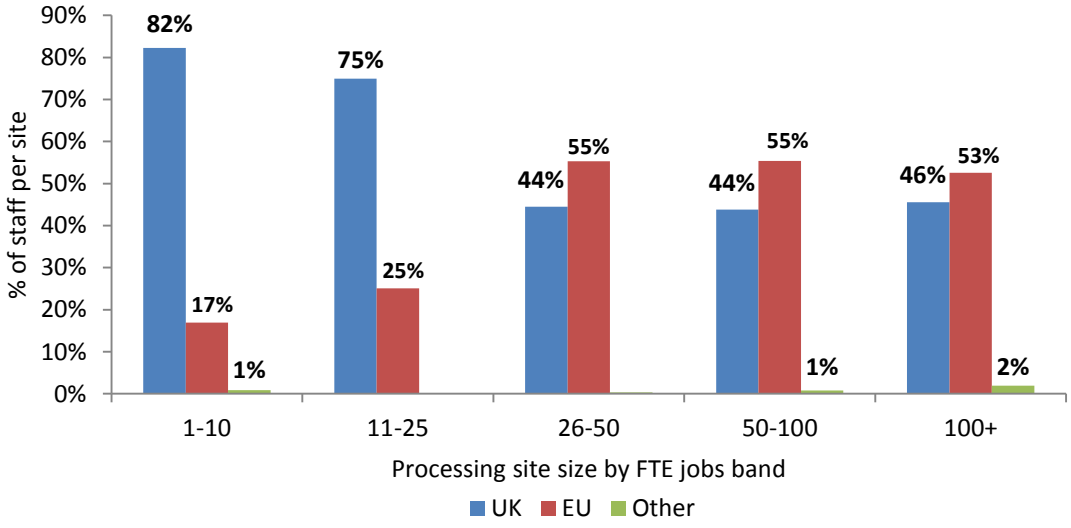


Figure 7: Nationalities of the sample of people employed in the seafood processing sector in 2018 by processing site size (FTE band according to the Seafish 2018 Processing Sector Census), across all sites sampled. Source: Seafish

4.4 Nationality of the processing sector workforce by job skill level

Data on job skill level was collected for 8,928 people employed in the seafood processing sector in 2018, see figure 8. Respondents were asked to submit data on the skill level of the job, not the skill

level of the employee. Job skill levels were defined to follow National Qualification Framework[15] (NQF) classification as follows:

- High skilled (NQF 6+): requiring a degree or higher professional qualification
- Skilled (NQF 5-6): requiring a Higher National Diploma (HND) and experience
- Semi-Skilled (NQF 3-4): requiring experience and training
- Low-skilled (NQF2): requiring some training or experience
- Unskilled (below NQF 2): requiring little or no training or experience

Job skill level was reported as unknown or was unreported for 1,802 people in the sample; this data is excluded from the analysis of job skill level.

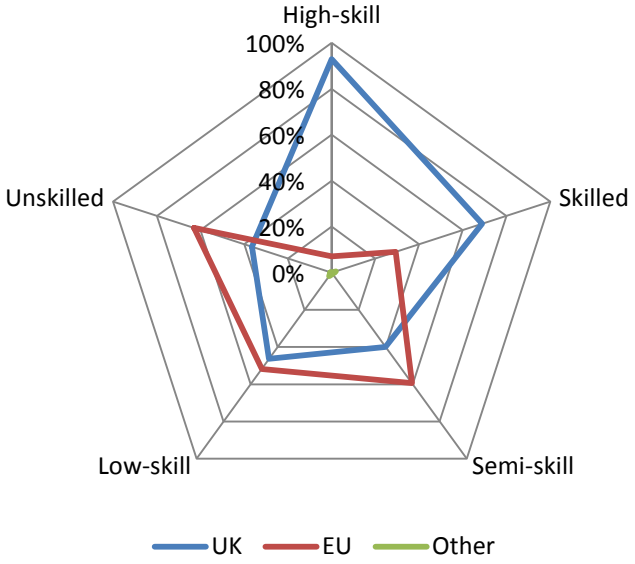


Figure 8: Distribution of the sample of people employed in the seafood processing sector in 2018 by job skill level and nationality, across all sites sample (8,928 people); excluding workers for whom job skill level was unknown or unreported. Source: Seafish

Of the 227 high-skilled (NQF 6+) jobs reported in the sample, 93% were held by UK citizens; only 7% of high-skilled roles in the sample were held by citizens of other EU countries, whilst no high-skilled jobs were held by non-EU citizens. The highest skill bands include jobs such as senior managers, engineers, and new product development technicians.

As job skill level decreases the proportion of UK workers decreases. Workers from other EU countries held the majority of semi-skilled (59% of the sample), low-skilled (52%) and unskilled roles (63%). These skill bands include general operatives, machine minders, filleters and shellfish shuckers/pickers.

Concerns remain in the industry about the skill level classification of certain job titles in the seafood processing sector. Some processors believe that roles within the sector are incorrectly classified as low-skilled despite the training requirements and experienced required for employees to work effectively. New entrants to the sector receive training in food safety, and health and safety, alongside job-specific training.

[15] National Qualifications Framework: "*List of qualification levels*" from www.gov.uk.

Many processors state that staff shortages are primarily (though not exclusively) in jobs considered to be low-skilled. The classification of these roles as low or unskilled means that they are not currently eligible for the Tier 2 immigration system and were not considered a priority for future immigration policy in the government White Paper published in December 2018. [16]

Job skill level data at home nation level are presented in figure 9.

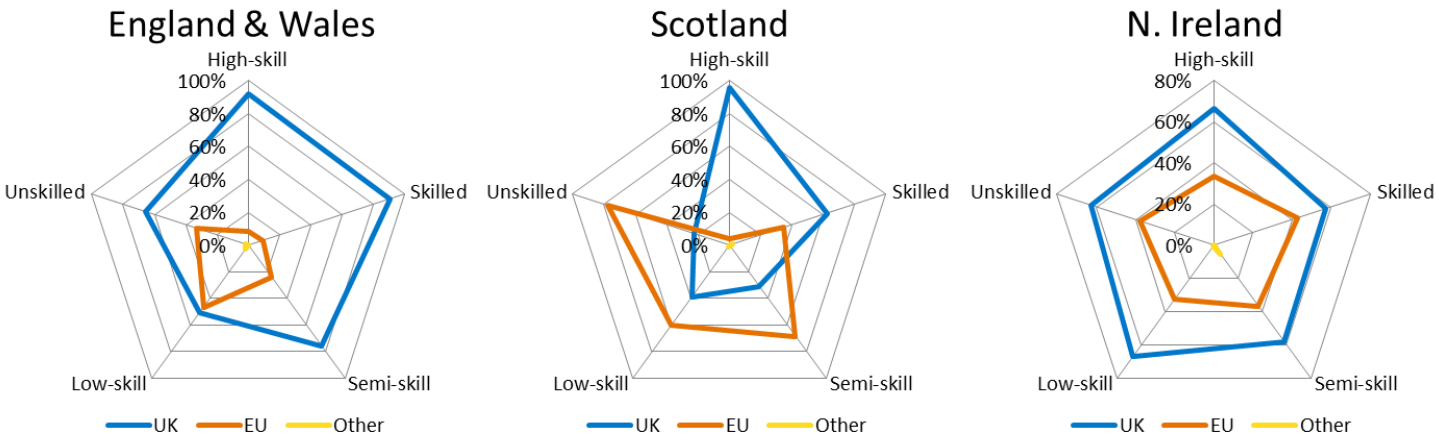


Figure 9: Distribution of the sample of people employed in the seafood processing sector in 2018 by job skill level, nationality, and by home nation. Across all sites sample (8,928 people); excluding workers for whom job skill level was unknown or unreported. Data are presented for England & Wales (2,892 people), Scotland (5,583 people), and Northern Ireland (453 people). Source: Seafish

In England and Wales, UK workers held the vast majority of high-skilled, skilled and semi-skilled roles. In no job skill level did the proportion of non-UK workers exceed the proportion of UK workers in England and Wales, though the highest proportion of non-UK workers was for low-skilled roles (46% EU workers) and unskilled roles (33% EU workers).

In Scotland, UK workers held 96% of the 143 reported high-skill jobs. As job skill level decreased, the proportion of non-UK staff in Scotland increased sharply from 4% for high-skill jobs and 38% for skilled jobs to 69% for semi-skilled jobs, 60% for low-skilled jobs, and 77% for unskilled jobs.

Processors in Northern Ireland reported 12 high-skilled jobs, eight of which (67%) were held by British staff. The split between UK and non-UK staff in Northern Ireland was more consistent across job skill levels than in other UK home nations. British workers held 67% of low-skilled jobs and 63% of unskilled jobs in Northern Ireland.

4.5 Nationality of the processing workforce by contract type

Data on employee contract type was collected for 9,613 people employed in the seafood processing sector in 2018; contract type was unknown or unreported for 1,117 employees. Of the 9,613 people for whom contract type was reported, 7,130 (74%) were employed on permanent contracts, 1,022 (11%) were employed on a temporary basis, and 1,461 (15%) were seasonal employees. The split between UK, EU and non-EU workers by contract type is shown in figure 10.

[16] HM Government, The UK's future skills-based immigration system, December 2018

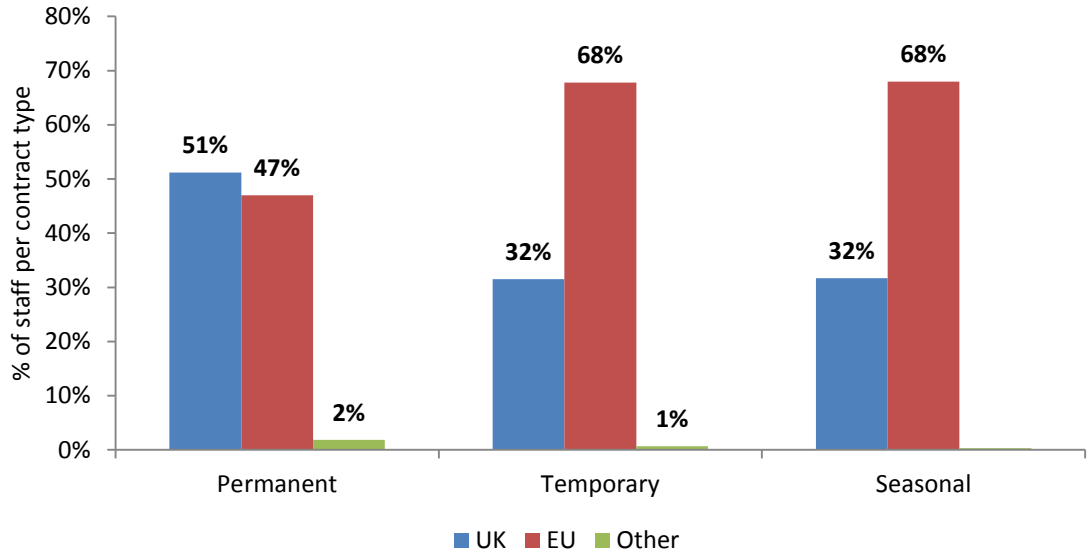


Figure 10: Nationalities of the sample of people employed in the seafood processing sector in 2018 by contract type, across all sites sampled, excluding workers for whom contract type was unknown or unreported. Source: Seafish

Just over half (51%) of workers in the sample who were employed on permanent contracts were British; 47% of permanent roles in the sample were held by people from other EU countries.

More stark differences are seen in the nationality mix of workers on temporary and seasonal contracts. Non-UK workers held 69% of temporary roles and 68% of seasonal roles in the sector in 2018. This is largely driven by Scottish processors in the sample who reported employing a total of 1,338 seasonal workers in 2018, 71% of whom were from other EU countries. This figure is not unexpected; in 2017 processors in Scotland reported that 78% of seasonal staff members were from other EU countries.

This trend is largely a result of more distinct production seasons in the Scottish catching and aquaculture sectors which are determined by the demands of the market (e.g. increased demand for salmon products or shellfish during the festive period) or restrictions on the fishing season (e.g. the pelagic seasons for mackerel and herring).

Processors often stress the importance of quick, easy access to an experienced workforce to take up seasonal and temporary roles in seafood processing. These roles are often filled by workers from other EU countries due to a lack of locally available labour. In Seafish's October 2018 quarterly survey one Grampian-based processor pointed out that the biggest challenge to recruiting enough seasonal staff is the low level of local unemployment and the fact that people will not give up stable work elsewhere for a seasonal contract in the seafood processing sector.

4.6 Nationality of the processing workforce by age band

Data on employee age band was collected for 8,709 people employed in seafood processing in 2018. Age band was unknown or unreported for 2,021 people in the sample. Figure 11 presents data for the sample by nationality and age band.

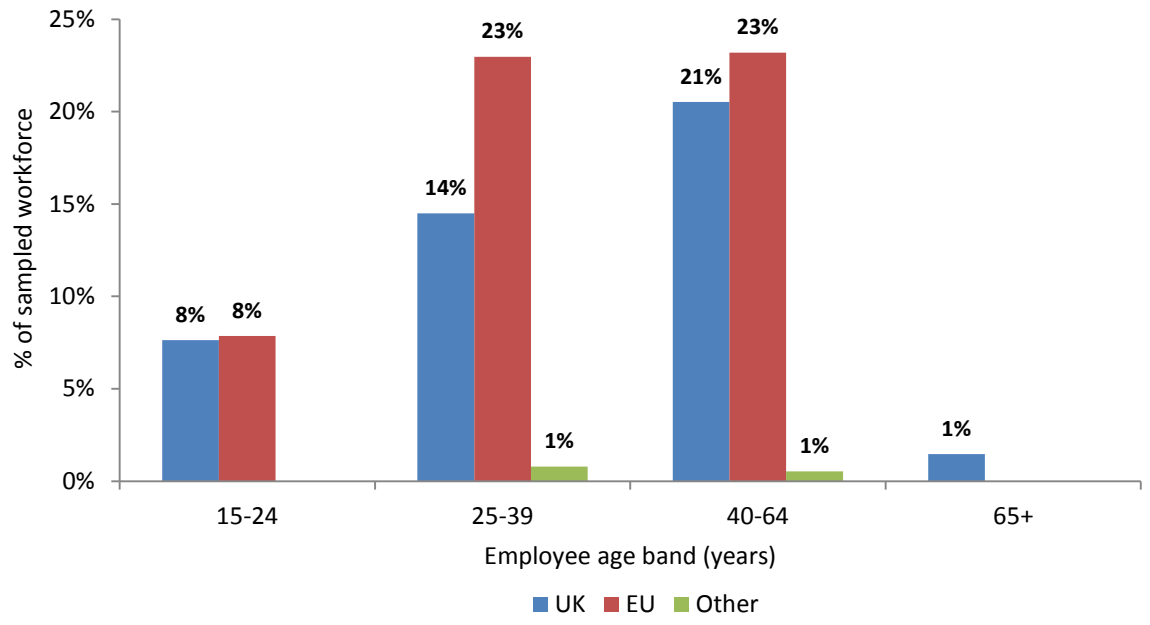


Figure 11: Nationalities of the sample of people employed in the seafood processing sector in 2018 by age band, across all sites sampled, excluding workers for whom age band was unknown or unreported. Source: Seafish

In total 82% of people in the sample were in the 25-39 and 40-64 year old age bands. In both of these bands there was a higher proportion of EU staff than UK staff. Employees in the 15-24 year old age band accounted for 16% of the total sample. In this age band nationality was split evenly between UK and EU staff. There were no reported non-EU workers in the 15-24 year old age band.

Figure 12 shows how the age breakdown of employees in the sample from the seafood processing sector compares to ONS data on ages of employees in a number of key industrial sectors.

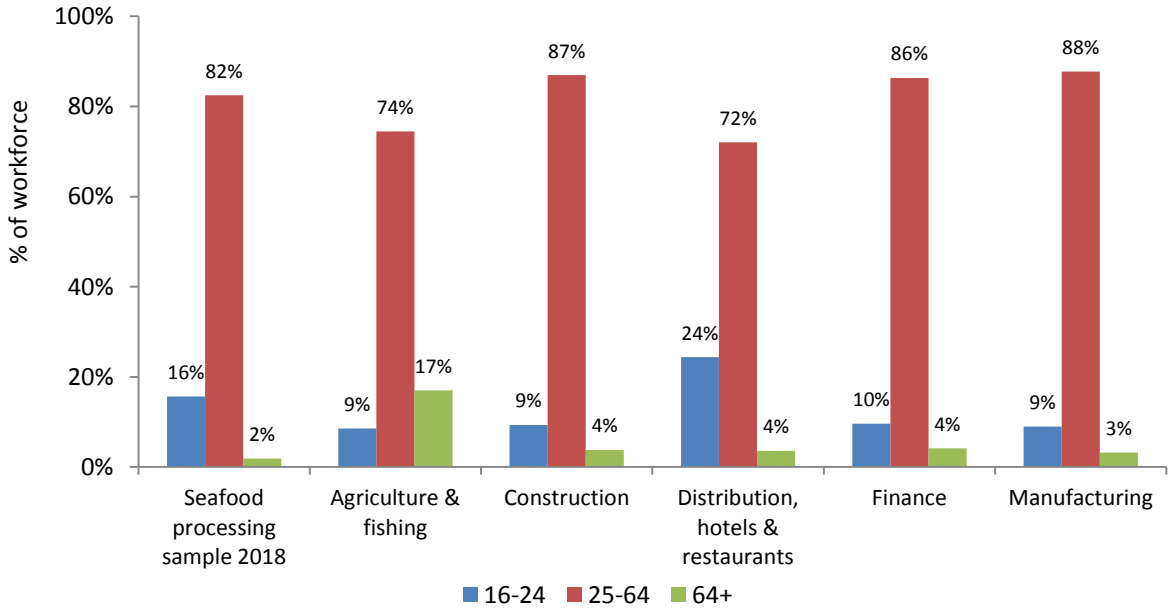


Figure 12: Age breakdown of employees in the 2018 seafood processing sector sample compared to ONS data on age bands of employees across several key industry sectors (by Standard Industrial Classification code). Source: Seafish and ONS Labour Force Survey results 2018

The sample of people employed in the seafood processing sector in 2018 had a higher proportion of workers in the 16-24 year old age band, at 16% of the sample, than other industry sectors with the exception of distribution, hotels and restaurants at 24%. Interestingly the sample of seafood processing sector employees had a considerably lower proportion of workers in the 64+ year old age band than the ONS SIC group for agriculture and fishing.

4.7 Nationality of the processing workforce by processing type

When grouped according to processing type (primary, secondary or mixed) processing sites showed an approximately even split between UK and non-UK workers. Secondary processing sites employed a slightly lower proportion of UK workers. Figure 13 presents data on the proportion of British and non-British workers amongst the three processing types: primary, secondary, mixed[17].

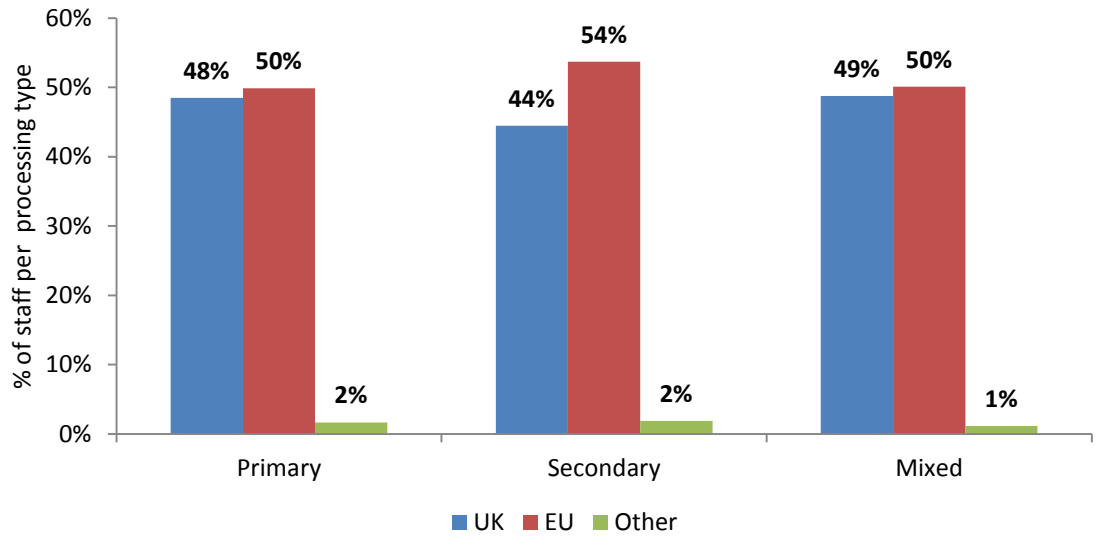


Figure 13: Nationalities of the sample of people employed in the seafood processing sector in 2018 by processing activity type (according to the Seafish 2018 processing sector census), across all sites sampled. Source: Seafish

4.8 Nationality of the processing workforce by fish type

The split between UK and non-UK workers in the seafood processing sector varies significantly between the five fish type categories, as shown in figure 14.

Demersal and salmon & trout processing sites employed the highest proportion of UK workers at 70% and 71% respectively.

Demersal and salmon & trout processors in the sample employed a lower proportion of temporary and seasonal workers. Temporary and seasonal positions are more likely to be held by non-UK workers, as shown in figure 10, section 4.5. Demersal and salmon & trout processors are more likely

[17] Primary processing includes cutting, filleting, picking, peeling, washing, chilling, heading and gutting. Secondary processing includes cooking, freezing, brining, smoking, canning, breading, vacuum and controlled packing, and production of ready meals.

to benefit from consistency of supply from both wild capture fisheries and aquaculture. UK workers accounted for only 34% of people employed by sites only processing pelagic species.

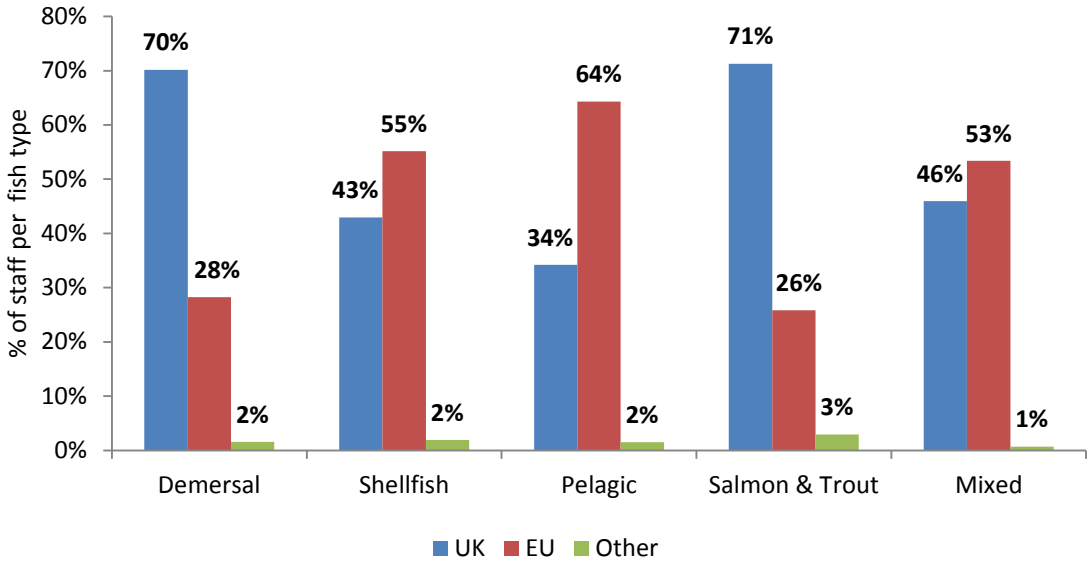


Figure 14: Nationalities of the sample of people employed in the seafood processing sector in 2018 by fish type processed (according to the Seafish 2018 processing sector census), across all sites sampled. Source: Seafish

This observation can in part be attributed to the fact that pelagic processing sites are often, on average, larger than processors of other fish types, in terms of FTE jobs. The majority of pelagic processing sites in the sample from 2018 were in the 100+ FTE band. As shown in figure 7, section 4.3, larger processing sites are more likely to employ a higher proportion of non-UK staff. In contrast, the nationality mix of workers at sites processing demersal, shellfish or a mix of species was more evenly distributed.

Another possible explanatory factor for this trend in employment at pelagic processors is the seasonality of the pelagic sector. Seasonal variability in the supply of raw materials means pelagic processors are more likely to employ seasonal or temporary workers: 38% of the sample of people employed by pelagic processing sites in 2018 was temporary or seasonal employees, 89% of these short-term contracts at pelagic processing sites in 2018 were held by people from other EU countries. See section 4.5 for more information on employee contract type.

Finally, the UK pelagic fishing fleet lands the bulk of its catch in Peterhead, Fraserburgh and Lerwick, as such pelagic processors are more likely to be based in Scotland where employment of non-UK workers is more common.

4.9 Staff turnover in the seafood processing sector

In addition to submitting data on their existing employees, processors were asked to submit data on the total number of new starts and number of employees who left their business in 2018. Leavers were defined as employees who left their employment voluntarily as well as those who were dismissed, in 2018. This information was collected to give an indication of levels of staff turnover in the sector.

It should be noted that only total numbers of employees were collected, this means that people who left one processing site and subsequently took up a role at another site could potentially be counted as both a new start and a leaver in the sample.

In 2018, the 119 seafood processing sites in the sample recruited 3,647 new employees whilst 3,538 employees left or were dismissed.[18] UK workers represented 47% of new starts and 42% of leavers whilst EU workers represented 53% of new starts and 57% of leavers.

The nationality mix of new starts and leavers, by processing site size, is shown in figure 14. Citizens of non-EU countries made up less than 0.4% of both new starts and leavers in the sample for all size bands and are not shown in figure 15.

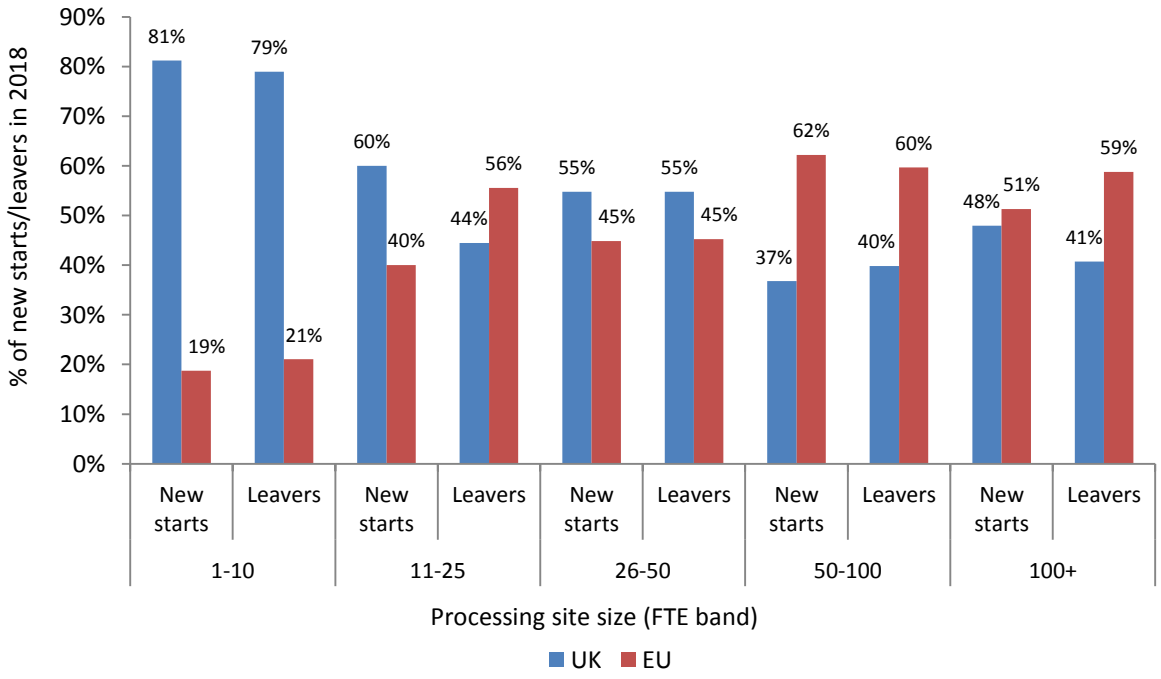


Figure 15: Nationalities of the sample of new starts and leavers in the seafood processing sector in 2018 by processing site size, across all sites sampled. Source: Seafish

The highest levels of staff turnover were observed in sites in the 100+ FTE size band: sites in the 100+ FTE band accounted for 72% of new starts (2,635 people) and 66% of staff leaving or dismissed (2,326 people) in 2018.

The lowest levels of staff turnover were observed in sites in the 1-10 FTE size band; from 44 sampled processing sites in the 1-10 band (accounting for 355 people employed in 2018) only 16 new starts and 19 leavers were reported. This figure mirrors findings of the Seafish quarterly surveys on ease of recruitment, which have consistently shown very low levels of recruitment and staff turnover in the smallest processing sites.

[18] It is not possible to relate these numbers to total employees in the seafood processing sector due to the fact that data on leavers and starters counts employees and the total workforce is in FTE. However, if we assume all leavers and starters were FTE employees, they would represent 18% and 19% respectively of the seafood processing workforce.

At sites in the 1-10 FTE band 81% of new starts were from the UK, compared to just 19% of new starts who were from other EU countries. Only one sampled site in the 1-10 FTE size band recruited employees via an employment agency in 2018: the site employed three agency employees in 2018, all of whom were British.

As site size increased the proportion of EU new starts and leavers increases. In sites with over 100 FTE jobs, 51% of new starts and 59% of leavers were from other EU countries. Larger sites employ more agency workers, a large proportion of which are from the EU.

Over the past year many processors have reported increased levels of staff turnover. Possible explanations for high levels of staff turnover include competition from other processors (or other industries) meaning employees are able to move between sites more easily, and increased numbers of EU workers leaving the UK.

5. Comparative analysis of 2017 and 2018 panel of respondents

In total, 58 processing sites completed the annual survey of workforce composition in both 2017 and 2018 providing data for around 8,000 people employed in the sector in each consecutive year. These responses have been analysed independently of other responses in order to reveal any annual change in survey findings rather than changes in sample composition.

The nationality mix of people employed by this sub-sample of seafood processing sites remained largely unchanged between 2017 and 2018.

The 58 sites in the sample supplied data for 8,135 people employed at their processing sites in 2017, of which 46% were British, 52% were from other EU countries and 2% were from third countries. The same companies supplied data for 7,944 people employed in 2018 (representing a decrease in number of employees of 2% from 2017). Of the reported employees in 2018, 47% were British, 51% were from other EU countries and 2% were from non-EU countries.

Regional analysis of the panel of respondents to both surveys is shown in figure 16.

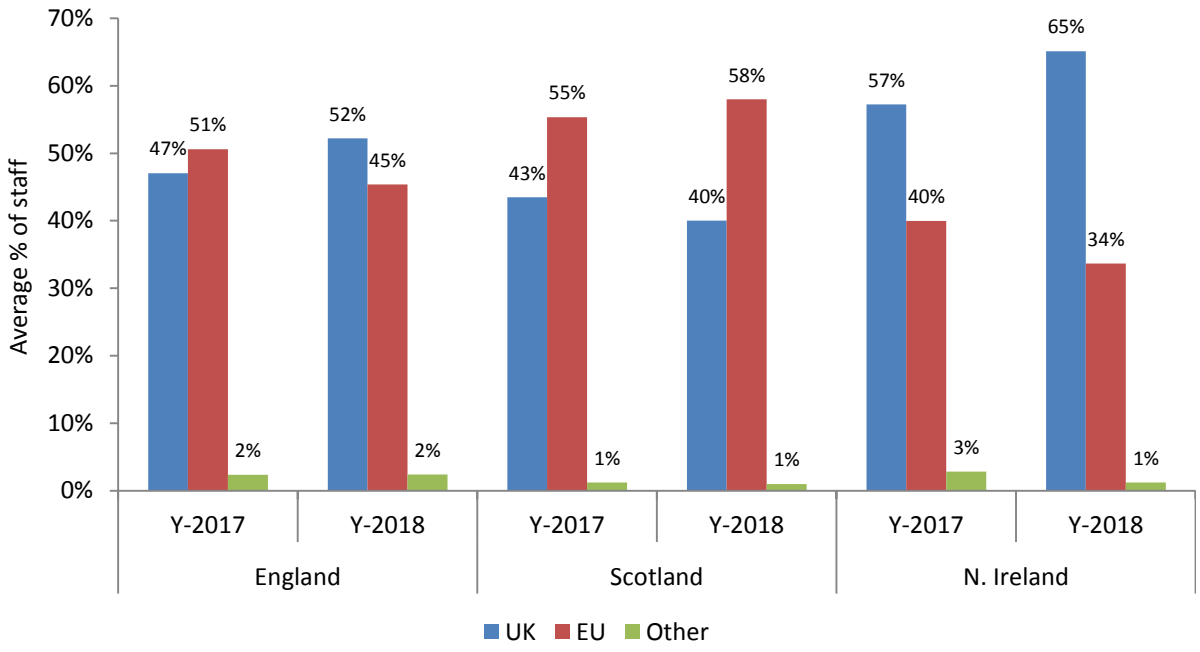


Figure 16: Nationalities of the sample of people employed in the seafood processing sector in 2017 and 2018 by a panel of 58 seafood processing sites for which data was collected in both survey years, by region (there were no consecutive responses from processors in Wales in 2017 and 2018). Source: Seafish

In both England and Northern Ireland there was an increase in the proportion of UK staff employed by processing sites in the panel of respondents between 2017 and 2018. Conversely, between 2017 and 2018, there was a slight increase in the proportion of EU workers employed by processing sites located in Scotland.

Case Study: Immigration policy developments in 2018

Section 4 shows that the UK seafood processing industry is heavily reliant on non-UK workers, particularly citizens of other EU countries. As such, changes to immigration policy in the future, and the end of the freedom of movement that the UK currently experiences as an EU member state, will have implications for many seafood processing businesses.

The aim of this section is to provide a short, easily-digestible summary of 2018 policy developments related to immigration that may be of interest to seafood processors in the UK.

The Migration Advisory Committee Report

In September 2018 the Migration Advisory Committee (MAC) published a **final report on European Economic Area (EEA)[19] migration in the UK**.[20] This report presented findings of the MAC's call for evidence on migration trends and included recommendations to the government for the design of future immigration policy in the UK. In January 2018, Seafish submitted processing sector labour data from the first annual survey of workforce composition to the MAC, giving a breakdown of workforce composition in the sector by nationality, job skill level, and contract type amongst other variables.

Some of the MAC's key recommendations to the government included:

- Moving to a migration system in which EU citizens do not get preferential access to the UK
- Removing the cap on the Tier 2 immigration system and the expansion of the system to include medium-skilled workers. The current Tier 2 system relates to the immigration of higher-skilled workers with a salary of over £30,000 per year.
- The MAC did not recommend an explicit work-related migration route for lower skilled workers with the possible exception of a seasonal agricultural workers scheme, acknowledging that this *"is likely to be strongly opposed by the affected sectors."*

The MAC recommendation on low-skilled worker migration is of particular interest to the seafood processing sector due to the high proportion of non-UK, low-skilled workers currently employed by the sector.

The Government's White Paper

In December 2018 the government released a white paper titled **"The UK's future skills-based immigration system"**.[21] Following the MAC's advice the government proposed prioritising skilled migrants stating that "*a skills-based migration policy will ensure the UK remains a hub for international talent from the EU and the rest of the world."*

The government paper states that there will no longer be one immigration system for European citizens and another for non-Europeans. Instead, the future immigration system will apply in the same way to all nationalities.

These changes will not happen immediately after the UK leaves the EU, instead the government has said that there will be a phased approach to the new policy. The new system will start to operate fully at the end of the Implementation Period which, at the time of writing, is set to end on 31st December 2020.

[19] The European Economic Area includes the 28 member states of the EU plus Iceland, Lichtenstein, Norway, and Switzerland.

[20] EEA migration in the UK: Final Report, Migration Advisory Committee, September 2018

[21] The UK's future skills-based immigration system. UK Government, December 2018

In the meantime, the government intends to implement the EU Settlement Scheme for EU citizens already residing in the UK. This gives people from EU countries who have lived in the UK for five years the opportunity to apply for settled status. EU citizens living in the UK for fewer than five years will be able to apply for pre-settled status which will allow them to stay in the UK until they reach five years, after which they can apply for settled status.

The government aims to publish the Immigration Rules setting out the details of the future system after extensive engagement with stakeholders across the whole of the UK.

This change in policy will have impacts on seafood processors who employ a high proportion of EU workers. The white paper says that the government recognises the challenges faced by employers who have become reliant on lower skilled workers from the EU to fill certain roles. As a transitional measure the government proposes a time-limited route for temporary short-term workers.

This proposal would allow people to come to the UK to work for a maximum of 12 months after which they would have to leave the UK for a minimum of 12 months before they were allowed to re-enter the UK. This low-skilled route would not give workers the right to extend their stay, bring dependents or lead to permanent settlement.

Both the Government's White paper on future immigration policy and the Migration Advisory Committee's final report on EEA migration are available online now.

6. Nationality estimates for the population of all fish processing workers

Based on these 2018 labour survey findings and data collected in the Seafish 2018 processing sector census, estimates of nationality mix were made for the total number of full-time equivalent jobs in the seafood processing sector in 2018. The results of these estimates are shown in figure 17.

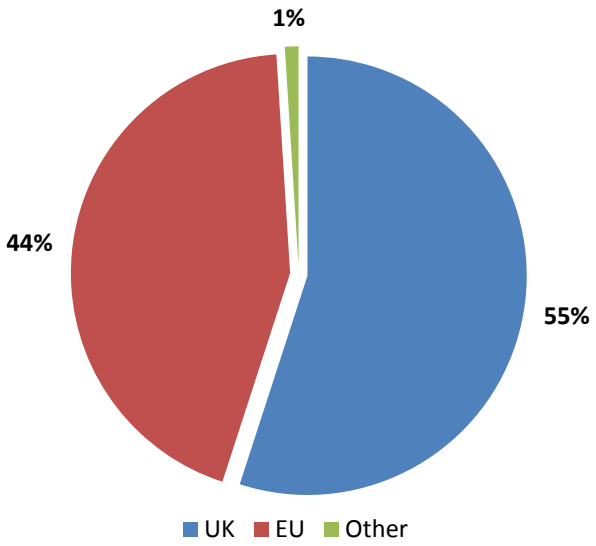


Figure 17: Estimated nationality mix of all full-time equivalent jobs supported by the UK seafood processing sector in 2018. Estimates are based on the sample in the Seafish 2018 annual labour survey and population data from the Seafish 2018 processing sector census. Source: Seafish.

Of the 19,190 FTE jobs supported by the UK processing sector in 2018 it is estimated that 55% were held by UK workers. This estimate compares to 48% of people in the sample from the 2018 annual labour survey who were British. The difference between the sample percentage and the estimate of the whole population of FTE jobs is expected as the majority of workers not included in the labour survey sample are from small to medium size processing sites, and are largely based in England and Wales, which have a higher proportion of UK workers.

Regional nationality estimates for the total population of FTE jobs in the processing sector in 2018 are shown in figure 17. The UK's key processing hubs, Humber and Grampian, are assessed independently and other regions are grouped as necessary to provide a robust sample for the calculation of nationality share multipliers (appendix 2).

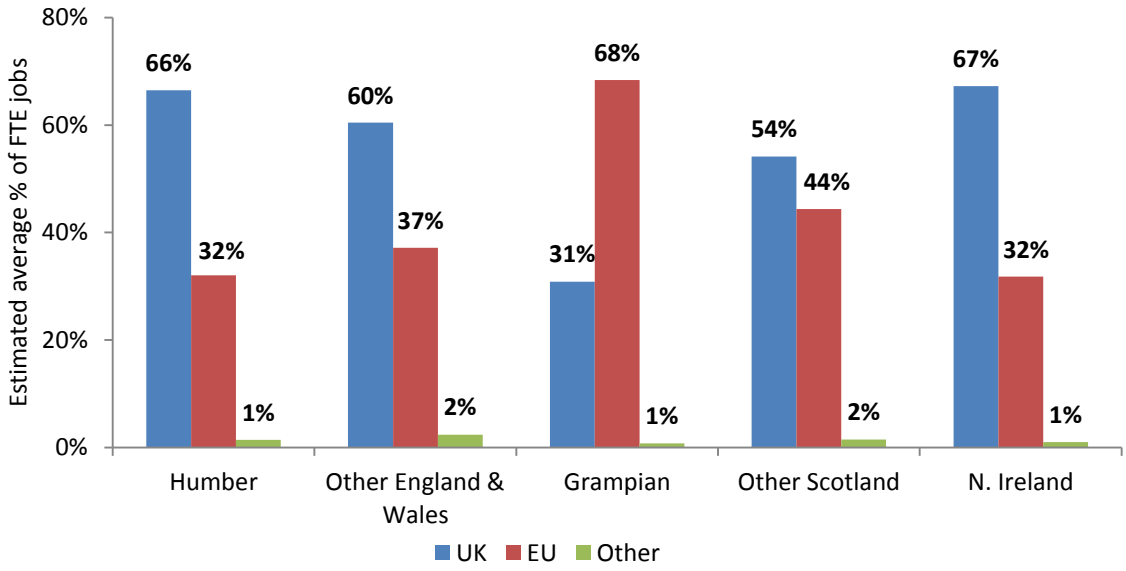


Figure 18: Estimated nationality mix of all full-time equivalent jobs supported by the UK seafood processing sector in 2018, by region. Estimates are based on the sample in the Seafish 2018 annual labour survey and population data from the Seafish 2018 processing sector census. Source: Seafish.

It is estimated that Northern Ireland had the highest proportion of FTE jobs held by UK staff in 2018 at 67%, closely followed by Humber at 66% of FTE jobs.

It is estimated that 31% of FTE jobs in Grampian in 2018 were held by UK staff, slightly higher that found in the sample from 2018 presented in section 4.2.

Nationality estimates by processing site size are shown in figure 19.

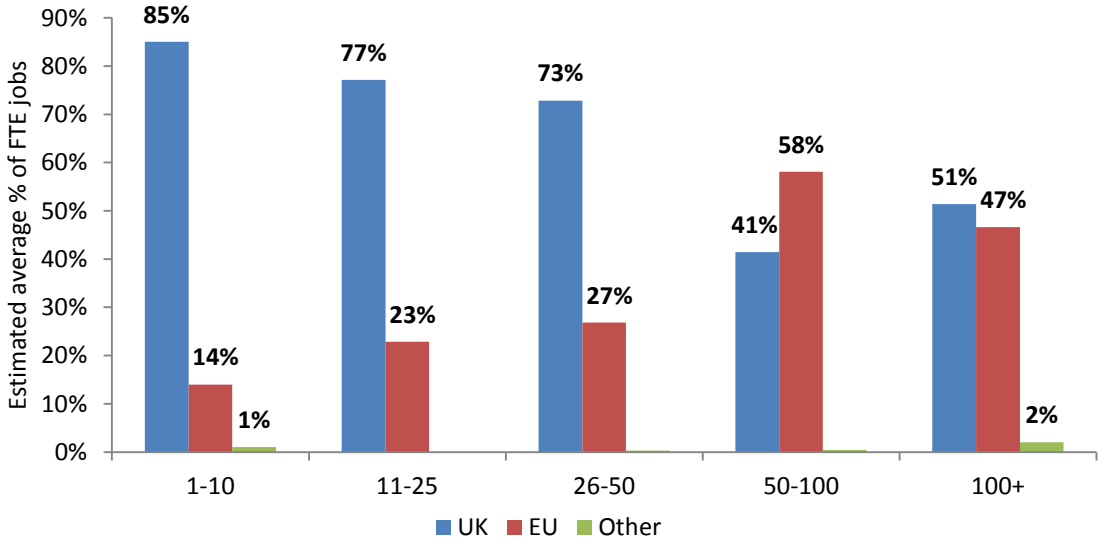


Figure 19: Estimated nationality mix of all full-time equivalent jobs supported by the UK seafood processing sector in 2018, by processing site size (FTE band according to the Seafish 2018 processing sector census). Estimates are based on the sample in the Seafish 2018 annual labour survey and population data from the Seafish 2018 processing sector census. Source: Seafish.

7. Quarterly survey of staff recruitment and retention

Seafish collected data from 63 individual seafood processing sites operated by 58 processing companies in the fifth quarterly survey on recruitment and retention of staff covering the period October – December 2018. According to the Seafish 2018 processing sector census the processing sites for which data was submitted for this quarterly survey accounted for 6,834 FTE jobs, or 36% of the FTE jobs in the sector in 2018.

The sample includes 27 responses from processing sites based in England and Wales, 33 responses from Scotland, and three responses from Northern Ireland.

7.1 Ease of recruitment in the processing sector

Only 6% of seafood processors in the survey sample (four sites) reported that they had found it easier to fill vacancies in the final quarter of 2018 (October – December) than in the previous three months (July – September), as shown in figure 20.

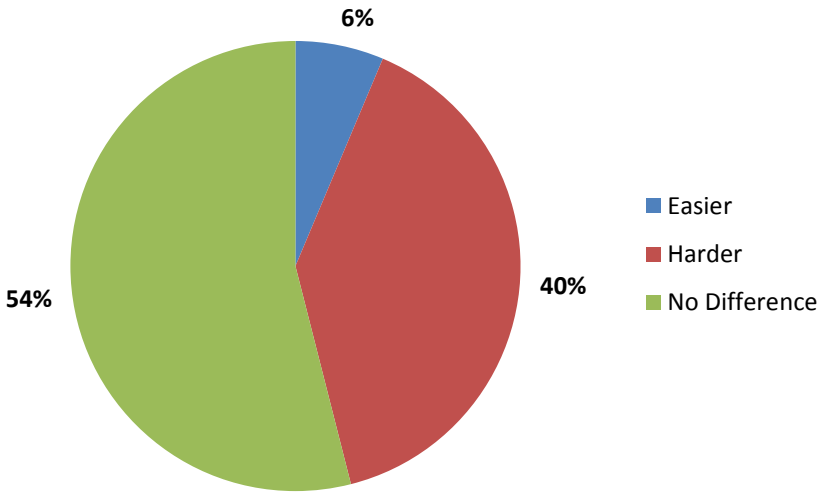


Figure 20: Proportion of seafood processing sites in the sample reporting that recruitment in the fourth quarter of 2018 (October – December) was easier, harder, or no different from the previous quarter (July – September). Based on responses from 63 processing sites. Source: Seafish

Whilst 54% of respondents reported that they had noticed no difference in ease of recruitment in the final quarter of 2018, 40% said that recruitment during this period had been more difficult than in the preceding quarter. More than half of the responses stating that recruitment had been more difficult were from seafood processors based in the Grampian region of Scotland.

Large processing sites were more likely to report that recruitment had become more difficult than smaller sites. Whilst 40% of sites in the sample reported that recruitment was harder when compared to the previous quarter, these sites accounted for 67% of FTE jobs in the sample. In comparison the 6% of sites reporting that recruitment had been easier represented 9% of FTE jobs in the sample.

For many seafood processors the festive season is a particularly busy period with increased consumer demand for premium seafood products including shellfish and salmon. As a result competition between processing sites for workers is expected to be more intense at this time;

however, the results show little change from the previous survey results (July – September) in which 41% of respondents reported that recruitment had been more difficult than the previous quarter (April – June). [22]

Over the course of the year the only significant shift in processors perception of ease of recruitment was observed in the quarterly survey carried out in March 2018 in which 24% of respondents said that recruitment in January – March 2018 had been easier than the preceding quarter (October – December 2017). In the March 2018 survey only 27% of respondents said that recruitment in the current quarter had been more difficult than in the preceding quarter. This was attributed to the post-festive period low season in production leading to decreased demand for new recruits, combined with the sudden availability of workers who had been temporarily employed over the festive period and were now looking for work.

The proportion of processors reporting that recruitment was more difficult in October – December 2018 than in the previous quarter generally increased as site size increased as shown in figure 21; 92% of sites in the 1-10 FTE size band reported no difference in ease of recruitment whilst 68% of sites in the 100+ FTE size band reported that recruitment had been more difficult in the last quarter of the year, compared to the previous quarter.

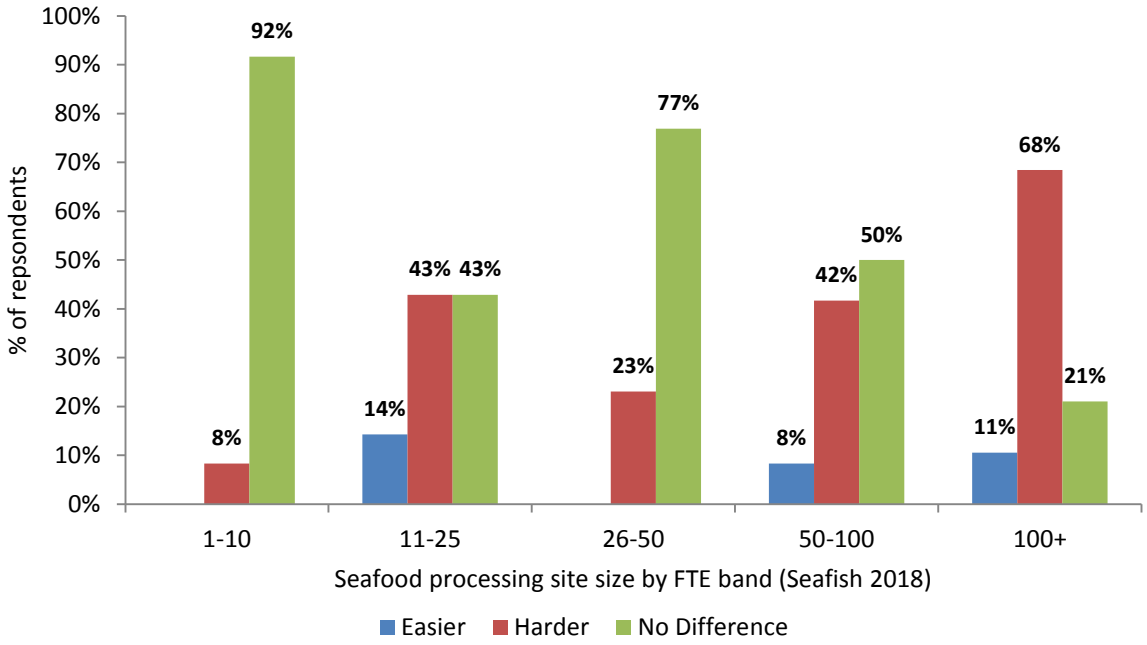


Figure 21: Proportion of seafood processing sites in the sample reporting that recruitment in the fourth quarter of 2018 (October – December) was easier, harder, or no different from the previous quarter, by processing site size. Based on responses from 63 processing sites. Source: Seafish

A processor in the 100+ FTE band who said that recruitment had been easier in the fourth quarter of 2018 commented that recruitment was easier in winter months primarily due to the fact that in winter candidates have fewer job opportunities than in the summer months leading to decreased competition between employers.

[22] Seafish Processing Sector Labour Report, Quarterly Update 2, August 2018

Figure 22 shows respondent's perceived ease of recruitment in October – December 2018 by region in the UK.

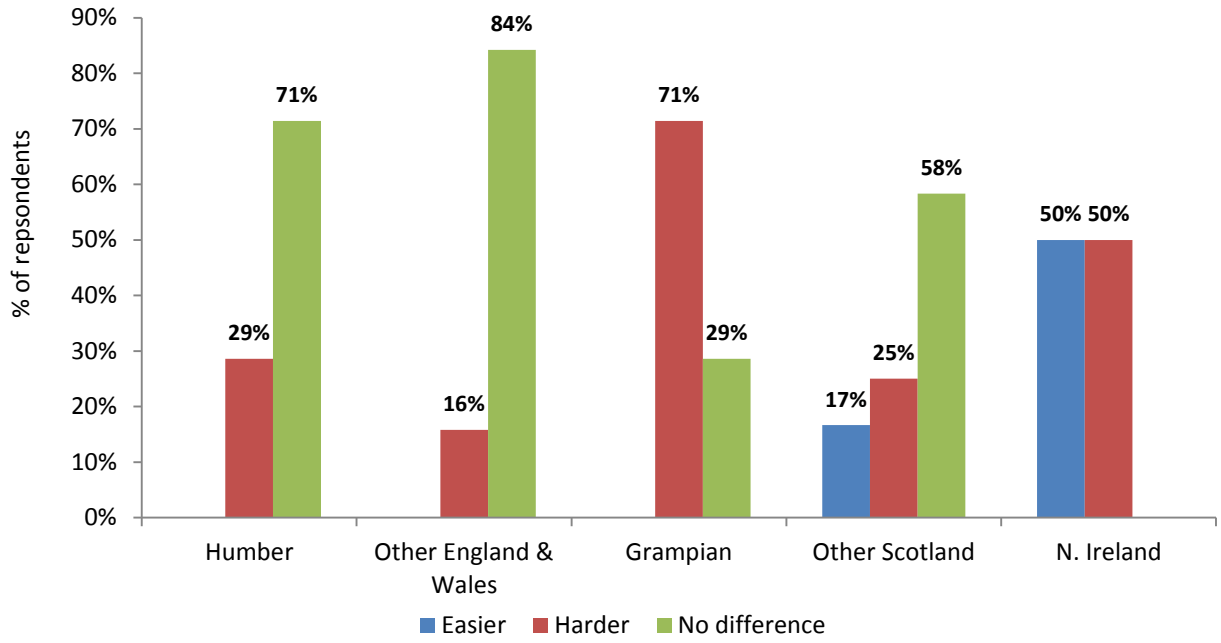


Figure 22: Proportion of seafood processing sites in the sample reporting that recruitment in the fourth quarter of 2018 (October – December) was easier, harder, or no different from the previous quarter, by region. Due to the number of survey responses, data from the rest of England, Wales and Scotland (excluding Humber and Grampian respectively) is aggregated. Based on responses from 63 processing sites. Source: Seafish

No processors in either Humber or Grampian, the UK's key seafood processing hubs, said that recruitment in October – December 2018 had been easier than the previous quarter. However there is a notable difference in responses between these two regions with 71% of Humber processors in the sample (five sites) saying they had observed no difference in ease of recruitment whilst 71% of Grampian processors in the sample (15 sites) said that recruitment had been more difficult.

"Staff turnover is the highest it's ever been. Fewer candidates are arriving and more of our long serving employees are leaving."
Seafood processor in Scotland

Four processors said that recruitment had been easier: two sites in the "Other Scotland" region and two in Northern Ireland. One of these processors in Scotland commented that they had benefited from the closure of another food manufacturing company nearby, meaning that there was an influx of suitably skilled and experienced candidates.

Data presented in section 4.2 of this report shows that processors in Grampian employed the largest proportion of non-UK staff of any region in the UK in 2018. This suggests that seafood processors in Grampian are most likely to be affected by changes in the availability of European workers.

7.2 Factors affecting ease of recruitment in the processing sector

One in five survey respondents (13 sites) said that a shortage of suitable candidates was the main factor affecting recruitment in October – December 2018, see figure 23.

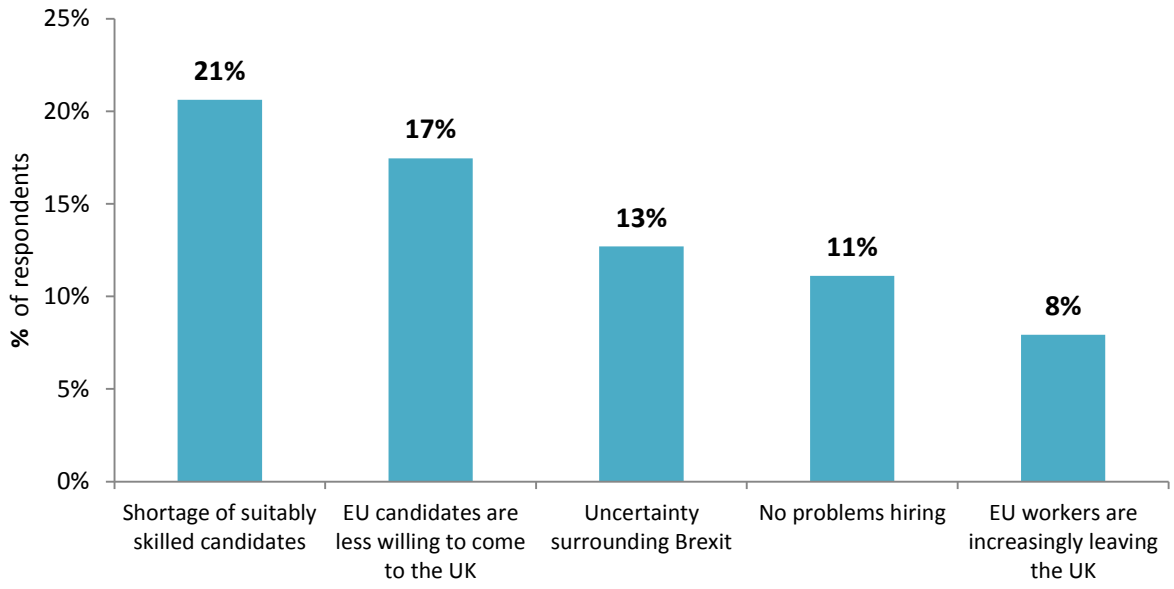


Figure 23: Factors affecting recruitment in the seafood processing sector in October – December 2018. Respondents could comment on all factors, positive or negative, that applied to their business. Source: Seafish

As the labour pool tightens competition for experienced workers with industry-specific skills (such as filleting) between processing sites increases. Several processors commented that the increased competition for workers between sites had made it easier for employees to move between sites, increasing staff turnover.

Eleven processors (17% of respondents) said that their European employees were increasingly leaving the UK to return to their home countries, often with little or no warning. As a result staff turnover had increased dramatically and businesses had struggled to fill vacancies. The most commonly given reason for this was employee uncertainty over their ability (or their lack of desire) to stay in the UK after Brexit, and the positive incentives offered by European member states to encourage their residents to return home.

"EU countries are encouraging people to return home, offering employment and low interest rates on mortgages. Their [the EU member states] *economic situation is improving every year."*
Seafood processor in Scotland

Eight processors in the sample cited the uncertainty surrounding Brexit as a factor affecting ease of recruitment.

One other factor affecting recruitment, not shown in figure 22, was difficulties in sourcing sufficient volumes of raw materials. One processor in the Scottish Islands said that difficulties in sourcing

enough shellfish had made European workers lose confidence in the business and made them less likely to return for seasonal work at the site as their roles no longer seemed as secure.

Seven sites in the sample (11% of respondents) said that they had experienced no difficulties in recruiting. Three of these processors said that they had stable workforces and little turnover, with one commenting that they had a stable full time workforce supplemented by a reliable group of seasonal staff who they welcome back year on year. One processor who reported no problems in recruiting said that they did this by investing in the business and ensuring they were seen as the employer of choice in their local area.

7.3 Ease of recruitment: comparison to 2017

Processors were asked how ease of recruitment in October – December 2018 compared to the same period in 2017. As shown in figure 24, only 5% of respondents (three sites) said that recruitment in 2018 was easier than in the same period of 2017.

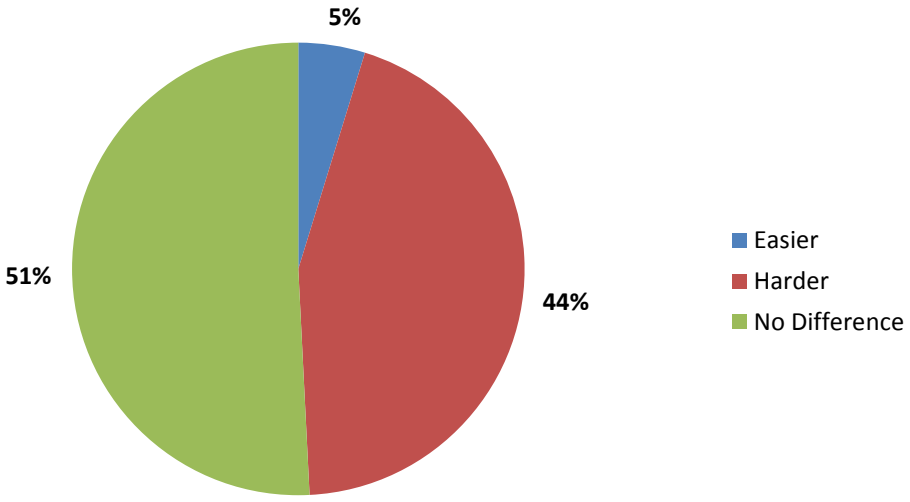


Figure 24: Proportion of seafood processing sites in the sample reporting that recruitment in the fourth quarter of 2018 (October – December) was easier, harder, or no different from the same period in 2017. Based on responses from 63 processing sites. Source: Seafish

Of the three sites saying that recruitment was easier in October – December 2018 than in the same quarter of 2017, two said that they had benefitted from the closure of another processing site nearby. Another processor in Northern Ireland who said that recruitment had become easier was unable to explain the change but said it came as a “pleasant surprise”.

The most commonly cited factor by processors reporting that recruitment had become more difficult when compared to the last quarter of 2017 was that EU workers are now less willing to come to the UK for seafood processing roles.

One in ten respondents said that negative perceptions of the seafood processing industry were a major factor affecting ease of recruitment between the end of 2017 and 2018. Processors commented that the physically demanding nature of the job, and perception of roles as low-skilled and low-value work, made it difficult to recruit local people in particular.

In 2017 IGD, an education and training charity for the food and grocery industry, published research on recruitment and developing talent in the food industry. [23] One of the key findings was that negative perceptions of the food industry may not be as significant a barrier to recruitment as previously thought. Instead, the major barrier to recruiting young people to the food industry is a lack of awareness about the type and diversity of roles available.

IGD noted that it can be difficult to fill STEM-related (science, technology, engineering and maths) vacancies in the food industry and predicted that as the sector becomes more automated and high-tech, demand for high-skilled candidates will increase. This eventuality is likely to increase competition between operators and industries making recruitment more difficult.

To bridge this skills gap IGD recommended industry members actively connecting with the talent pool in schools/colleges to highlight the opportunities in the industry, stating that "face-to-face interactions with employers are an effective way of increasing the attraction of an industry."

The seafood processing industry is not alone in finding recruiting sufficient numbers of workers more challenging; across the food and agriculture sectors many business operators have experienced the same trends and difficulties. In 2018 the National Farmers Union and Association of Labour Providers published a ten-point plan to better recruit and retain workers.[24] The aim of this document is to help businesses deal with the pressures of staffing and provides advice on recruiting, advertising, and incentivising workers. Lessons learned in other sectors are equally applicable to the seafood processing sector and such resources can provide valuable information for business owners.

7.4 Confidence in recruiting and retaining enough staff

Processors were asked about their confidence in their company's ability to recruit and retain enough high-skilled, low-skilled and seasonal staff in the next quarter, and to meet their planned levels of production in the next quarter (January – March 2019), results are shown in figure 25.

Processors were able to select "N/A" if a question was not applicable to them; "N/A" responses are excluded from figure 24. In total 28 of the 63 sites selected "N/A" for their confidence in recruiting and retaining enough seasonal staff as they did not intend to employ seasonal workers in the first quarter of 2019.

Processors' confidence in their ability to recruit enough staff across all skill levels in January – March 2019 was higher than in the preceding quarter (October – December 2018). This is likely a result of the expected "low season" that many processors experience at the start of each year as a result of decreased demand for seafood products following the festive period. The lowest levels of confidence were in the predicted ability to recruit enough low-skilled and seasonal staff.

"We are worried about the apparent lack of concern about the food industry as a whole. We've been told there will be concessions for low-skilled migrant workers for the agricultural sector but no information for the seafood industry."

Seafood processor in Humber

[23] IGD, Bridging the skills gap: Developing talent across the food and grocery industry, 2017
[24] NFU & ALP, 10 point plan to better recruit and retain workers, April 2018

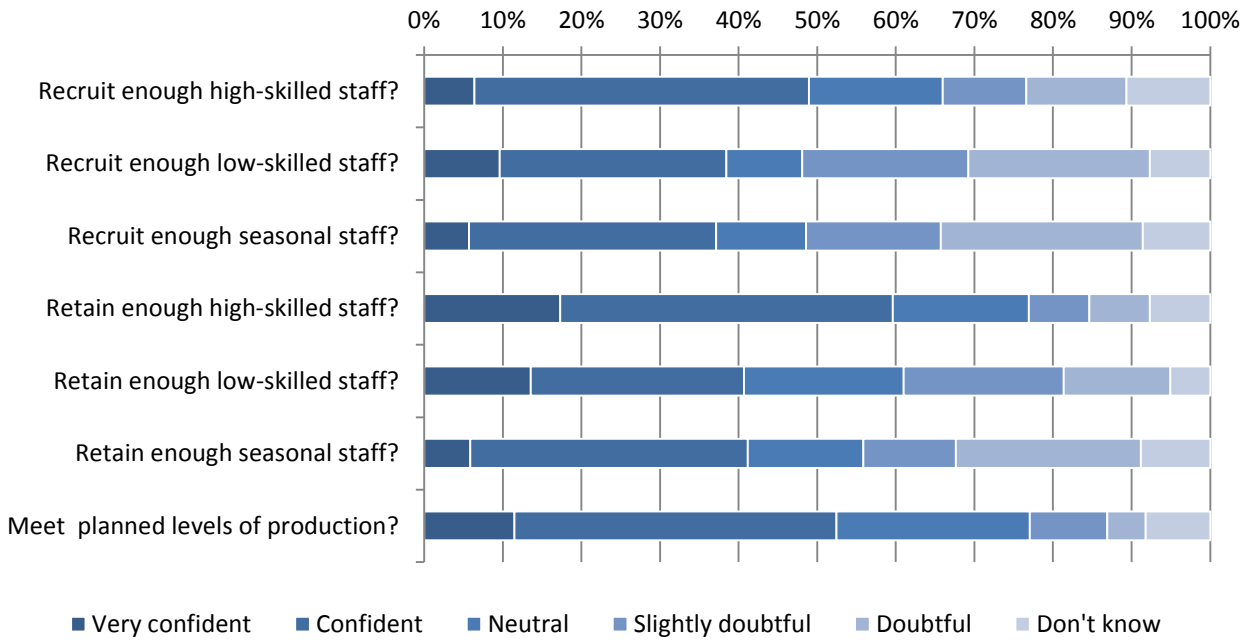


Figure 25: Seafood processors' confidence in their ability to recruit and retain sufficient numbers of high-skilled, low-skilled, and seasonal staff and in their ability to meet planned production levels in the next quarter (January – March 2019). Respondents could select "N/A" if the field did not apply to their site and these responses were removed from the final analysis. Source: Seafish

As discussed in section 4.4 of this report, many processors report staff shortages primarily in jobs considered low-skilled. This has raised further concerns over where workers will come from given that the roles do not qualify for the Tier 2 immigration system and the perceived lack of consideration given to low-skilled workers in the government White Paper on future immigration policy published in 2018.[25]

Processors confidence in their ability to retain enough staff remained high with 60% of respondents saying they were confident or very confident in their ability to retain high-skilled staff and 41% saying the same for their ability to retain low-skilled staff.

Just over half (52%) of respondents said they were confident or very confident about their ability to meet planned production levels in January – March 2019. Whilst 25% of respondents said they were neutral about their ability to meet planned production levels, only 10% said they were doubtful and 5% (three sites) said they were very doubtful.

Medium to large processing sites were slightly more likely to report lower confidence in meeting planner production levels in the first quarter of 2019 when compared to smaller processing sites. Sites stating they were very confident or confident about meeting planned production levels in the first quarter of 2019 accounted for 45% of FTE jobs in the sample, compared to 52% of sites. In contrast sites stating they were slightly doubtful or doubtful about meeting planned production levels accounted for 24% of FTE jobs in the sample compared to 15% of sites.

[25] The UK's future skills-based immigration system. UK Government, December 2018

8. Conclusions

Despite reported difficulties in recruiting and retaining EU staff, the seafood processing sector remains heavily reliant on migrant workers from other EU member states, particularly those from Poland, Lithuania, Bulgaria and Romania. Citizens of other EU countries represented 51% of workers in the sample of 10,730 people employed in seafood processing sector in 2018, whilst British staff represented 48% of workers in the sample.

Region remains a major factor in influencing the nationality mix of the workforce. Processing sites in England, Wales and Northern Ireland employ a larger proportion of UK workers than sites in Scotland. Sites in Humber employed the second lowest proportion of non-UK staff at 33% of the sampled workforce in 2018. Sites in Grampian employed the highest proportion of non-UK staff at 70% of the sampled workforce in 2018. Combined, the two seafood processing hubs accounted for 53% of all FTE jobs in the sector in 2018 at 30% and 23% of FTE jobs respectively.

Large processing sites employ a higher proportion of non-UK workers than small sites. Non-UK workers made up 55% of the sample of people employed at sites in the 100+ FTE jobs size band compared to only 18% of people employed by sites in the 1-10 FTE jobs band in 2018. This trend is based on the fact that small seafood processing businesses are often family-run with stable workforces and less need for recruitment. In contrast, large sites experience high levels of staff turnover, utilise employment agencies (some of which advertise abroad to target EU citizens) to fill vacancies, and employ larger numbers of seasonal staff meaning they employ a greater proportion of EU workers.

Workers from other EU countries made up a greater proportion of low-skilled and unskilled roles than skilled or high-skilled roles in the sample. Over 93% of high-skilled roles in the sample were held by UK workers; in contrast workers from the EU held the majority of semi-skilled (59% of the sample), low-skilled (52%) and unskilled roles (63%) in the sample. Lower-skilled roles in the seafood sector include general/process operatives, machine minders, filleters and shellfish shuckers/pickers.

When asked how ease of recruitment in October – December 2018 compared to the same period in 2017, 44% of respondents said that recruitment was more difficult compared to 5% who said recruitment had become easier, 51% of respondents said they had seen no difference. Interestingly two of the three sites reporting that recruitment was easier had benefitted from the closure of other processing sites nearby.

In their report on EEA migration in the UK, the Migration Advisory Committee described how much of the EEA migration to the UK since 2004 has been into lower-skilled jobs and that this has supported the seafood processing industry in meeting the labour demands of the current businesses practices of the industry. Parts of the UK seafood processing sector would likely fall into this category. However, it is important to take into account regional differences and variation in business size and structure which could potentially leave some operators, and some regions of the UK, more vulnerable to changes in policy than others.

Seafish will continue to collect and publish robust and reliable information on the seafood processing sector workforce. The next Seafish quarterly survey on ease of recruitment in the seafood processing sector is due to be carried out in April 2019.

Appendix 1: Processing sector employment survey materials

Seafood Processing Sector - Workforce Composition Data 2018

Section 1: General information

a. Company name:	
b. Site/facility/unit name	
c. Site postcode	
d. Company contact name:	
e. Contact email:	

Section 2: Workforce composition over the past 12 months

The aim of this section is to gather evidence on your workforce over the previous 12 months.

Table 1: Workforce composition totals

Enter totals for your workforce in Table 1.

Please enter totals under each category for the most recent 12 month period for which you have records.

Please complete this table for every worker that was working at your site at any time during the 12 month period that you are reporting on.

Please state the 12 month period here: *E.g. December 2017 to November 2018*

		UK		EU/EEA (non-UK)[1]		Non-EU/EEA[2]	
		Direct	Agency	Direct	Agency	Direct	Agency
Gender[3]	Male						
	Female						
	Unknown						
Age band	15 - 24						
	25 - 39						
	40 - 64						
	65+						
Contract type	Permanent						
	Temporary						
	Seasonal[4]						
Hours	Full time (over 37 hours per week)						
	Part time (fewer than 37 hours per week)						
Job skill level[5]	Highly skilled						
	Skilled						
	Semi-skilled						
	Lower-skilled						
	Unskilled						
Staff turnover	Left or dismissed during this period						
	New staff hired during this period						

[1] **European Union (EU)** countries: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia,

[2] **Non-EU/EEA**: all other countries that are not part of the EU or EEA

[3] Male (M), female (F), or unknown, undefined or unbinary (U)

[4] Seasonal worker defined as a person employed temporarily for only a certain critical period of timefor the employer e.g. mackerel season

[5] Skill level notes:

- *High skilled (NQF 6+): requiring a degree or higher professional qualification
- *Skilled (NQF 5-6): requiring an HND and experience
- *Semi-Skilled (NQF 3-4): requiring experience and training
- *Low-skilled (NQF2): requiring some training or experience
- *Unskilled (below NQF 2): requiring little or no training or experience

Section 3: Ease of Recruitment

The aim of this section is to gather evidence your opinions on ease of recruitment in the processing sector.

3.a. Are you finding it easier, harder, or no difference to fill vacancies this quarter compared to the previous quarter?

Easier	Harder	No difference

3.b. Why do you think this is? Please tell us all the reasons affecting ease of recruitment since the last quarter:

Enter text here

3.c. Are you finding it easier, harder, or no difference to fill vacancies this quarter compared to the same period last year? (October - December 2017)

Easier	Harder	No difference

3.d. Why do you think this is? Please tell us all the reasons affecting ease of recruitment since this period last year:

Enter text here

4. In the next three months, how confident are you in your company's ability to:

	Very confident	Confident	Neutral	Slightly doubtful	Very doubtful	Don't know	Not applicable
a. Recruit enough high-skilled staff?							
b. Recruit enough low-skilled staff?							
c. Recruit enough seasonal staff?							
d. Retain enough high-skilled staff?							
e. Retain enough low-skilled staff?							
e. Retain enough seasonal staff?							
f. Meet your planned levels of producti							

5. Is there any further information you would like to share about the business impacts of the EU-exit on your company with regard to labour availability?

Enter text here

*****END OF THE SURVEY*****

Appendix 2: Nationality shares used for population estimates

The share of each type of worker (*UK direct, UK agency, EU direct, EU agency, Other direct, Other agency*) was calculated for the processing sites sampled in the 2018 annual labour survey as shown in table 2. Sites were grouped according to region and FTE size band, two major factors in determining the nationality mix of a processing site's workforce. Sites classed as pelagic processors were grouped separately due to notable differences in workforce composition.

These shares were applied to sites that were not sampled in the 2018 annual labour survey to estimate the total numbers of UK, EU, and Other nationality FTE jobs in the UK seafood processing sector in 2018. The nationality share multipliers are defined by worker type, region and site size and are shown in table 2.

Table 2: Estimated nationality shares by group used for population estimation procedures as presented in section 6 of this report. Nationality share multipliers were calculated using nationality data collected in this annual labour survey for 10,730 people employed in the UK seafood processing sector in 2018. Source: Seafish

Nationality shares for population estimates

Region and FTE size band	UK Direct	UK Agency	EU Direct	EU Agency	Other Direct	Other Agency
Grampian_1-25	0.767	0.000	0.214	0.019	0.000	0.000
Grampian_26-50	0.451	0.057	0.260	0.223	0.007	0.002
Grampian_50-100	0.205	0.010	0.170	0.615	0.000	0.000
Grampian_100+	0.225	0.041	0.566	0.162	0.005	0.002
Other Scotland_1-10	0.860	0.000	0.132	0.000	0.009	0.000
Other Scotland_11-25	0.640	0.000	0.325	0.035	0.000	0.000
Other Scotland_26-100	0.323	0.024	0.578	0.070	0.004	0.000
Other Scotland_100+	0.508	0.062	0.385	0.024	0.015	0.006
Humber_1-10	1.000	0.000	0.000	0.000	0.000	0.000
Humber_11-50	0.872	0.000	0.128	0.000	0.000	0.000
Humber_50+	0.534	0.107	0.320	0.022	0.014	0.002
Other England & Wales_1-10	0.821	0.024	0.138	0.000	0.016	0.000
Other England & Wales_11-25	0.838	0.000	0.162	0.000	0.000	0.000
Other England & Wales_26-50	0.982	0.000	0.018	0.000	0.000	0.000
Other England & Wales_50-100	0.446	0.000	0.417	0.138	0.000	0.000
Other England & Wales_100+	0.433	0.016	0.504	0.000	0.046	0.000
N. Ireland_1-10	0.667	0.000	0.333	0.000	0.000	0.000
N. Ireland_11-25	0.756	0.000	0.244	0.000	0.000	0.000
N. Ireland_26+	0.647	0.000	0.340	0.000	0.014	0.000
Pelagic_100+	0.261	0.004	0.433	0.285	0.017	0.000

The 2018 population estimates presented in this report are not directly comparable to the population estimates reported in the UK Seafood Processing Sector Labour Report published in March 2018. In the 2017 annual labour survey on which the March 2018 report is based, nationality estimates for the entire population of UK seafood processing employees were created using a two-step process. First, the population of total employees in 2017 had to be estimated from 2016 census data (the most recently available population data at the time), then the nationality shares were calculated for this estimated population based on the 2017 labour survey sample. However, in this report, as both the 2018 labour survey and the processing sector census were carried out at the

same time, the initial population estimation procedure used on the 2017 sample data was not required. The 2018 population estimates are therefore more robust.

Population estimates were developed using the best available data. However, there are limitations to the process which should be taken into account when interpreting the data. Several processors did not hold detailed information on the people they employed through an employment agency (this data is held only by the agency) meaning that in some cases agency staff may have been underreported in the 2018 annual labour survey. Additionally, some workers, particularly those employed via an agency, may have been employed by more than one processing site that participated in the 2018 annual labour survey; as a result it is possible that some employees have been counted more than once in this sample.