



Department
for Environment
Food & Rural Affairs

The Rt Hon George Eustice MP
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Dear Karen, Terry, Kate, and Andrew,

Thank you for your letter of 22 June to the Chancellor of the Duchy of Lancaster and myself following up from the Food and Drink Sector Roundtable.

As you referenced, it was a constructive discussion about the pressures faced by our food system. Your organisations play an important role in engaging with the Government and helping us design and deliver effective policy. Thank you for the recommendations provided in your letter, which communicated a coherent and unified picture of industry need. In this letter we are providing the latest information relating to each of the recommendations made. We will continue to work with you, and the sector, as we tackle these issues and alleviate pressures on businesses to reduce prices for consumers.

The provision of labour for our food and drink sectors remains a priority for Defra, and we acknowledge that the last few years have been particularly challenging with pressures including, COVID-19, supply chain disruption and, more recently, the conflict in Ukraine and cost of living increases. We are grateful for the work you have done to date with businesses and the Government to strengthen domestic recruitment pipelines, particularly in sectors that have historically been heavily reliant on migrant labour.

This Government encourages all food sector businesses to make employment more attractive to UK domestic workers through offering training, career options, wage increases, and to invest in increased automation technology, where possible. We will support efforts to raise awareness among UK workers of career opportunities within the food and drink sector through collaborative working, industry engagement and knowledge exchange.

Your letter recommends several short-term immigration easements to further support businesses. Responsibility for immigration and cross-cutting policies related to our labour market falls across Government, including with Home Office and the Department for Work and Pensions. We will ensure that these requests are understood by each Department, and that our policies are balanced to support our food system into the future.

The Government is already acting on labour provision. To provide longer term security, the Seasonal Agricultural Workers scheme was extended until the end of 2024. An additional provision of 10,000 visas, which includes 8,000 visas for the horticulture sector and 2,000 for the poultry sector, was also announced alongside the Government's Food Strategy, which takes the total number of visas made available this year to 40,000.

In the coming weeks, the Government will also commission an independent review to tackle labour shortages in the food supply chain as part of the Food Strategy. This review will consider the challenges facing food and farming businesses to access the labour they require and will provide recommendations for how policy can address these. Defra will also bring forward proposals to support the sector, and progress recommendations from the Automation Review. The final report will be published in summer 2022 and the Government response in autumn 2022.

Your testimony and subsequent requests regarding taxation underline the significant financial challenges that business and consumers face. However, the Government is similarly challenged by these pressures. We must remain focused on ensuring existing systems, methods, and policies are efficient and streamlined for minimal wastage and maximum benefit to the public and businesses alike. We welcome your views on the priority issues facing the sector and how the Government can best direct existing measures to support businesses most effectively. At the same time, we need to ensure any measures taken forward or reviewed, such as the Apprenticeship Levy, are fiscally responsible within current global economic conditions, and offer value for money to the taxpayer. We will ensure that the proposals you have made are visible in future discussions across Government.

As your letter acknowledges, regulation plays an important role to protect and manage the resources of households, businesses, and environmental conditions, while supporting economic growth. Through regulation, the UK proudly retains world-leading environmental, food, and animal welfare standards. Defra has taken steps to address cost of living pressures and boost process efficiencies, by implementing deregulatory measures, such as labelling easements and removing EU greening rules. Additionally, the recently published Food Strategy has been designed with the aim to ease price pressures over the longer term by removing supply chain bottlenecks, while aiming to minimise costs associated with regulation. The department will continue to engage with sectors to collaborate on solutions and direct existing support measures to where they can be most effective.

The UK Government is also seeking further engagement with industry and the devolved administrations on the concerns and suggestions identified within your letter. Regarding Climate Change Agreements and the ongoing review being conducted by the Department for Business, Energy, and Industrial Strategy, we have passed your views on to their officials and will continue our dialogue regarding the merits of the inclusion of agri-food sectors. Further, we previously launched consultations on the Consistent Recycling Collections, Extended Producer Responsibility (EPR), and Deposit Return Scheme (DRS) reforms. Following stakeholder feedback during the EPR consultation, the Government responded to concerns raised and the decision was made to implement EPR in a phased manner from 2024, rather than from 2023. The Government responses on DRS are planned for this summer, pending Ministerial clearances, with responses on consistency to follow.

The aim of these consultations and ongoing engagement is to ensure that incoming regulatory changes are implemented with minimal burdens, while delivering their designed objectives. We welcome further engagement on reviewing regulation to better serve industry without undermining the role these regulations play in delivering much needed reform, alongside protecting the environment and domestic industries.

Our officials will continue to work with you and your members to explore and progress solutions to these issues, and we are grateful for your continued efforts to deliver and maintain a world-leading food sector within the UK.

We look forward to our ongoing partnership in tackling these issues and working to build a high-skilled, high-wage economy for the future. Please do not hesitate to get in touch if you need further information.



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