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Marine Scotland

Employment in Scotland's Seafood Processing Sector:

UK, European Economic Area and Non-European Economic Area Nationals

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January 2018

marinescotland

Designed by Marine Scotland Communications 2017

CONTENTS

EXECUTIVE SUMMARY

This report presents key findings from a small sample survey of Scotland-based seafood processing businesses to understand employment patterns of non-United Kingdom (UK) European Economic Area (EEA) workers in the sector. It follows up on an earlier study conducted by Seafish[1] for Marine Scotland and Defra to estimate dependency on non-UK EEA workers in the seafood processing sector. Data were collected from 18 seafood processing businesses, with 37% of the sector's workforce in Scotland to understand:

- employment patterns – nationality and permanent versus temporary workers;
- dependency on non-UK EEA and non-EEA labour;
- skills of non-UK workers in Scotland's seafood processing sector;
- recruitment practices; and,
- potential business impacts from the UK's exit from the EU.

The survey found that 41% of people working in the surveyed processors in 2016 were from the UK, 58% were from other EEA counties and 1% were from non-EEA countries. Of the employees from other EEA countries, Polish, Lithuanian and Latvian nationals were the most cited.

The majority of staff (86%) were on permanent contracts and the minority (14%) were on non-permanent contracts - 12% employed via agencies working seasonally and 2% employed directly with the processing facility and working mainly during high volume periods such as the festive season.

The data suggest that mixed seafood processing businesses have a higher dependency on EEA workers. 64% of the permanent workforce and 100% of agency staff of mixed processors were non-UK EEA nationals. This is followed by salmon processing with 50% of permanent and 63% of agency employees comprising non-UK EEA nationals. Pelagic processors were most dependent on non-UK EEA agency staff, who make up 100% of the non-permanent work force, and account for 43% of the total workforce.

All sectors reported dependency on low-skilled non-UK EEA workers. All pelagic businesses in the sample reported high dependency. 75% of shellfish processors, 67% of salmon processors and 50% of mixed processors in the sample reported high dependency. Most low-skilled non-UK employees worked as factory operatives, filleters and drivers.

Mixed processors reported a dependency on high-skilled non-UK EEA labour, with 50% of businesses reporting a high dependency and 33% a medium dependency. Only 33% of the pelagic and salmon processors in the sample said they were highly dependent on high-skilled labour. Most high-skilled non-UK workers were managers, supervisors, engineers and quality control. Most EEA workers were recruited by local networks; either by word of mouth (33%) or local advertising (33%).

Businesses identified a range of impacts on the UK's exit from the EU on the seafood processing labour market. This ranged from no impact as some were not dependent on non-UK EEA workers, medium impacts due to a drop in the quality of the workforce, to significant changes in the way the businesses operate and in some cases a direct threat to business' survival.

1 Seafish (2017) Seafish Processing Sector Labour Analysis

INTRODUCTION

Background

Scottish seafood processing businesses employed 7,900 people in 2014 and contributed £461 million in GVA to the Scottish economy in the same year[2]. This sector has been identified as vulnerable to potential changes in the free movement of people when the United Kingdom leaves the European Union, because it derives a high proportion of its workforce from the non-UK EEA labour market.

A study conducted by Seafish for Marine Scotland and Defra estimated dependency on non-UK EEA workers in the seafood processing sector for the whole UK. It found 42% of the workforce in the surveyed processors across the UK were non-UK EEA nationals. It suggests the equivalent figure for Scotland is higher at 55%. These figures however varied by region with the highest rates of dependency on non-UK EEA nations in Grampian at 70% compared with Humberside at around 20%[3].

This report presents findings on follow-up work to gather detailed information on:

- employment patterns – domestic, non-UK EEA, non-EEA and permanent versus temporary (seasonal) workers in Scotland;
- dependency on non-UK EEA and non-EEA labour in Scotland;
- skills of non-UK workers in Scotland's seafood processing sector;
- recruitment practices for non-UK EEA workers, and;
- Industry's concerns if there were a restriction on employment of non-UK EEA workers when the UK leaves the EU.

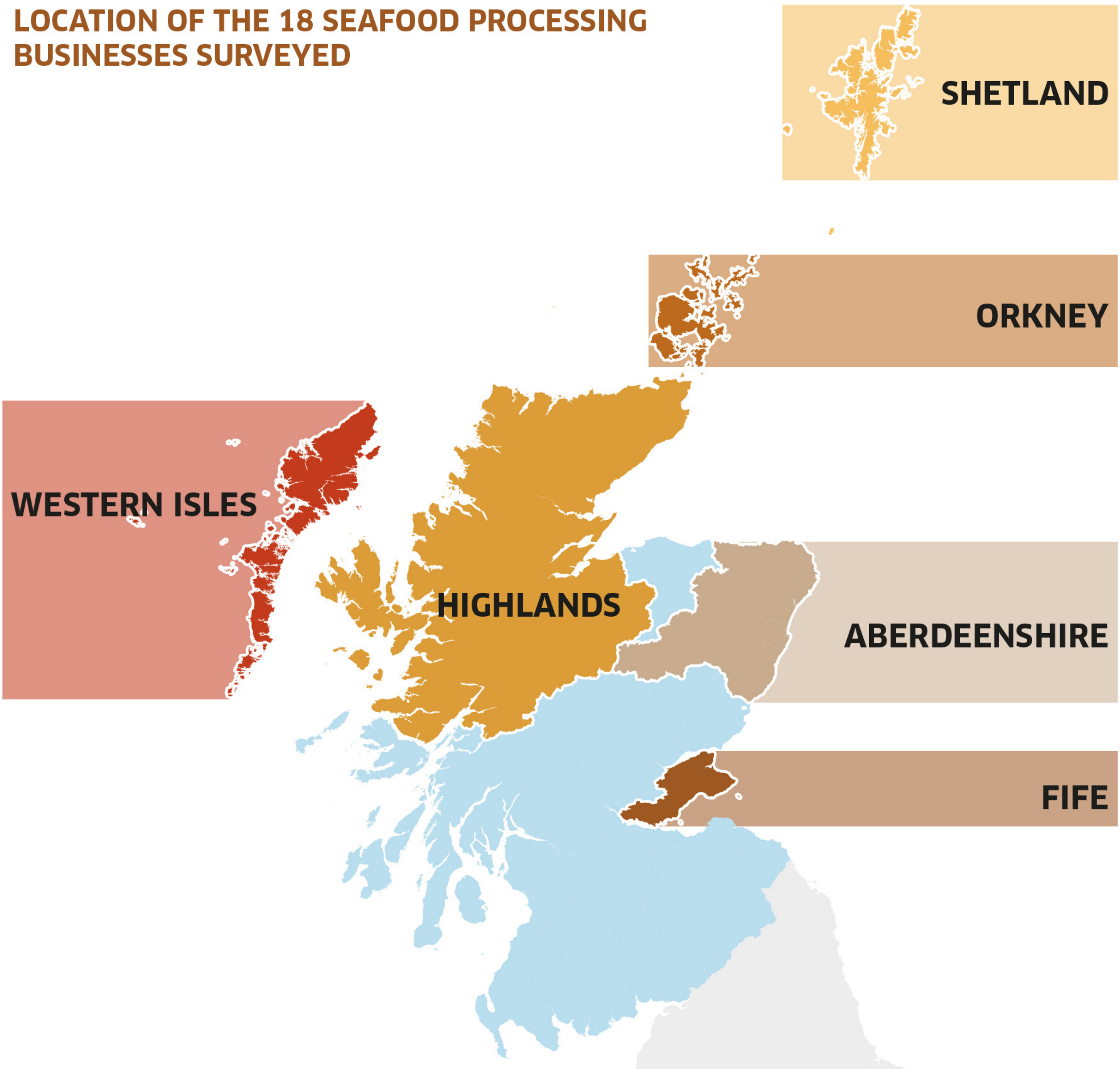
Methodology

Marine Scotland targeted 18 processing businesses engaging in salmon, mixed/whitefish, pelagic and shellfish processing. The 18 businesses employed a total of 3,033 people which represents 37% of those employed in Scottish seafood processing. Businesses targeted were medium (25-50 employees) to large scale (50+ employees) processors in a range of geographical locations throughout Scotland (Figure 1). These businesses were targeted as they are considered to be more exposed to changes in labour, therefore this report is representative of medium to large processing businesses in Scotland. In the majority of cases face-to-face and telephone interviews were used to collect data and in a minority of cases, businesses self-completed the survey questionnaire which they returned to Marine Scotland.

2 Marine Scotland (2016) Scotland's Marine Economy topic sheet

3 Seafish (2017) Seafish Processing Sector Labour Analysis

LOCATION OF THE 18 SEAFOOD PROCESSING BUSINESSES SURVEYED



PROPORTION OF PROCESSING BUSINESSES SURVEYED BY THEIR PRIMARY SPECIES PROCESSED

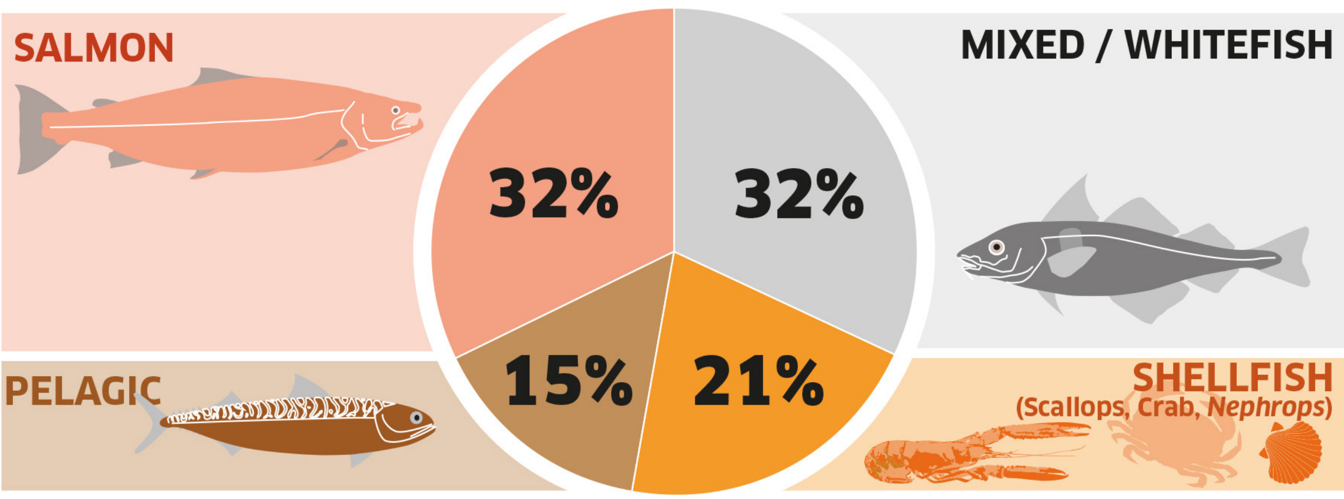


Figure 1: Details of sampled processing businesses referenced in this report

Marine Scotland used a standard questionnaire to collect data from the sampled businesses (*see* Annex A). The questionnaire was sent to processing businesses prior to face-to-face or telephone interviews with business operations or human resource representatives. The survey collected data on:

1) the composition of the workforce;

2) the dependency on and roles undertaken by high and low-skilled workers, and;

3) the possible implications of the UK's exit from the EU.

The survey focused on 2016 employment figures to capture year-round employment activity, including non-permanent/seasonal staff. This allowed businesses to provide reliable figures as 2016 administration had concluded, so total annual figures were known. All processors responding to the survey confirmed that 2016 was representative of their average annual employment patterns and a representative example of the composition of their workforce.

KEY FINDINGS

A. Employment patterns

Of the 3,033 persons working in the 18 processing businesses surveyed, 86% worked on permanent contracts, 12% on non-permanent contracts via an agency and 2% on non-permanent contracts directly with the processing business (Table 1).

Table 1: Contract Type in Scottish Seafood Processing Sector (2016)

Permanent (core staff)	Non-permanent - Direct	Non-permanent - Agency
86%	2%	12%

About 41% of the total workforce of the processing businesses surveyed were UK nationals, 58% were non-UK EEA nationals and just under 1% were non-EEA nationals (Table 1). Further breakdown showed 55% of the permanently employed staff were non-UK EEA nationals, 44% were UK nationals and 0.5% from non-EEA countries (Table 2). Non-UK EEA nationals totalled 81% of agency staff, UK nationals just under 17% and non-EEA nationals just under 2%. A much smaller proportion of workforce employed in the surveyed processors were non-permanent (2%), but directly contracted to the processing businesses (Table 1).

Table 2: Employment figures by nationality (2016)

	UK	EEA	Non-EEA	Total number of workers
Permanent (core staff)	44.3%	55.3%	0.5%	**2596**
Non-permanent - Direct	60.0%	33.3%	6.7%	**60**
Non-permanent - Agency	16.7%	81.4%	1.9%	**377**
Total by nationality	41.1%	58.1%	0.8%	**3033**

A breakdown by contract and processing sector found higher dependency in mixed/whitefish processing where 64% of the permanent workforce and 100% of agency staff were non-UK EEA nationals. This was followed by salmon processing with 50% of permanent and 63% of agency staff, and shellfish processing with 38% permanent but no agency staff, coming from EEA countries (Table 3).

Pelagic processors were the most dependent on EEA agency staff as they made up 100% of their non-permanent workforce (Table 3) and accounted for 43% of the surveyed pelagic processors total workforce. This was also the case for mixed processing, but the number of agency staff was small compared to their permanent workforce (2.5%), and the agency staff were employed to process pelagic species.

Table 3: Employment figures by nationality by main processing sectors (2016)

	Permanent				Non-permanent - Direct				Non-permanent - Agency			
	UK	EEA	Non-EEA	*n*	UK	EEA	Non-EEA	*n*	UK	EEA	Non-EEA	*n*
Mixed	35.0%	64.5%	0.5%	1552	100%	0%	0%	15	0%	100%	0%	40
Pelagic	79%	21%	1%	200	28.6%	52.4%	19%	21	0%	100%	0%	150
Salmon	49.8%	50%	0%	647	76.9%	23.1%	0%	13	33.7%	62.6%	3.7%	187
Shellfish	62.4%	38%	0%	189	45.5%	54.5%	0%	11	0%	0%	0%	0

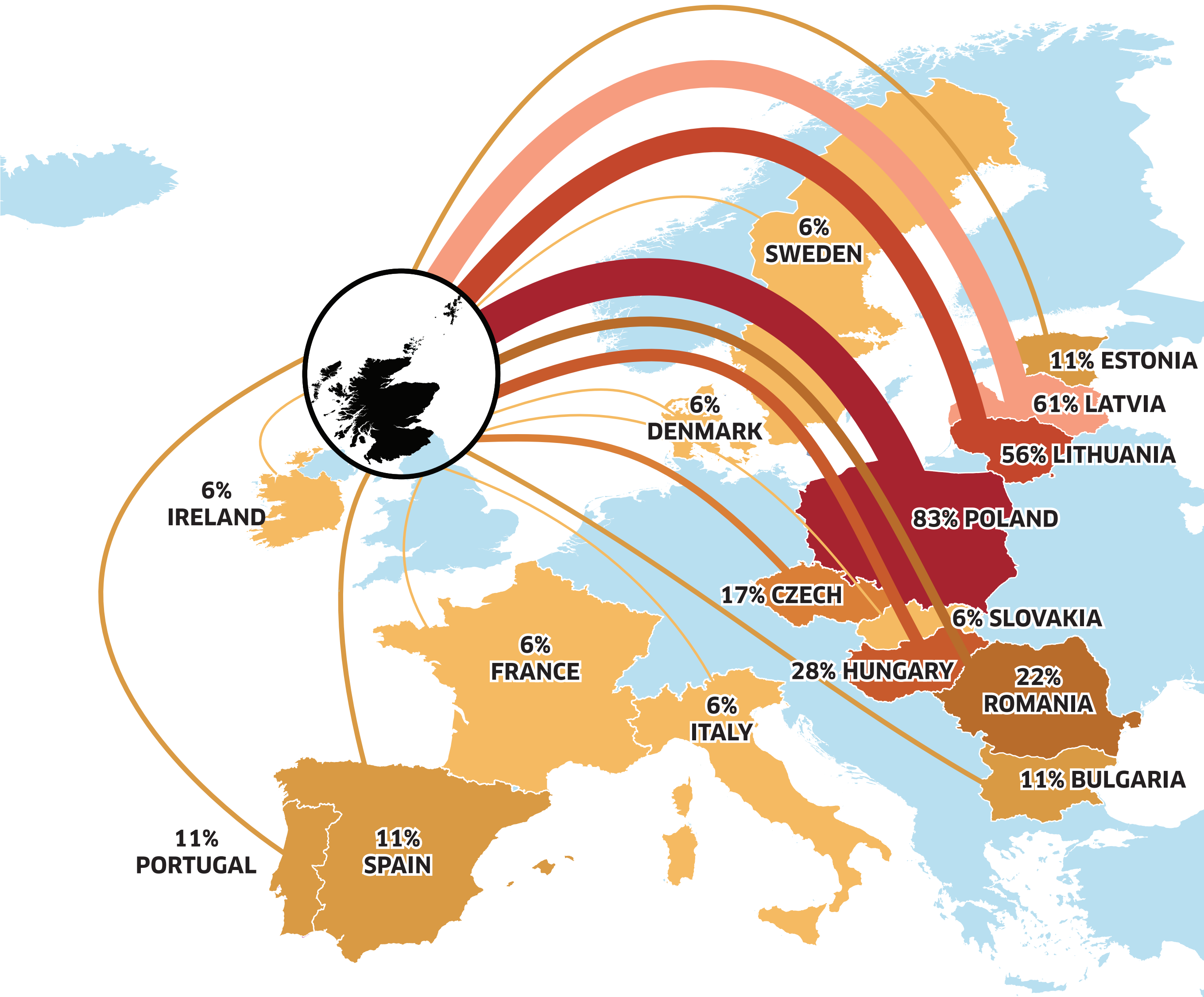


Figure 2: Percentage of survey businesses who cited employing nationals from said country.

For the businesses who employed EEA staff, which was all but one facility in the Highlands, 83% said they employed Polish nationals; 61% of businesses employed Latvian nationals and; 56% employed Lithuanian nationals (Figures 2). As figure 2 demonstrates employees also included Hungarian, Romanian, Czech, Estonian, Portuguese, Spanish, Bulgarian, French, Italian and Irish nationals.

Non-EEA nationals made up a much lower proportion of workers (0.8%), and included nationals from Thailand, Brazil, Egypt, Russia, America, Nigeria, Pakistan, Moldova, Turkey and Tanzania.

B. Dependency on non-UK workers

Companies were asked to define how dependent they felt they were on non-UK employees and how this broke down between low and high-skilled workers. All pelagic businesses stated that their dependency was high for low-skilled employees and one third were highly dependent on high-skilled employees. The remaining two thirds had medium dependence and not dependent on high-skilled non-UK employees.

For shellfish businesses, three quarters stated that they had high dependency and one quarter had medium dependency on low-skilled non-UK employees. For high-skilled labour, high dependency was stated by a quarter of shellfish businesses while the remaining three quarters of shellfish businesses were not dependent on any high-skilled non-UK labour.

For salmon processing two thirds of businesses were highly dependent on low-skilled non-UK labour and one third not at all dependent. One third of salmon processors were highly dependent on high-skilled non-UK labour and one third not at all dependent. For mixed processing 50% of businesses were dependent on both high and low-skilled non-UK workers and one third stated themselves as having a medium dependency on both high and low-skilled non-UK workers.

Reasons given for classifying their dependency as high included: the high proportion that non-UK employees made to their business' total workforce; the inability to shift to more automated or mechanalised progresses e.g. fish filleting and therefore the need to retain experienced staff; low unemployment rates in the local area which makes local recruitment difficult, and; the high quality work ethic of EEA employees.

C. Skills

Businesses were asked to list the roles that non-UK workers undertook in their processing facilities and whether they classified them as low or high-skilled roles. Table 5 presents a list of the jobs that non-UK (EEA and non-EEA) employees occupied in the processing facilities and presents the number of businesses who listed that role.

Table 5: Type of jobs undertaken by EEA and non-EEA employees and frequency cited by businesses

Low-skilled	Number of businesses citing	High-skilled	Number of businesses citing
Factory operatives	8	Supervisors	10
Drivers	5	Managers (Office/Factory)	8
Filleters	5	Engineers	6
Cleaners	4	Quality Control	6
Production line	4	Accountant/Admin	2
Packing operatives	4	Translator	1
Forklift	3		

Most highly skilled roles occupied by non-UK nationals were supervisors (cited by 10 businesses) followed by managers (8), quality control (6) and engineers (6). Most of the low-skilled non-UK roles were factory operatives (in 8 businesses), fish filleters (5) and general drivers (5). Cleaners, production line and packing operatives were listed by 4 businesses and forklift drivers by 3 business. In the case of filleters, there was dispute as to whether they were high or low-skilled given the length of training required to develop the necessary speed and skill required for the role.

D. Recruitment patterns

Businesses were asked about how they recruited EEA workers. Two thirds of the surveyed businesses said EEA workers were recruited by local networks either via word of mouth (33%) or local advertising (33%) (Figure 3). A minority were recruited via agencies, mainly in Lithuania, although some interviewees stated it was becoming harder to recruit via agencies than in the past. Interviewees also mentioned other local recruitment mechanisms such as job centres, local colleges and online.

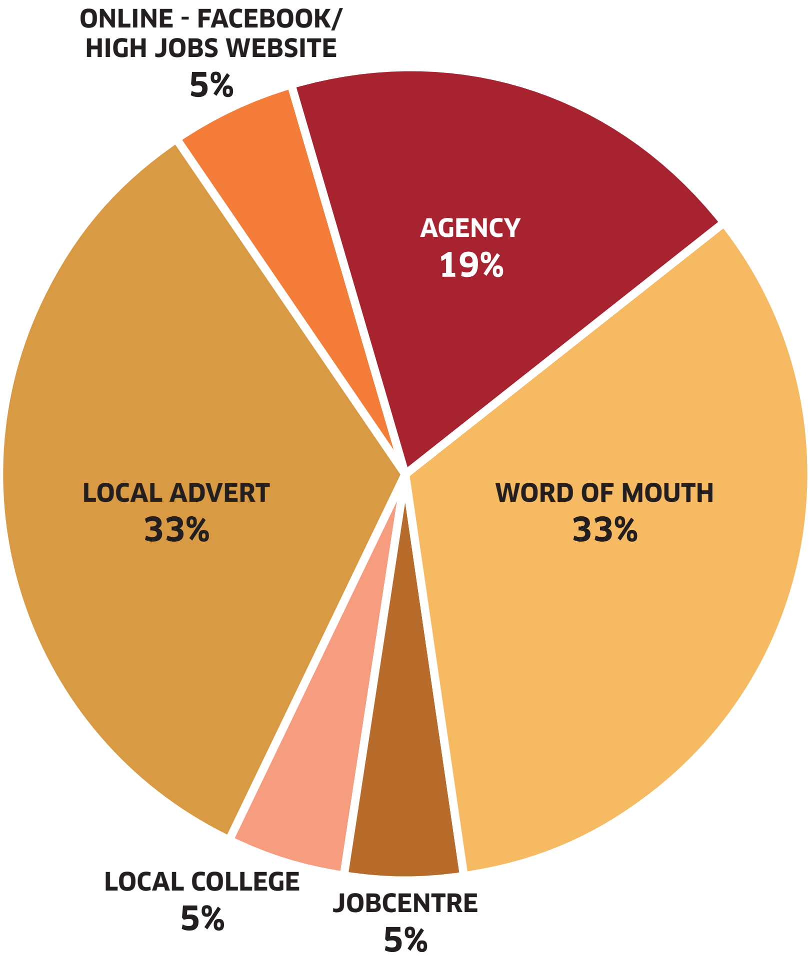


Figure 3: Method of recruitment for processing facilities

E. Implications of loss of non-UK EEA labour

When asked what impact restrictions on the free movement of people would have for their businesses, some respondents said there would be limited impact as they did not employ many non-UK workers. A small number of businesses said it would mean higher workload for the remaining staff and possibly less throughput which would impact on turnover. Some felt that they would not be able to get the quality of staff that they currently have which would affect the efficiency of the factories and pose health and safety risks. A couple of businesses said they would go back to using agency staff and employ more administration staff to handle visa requirements so they could still access reliable staff. Other businesses said they would explore potential investments in technology and more automation as well as moving some processes to different factories – assuming they had the workforce. The remaining businesses felt this be would a huge blow and considered it a direct and significant threat to business survival.

All surveyed businesses stressed the significant challenges around: maintaining the standards required by customers; that some processes cannot be easily automated to deliver high quality products (e.g. fish filleting), and; there would be significant lead-in time and costs to implementing technology change.

CONCLUSION

Most employees in seafood processing in Scotland work on permanent contracts whilst a low percentage work on non-permanent/seasonal contracts, mainly via agencies in pelagic processing.

The contribution of non-UK EEA nationals to the Scottish seafood processing workforce is much higher at 58%, when compared to 42% for the whole of the UK. This was highest in mixed/white fish processing at 64%, the majority of which are found in the Grampian region. This is consistent with the findings from the Seafish report which reported that 70% of the Grampian workforce came from non-UK EEA nations. This is followed by salmon processing with 50% of the Scottish workforce coming from non-UK EEA nations.

Most processing businesses in Scotland stated that they are highly dependent on low-skilled employees, because they occupy key roles on the factory floor. They stressed that for some of these roles significant training is required and therefore they would not recognise the classification of unskilled or in some cases low-skilled labour. Highly skilled employees were considered as important for mixed/white fish processing and some facilities processing other species. As with low-skilled workers, many interviewees classified their highly skilled workers not just in respect of their qualification levels, but also their onsite training and experience of the industry. The main roles occupied by high-skilled workers were supervisors and managers.

The majority of recruitment in seafood processing is via networks (word of mouth) and local advertising. This is similar to the seafood capture industry where local networks remain important for attracting fishing crews. As cited by the capture sector, recruiting UK nationals has become more challenging over the years, which has increased the dependency on a non-UK workforce. This dependency has resulted in the surveyed seafood processing businesses voicing their concerns on finding suitable and reliable labour if, when the UK exits from the EU, there are changes to the free movement of people. This has resulted in some businesses citing the EU exit as a significant threat to their business' operational viability.

ANNEX A: DATA COLLECTION SURVEY

Marine Scotland - Seafood Processing Employment Survey

The aim of this survey is to assess the extent of dependency on migrant workers in the seafood processing sector in Scotland. This data will allow the Scottish Government to be better informed during Brexit transitions on access to non-domestic labour for the seafood processing sector.

This evidence gathering exercise focuses on domestic, EEA and non-EEA workers to understand the risk to the processing sector of changing rights to people movement post Brexit. It will include questions on workers origins, recruitment processes, and the main types of work undertaken.

All the information you provide in your responses will remain fully confidential and used only in aggregated form in any resulting publications. In no way will any of the responses you provide be directly linked back to your business in any of the outputs from this research, or in any other respect. The information you provide will only be used by the Scottish Government.

1. Company name:____

2. Site/Facility/Unit name: ____

3. Site/Facility/Unit postcode: ____

4. Does the volume of product processes in this facility change throughout the year?

YES___ NO ___

4a. If yes, can you please describe the nature (busiest and quietest months) and extent (how much quantity changes) of variability.

____

____

____

5. Number of employees at site **in 2016**

Number of Employees (2016)	Domestic	EEA	Non-EEA	Total
Permanent (core staff)				
Non-permanent (FTA or seasonal) - Direct				
Non-permanent (FTA or seasonal) - Agency				

NB. EEA countries include EU countries, Iceland, Liechtenstein and Norway

6. Would you classify 2016 as a representative year for your employment needs?

YES___ NO ___

6a. If no why not?____

7. Which countries do your EEA staff come from? ____

____

A skilled worker is any worker who has special skill, training, knowledge, and (usually acquired) ability in their work. A skilled worker may have attended a college, university or technical school. A highly skilled worker may have learned their skills on the job but these skills would be recongnised by an independent body whilst excluding mandatory industry training courses required of all employees (e.g. health and safety training/heavy lifting etc).

8. Which countries do you non-EEA staff come from?______________________________

9. How would you describe your company's dependence on the following non-domestic labour?

Skilled – High___ Medium ___ Low____

Unskilled – High___ Medium ___ Low____

9a. If high or medium please explain why?______________________________

____

____

10. What job roles/positions do your EEA and non-EEA staff hold in the company?

	EEA	Non-EEA
Skilled		
Unskilled		

11. How do you recruit: a) your EEA staff? ______________________________

b) your non-EEA staff?______________________________

11a. If you use agency staff, which agencies do you use to hire... labour?

a) Skilled ______________________________

b) Unskilled______________________________

12. Do you offer any additional services/benefits beyond remuneration (e.g. accommodation/ food/ etc.) to your: a) permanent staff?______________________________

b) non-permanent staff?______________________________

13. What proportion of your skilled labour is employed as: permanent staff?______%, as non-permanent - direct? _____% as non-permanent - agency _____%

14. What are the benefits of your current employment structure? ______________________________

____

15. How would your business be affected by losing access to EEA workers? ______________________________

____

Thank you

ISBN: 978-1-78851-490-3 (web only)

Published by the Scottish Government, January 2018

Produced for The Scottish Government by APS Group Scotland, 21 Tennant Street, Edinburgh EH6 5NA
PPDAS337866 (01/18)