

**ECONOMY, ENERGY AND FAIR WORK COMMITTEE****COVID-19 – impact on Scotland’s businesses, workers and economy****SUBMISSION FROM:****NFU Scotland****Briefing to MSPs****CORONAVIRUS: AGRICULTURE SECTOR UPDATE – ISSUE 3**

- Like all sectors of the economy, each sector of Scottish agriculture has or will be impacted by COVID-19 and the restrictions imposed by the virus outbreak. This regular update sets out outstanding questions relating to specific sectors and areas where NFUS requests the assistance of MSPs. NFUS asks for the support of MSPs in communicating the below issues to the Scottish Government.
- NFUS is updating daily an FAQ section on its website ([link](#)) which sets out tailored information for the agricultural sector on the virus, restrictions and guidance from the UK and Scottish governments. NFUS welcomes the various support packages that have been announced by both the Scottish and UK governments and is encouraging as many members as possible to investigate what support might be available to them.
- NFUS is keen to stay in close communication with MSPs as these issues evolve. Please get in touch using the contact details above for further information.

**Guidance on continued operation of businesses in agriculture and food supply chain**

1. Scottish Government has clarified that food production and supply are part of the Critical National Infrastructure and can therefore remain in operation, subject to being able to adhere to safe social distancing practice and normal health and safety requirements. This guidance should ensure that workers on farms and crofts across Scotland can continue in their work of producing food for the nation.
2. However, NFUS continues to be informed of numerous examples where some agricultural and food supply operations, in particular those involved in non-edible produce such as ornamentals, have been closed or queried by the authorities due to a lack of clarity about the interpretation of business premises “*capable of working in a way which is fully consistent with established social distancing advice*” ([link](#)). In these cases, the operations have been adhering to safe social distancing practices and it is greatly concerning to NFUS that it appears an inconsistent approach is being applied in the enforcement of this guidance. For NFUS, it is vital that there is a clear and consistent approach towards the continued operation of food and drink businesses and the supply chain that supports them.

**Actions Required**

3. **As a matter of urgency, NFUS asks Scottish Government to clarify the guidance on which businesses can continue to operate, being compliant with being capable of working in compliance with social distancing.**
4. **Guidance must be developed in conjunction with Police Scotland and set out clear and consistent protocols. Without this clarification, it is impossible for businesses to make informed decisions on the continuation of their operations.**
5. **For those businesses that do remain in operation within the specifications set out in the guidelines, NFUS has produced a letter for employers to provide to employees ([link](#)) to show that they are entitled to travel and go to their place of work. NFUS calls on Scottish Government to provide a standard permit/letter so to provide a consistent approach.**

**Ornamentals**

6. As highlighted above, there are a number of growers of ornamentals in Scotland which have been impacted by an inconsistent application of Scottish Government guidance which will (if they have not already) incur catastrophic losses due to ceased production.
7. NFU Scotland understands that a hardship fund has been put in place within the seafood sector which has been well-received by those in receipt of the fund. NFU Scotland queries whether there is any scope to introduce something similar in order to support growers of ornamentals who have had to halt production.
8. There are critical issues regarding workers within this sector. A large number of non-UK workers are already housed (within appropriate social distancing protocol) on farms in order to undertake picking within the ornamentals sector. The vast majority of these workers had been planning to move to other horticultural farms to undertake picking in the fruit and vegetable sector within the coming weeks as the fruit harvest gets underway.
9. With fruit and vegetable production clearly coming within Critical National Infrastructure, it is vital that this workforce is maintained so that these can be harvested. If these workers are not enabled and incentivised (in terms of pay) to stay in Scotland then there will be a critical labour shortage when the soft fruit harvest begins in a matter of weeks.

**Actions Required**

10. **NFUS asks for the support of MSPs in calling for a rescue package for growers that have incurred significant losses in ornamentals due to halting production.**
11. **NFUS calls for immediate clarification from Scottish Government on whether non-UK workers can be incentivised to stay on in Scotland, within safe social distancing protocol, in the 'bridge period' between ceasing picking for ornamentals and starting picking in soft fruit in a few weeks' time.**

**Agricultural Sick Pay**

12. The minimum rate of sick pay an agricultural worker can receive in Scotland is set by the Agricultural Wages (Scotland) Order. For eligible workers working a 39-hour week, the rate of Agricultural Sick Pay is £320.19, with an increase in the hourly rate for workers of 50p coming into force from 1 April 2020. This minimum rate significantly exceeds the rate of Statutory Sick Pay (SSP), which is presently £94.25 a week. This significant discrepancy is putting agricultural businesses at a disadvantage to other sectors.
13. The recent changes through the Statutory Sick Pay (General) (Coronavirus Amendment) Regulations 2020 also has implications for Scottish agricultural businesses. The regulation means employees will be eligible for SSP from the first day of absence where they have self-isolated in accordance to guidance from Public Health Bodies in Great Britain and are unable to work. For Scottish agriculture, this means that workers who are eligible for Agricultural Sick Pay will receive SSP for the first three days of absence and received the enhanced Agricultural Sick Pay provision from the fourth day of absence for a maximum of 13 weeks.

**Action required**

14. **NFUS is calling for an immediate support package to refund the difference between SSP and Agricultural Sick Pay for workers absent due to COVID-19. NFUS considers that such a measure will ensure that Scottish farming and crofting businesses are better equipped to provide support and security to their employees during this volatile and unprecedented time.**

**Brewing/distilling and animal feed**

15. NFUS understands that there are some concerns about the adequacy of animal feed supplies as the situation with COVID-19 progresses. It is understood that in the last fortnight there have been some shortages in the Northern Isles, predominantly arising from farmers panic buying and stockpiling.

16. A further, more pressing concern regards the availability of the brewing and distilling co-products which are used within animal feed. It is understood that with some brewers and distillers considering reduced or ceased production at this time then there will be an immediate impact on the availability of animal feed. This is a particular concern if there are further restrictions on imported feed.

#### **Actions required**

17. **NFUS believes that for those breweries and distilleries that can continue production under safe social distancing guidelines then there could be scope for Scottish Government to incentivise them to remain open and in production. NFUS asks for MSPs support in encouraging this with the Scottish Government.**

#### **Agricultural commodity price impact**

18. **Lamb.** Last Monday (23 March) liveweight lamb prices across the UK fell sharply. Cull ewes fell on average almost £37 a head, a drop off over 33 per cent. This is down to the losses in the critically important export markets, with open-air city markets in France close. The sheep-meat sector will also be hit by a lower than usual demand due to families unable to spend the holiday together.
19. **Beef.** Beef is also undergoing some market destabilisation due to the closure of the hospitality market, with consumers opting for versatile minced or diced beef products at retail, and a reduction in the demand for higher value cuts which perform well in hospitality.
20. **Dairy.** NFUS has significant concerns about an oversupply of milk on the market and lack of processor capacity. NFUS is concerned that due to the inability of processors to collaborate in order to open up the supply chain to expose where there is over and under-supply, then 'dumping' of milk on farm could become a reality.
21. NFUS wishes to highlight that governments must be cognisant of the immediate risks on-farm that will be presented by market failure (in terms of animal welfare and business resilience) should any agricultural commodities be unable to recover cost of production from the marketplace. And in any such situation, for governments to consider direct income support for primary producers.
22. At present, prices for fruit, vegetables (including carrots), potatoes, combinable crops and pork are stable; NFUS is retaining a watching brief on these markets.

#### **Actions Required**

23. **That the UK Government and Scottish Government jointly monitor the red meat market to understand what impacts COVID-19 is having on the supply chain, and ultimately the farmgate price, through the UK Market Monitoring Group.**

**24. That the UK Government and Scottish Government jointly examine retailer and processor dealings in the dairy supply chain with a view to encouraging collaboration and finding new markets for surplus milk.**

### **Agri-food supply chain collaboration**

25. The President of NFU Scotland has this week written to the Secretary of State for Environment, Food and Rural Affairs and the Scottish Government's Cabinet Secretary for Rural Economy and Tourism thanking both governments for collaborative engagement that is supporting the whole food and drink supply chain to keep produce moving to retailers during the national lockdown.
26. NFUS is closely monitoring prices across the agricultural commodities. For some agricultural commodities, the loss of the export market and/or the foodservice sector has presented particular challenges and NFUS considers that more could be done by retailers to meet the realignment of distribution that the market needs in this crisis.
27. NFUS considers that the significant hike in demand within retail for food and drink products underlines the importance of instilling guaranteed contracts, payment on delivery and price transparency in dealings between retailers and their suppliers to ensure fairness through the whole supply chain and back to the primary producer.

### **Actions Required**

**28. If all retailers were to adopt this practice during this period of extraordinary high demand it would give significant confidence to the agricultural sector. NFUS asks for the support of the Scottish Government and MSPs in seeking reassurances from UK Government that fair dealings are instilled throughout the food and drink supply chain at this critical time.**

### **Implications in the countryside**

29. NFUS is a keen advocate of responsible access-taking in the countryside. However since the lockdown restrictions have been in force, it has received a significantly increased number of reports of irresponsible access-taking by members of the public on farm land. Most reports relate to litter, the worrying of livestock by dogs (which is particularly problematic during the current lambing season), and gates not being left as they were found. NFUS is working with SNH and Scottish Government on this issue and understands that further guidance on responsible access-taking for the public will be shortly forthcoming.
30. With the closure of recycling and refuse centres, NFUS has also received a spike in reports of flytipping on agricultural land. With police resources significantly stretched at this time, NFUS is working with other land-based stakeholders to signpost to Dumb Dumpers ([link](#)).

**Actions required**

31. **NFUS is grateful for the support of MSPs in highlighting to constituents their responsibilities when it comes to access-taking in the countryside.**
32. **NFUS would welcome the support of MSPs in reiterating the illegality of dumping waste in the countryside.**

**Worker shortages**

33. NFUS has established an employment-matching service on its website which is open to any individual who may be able to undertake farm work. The initiative will match these individuals with NFUS members who are experiencing labour shortages on their farms as a result of the coronavirus situation. The site is available [at this link](#).
34. NFUS understands that similar initiatives are underway to fill worker shortages that are anticipated for sheep shearers ([link](#)) and animal welfare services including other skilled/experienced farm work ([link](#)).

**Actions Required**

35. **NFUS is grateful for the support of all parliamentarians in promoting the initiative to constituents – either agricultural businesses that are experiencing labour shortages, or individuals who may be out of work and in a position to assist.**

## Briefing to MPs

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### **Actions Required**

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## Worker shortages

40. On 30 March the EU Commission published a communication relating to the free movement of 'critical workers', including seasonal agricultural workers ([link](#)). This communication, if applicable in the UK, could provide significant relief to Scottish growers who are facing severe worker shortages with the potential to lose significant amounts of crop that may go unpicked.
41. Until issues regarding the movement of workers from outside of the UK are resolved, NFUS has established an employment-matching service on its website which is open to any individual who may be able to undertake farm-work. The initiative will match these individuals with NFUS members who are experiencing labour shortages on their farms as a result of the coronavirus situation. The site is available [at this link](#). NFUS understands that similar initiatives are underway to fill worker shortages that are anticipated for sheep shearers ([link](#)) and animal welfare services including other skilled/experienced farm work ([link](#)).

### **Actions Required**

42. **NFUS asks MPs to request clarification from the UK Government as to the applicability of the EU Commission's communication on the movement of critical workers in the UK as a matter of urgency.**
43. **NFUS asks whether MPs can clarify that workers furloughed as part of the UK Government's Job Retention Scheme are able to take on temporary work with a new employer whilst part of this Scheme.**
44. **NFUS is grateful for the support of all parliamentarians in promoting the initiative to constituents – either agricultural businesses that are experiencing labour shortages, or individuals who may be out of work and in a position to assist.**

## Pensions contributions for temporary/seasonal staff

45. Under current rules employers must pay a minimum of 3% of staff member's earnings into their pension with the total combined payments by staff and employee being no less than 8%. NFUS supports this, recognising that it helps produce a level playing field amongst employers. However, the pension requirements also apply to harvest workers because their wages are generally well above the weekly earnings threshold of £118 per week.
46. In any normal year, the problem for farms employing a lot of temporary/seasonal non-UK workers is that there is a lot of administrative effort involved in enrolling the workers for the pension and most if not all are not interested in building up a small pension pot in the UK that is not in their currency and that they cannot easily access until they are in their mid to late 50s.
47. Due to the reasons set out above, it is anticipated that there will be a significant shortfall in non-UK workers being able to undertake work in the UK this season and as such,



growers hope to be able to recruit UK resident workers through the aforementioned labour-matching service for this season.

48. It is anticipated that very few, if any, UK resident workers will take on employment on-farm this season with a view to staying on permanently, instead wishing to make as much money as they can until their normal employment resumes. It is not therefore anticipated that these temporary workers will expect to contribute to a separate pension pot.
49. Although workers can opt out of the pension scheme, this cannot be suggested by employers, to avoid them putting pressure on workers to not participate.

#### Action required

50. **NFUS asks whether the requirement for temporary farm workers to be enrolled in a pension scheme be lifted should be suspended, at least until the end of 2020 with a commitment to review the requirement. NFUS would appreciate any political support in communicating this to the UK Government.**

#### Sector impacts - Soft Fruit and Field Vegetables

51. Without knowing if workers will be available growers will need to make business decisions on whether to proceed with taking crops through to harvest. For example, a large broccoli grower reports that to grow a crop of broccoli requires input cost of £1,300 to £1,500 per acre - so a 400-acre broccoli grower needs to commit circa £500,000 with no guarantee of having any labour to harvest. With only 15% to 20% sown we are at a critical time for growers to make decisions to reduce the remainder of their planned production.

#### Actions Required

52. **If the UK Government could underwrite the cost of growing crops this would give growers the confidence to go ahead with production when there is so much uncertainty about over the availability of labour. NFUS has posed this question to the UK Government and would appreciate any support in gleaning the possibilities around this.**

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