



# What Can Companies Do To Access Labour Post-Brexit?

# Contents

Intro .....	2
Overview Of The Problem.....	3
Barriers to accessible labour in a global crisis.....	4
Brexit.....	5
Covid-19.....	6
Global Economy.....	7
How can companies action labour accessibility as both short and long term solutions?.....	9
Employee perks and benefits.....	10
Financial Incentives.....	12
Government Assistance.....	13
The Future of Accessible Labour.....	14
Case study: UK Food and Drink Sector.....	15

# Intro

As we move into the second half of 2022, the world continues to deal with the impact of several major global events; the coronavirus pandemic and Brexit; the withdrawal of the United Kingdom from the European Union. Both have had an impact on most of our daily lives and the ripple effects are felt far and wide; most frequently in the form of global labour shortages.

For example, we can look at the recent fuel crisis in the UK – not due to a lack of fuel, but rather a shortage of the drivers required to transport it, and a system struggling to handle the demands placed on it by people unavoidably needing to fill their vehicles.

“an impact on most of our daily lives and the ripple effects are felt far and wide”

Such a situation only highlights ongoing issues for businesses accessing workers. We should now ask ourselves what companies can do to attract and retain the right staff in this strange new world we find ourselves living in?

# Overview of the problem

1,295,000



Job vacancies in the United Kingdom between Feb '22 and Apr '22



63%

say it would be difficult to go to work if they no longer had a car

65%

consider turning down a job due to travel time and cost

1 in 3

reported not being able to get to work in 2018 due to travel costs



25%

of a workers salary = the turnover costs for warehouse staff

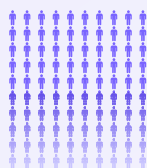


56%

The number of candidates now seeking a flexible working arrangement.



Employment of EU nationals dropped 8% from 2.4 million in Jan-Mar 2020 to 2.2 million in April-June 2021



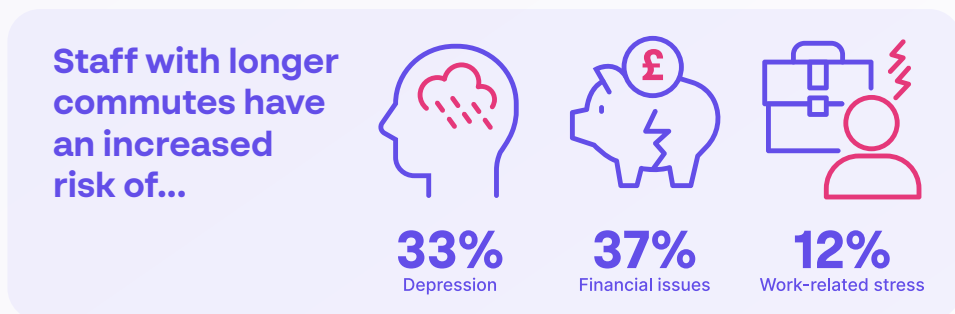
50-100%

the average turnover rate for warehouse staff in the United Kingdom.

# Barriers To Accessible Labour In A Global Crisis

Labour shortages can occur for a multitude of reasons; a lack of skilled individuals with the expertise needed to carry out the job, workers who don't want to take on a role because of poor pay and even poorer conditions, or even workers who are making the conscious choice to retire earlier in life.

Take warehouse staff turnover for instance, which is steadily increasing. The average turnover rate for warehouse staff is approximately 50-100%\*. Figures fluctuate by industry but turnover costs for warehouse workers can reach 25% of the salary which eats into profits and slows down productivity.



From enticing employees with perks like affordable or subsidised transportation – for which companies like Zeelo are paving the way – or looking to the Government for incentivisation opportunities and support. And while job vacancies are on the rise, the responsibility is on businesses to attract the right people.

Let's take a deeper look into the reasons behind current labour shortages in the UK and why HR's top concern in 2022 should be how to find the right workers.

# Brexit

On December 31st 2020, the UK Government signed the Immigration Act into law. How was the impact of such legislation felt? Freedom of movement ceased for all EU citizens without registered residence. Replacing that, a points-based immigration system came into effect, encouraging organisations to focus training and investment on the UK workforce.

Now, individuals seeking to work in the United Kingdom must apply for various permissions; they're awarded points according to criteria such as skill set, knowledge of English, and income. In short, immigrating to the UK for work is much more challenging in a post-Brexit world.

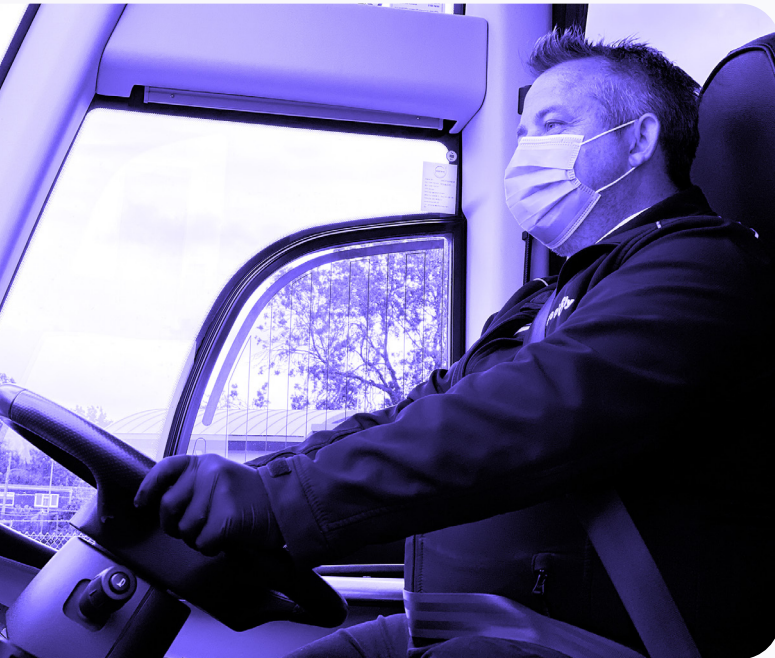
**"one horticultural company says they lost 25% of staff since January 2021"**

Establishing the labour availability issues of the UK Food and Drink Sector highlights improved pay and tax reliefs for people in their home countries. And one horticultural company says they lost 25% of staff since January 2021 as people headed to Norway, where pay is much better. Furthermore, the new points-based immigration system mentioned above has locked out low skilled workers, particularly drivers, butchers and seasonal workers.



# Covid-19

Although the reported figure of 1.3 million non-UK workers leaving the country during the pandemic has been discredited as too high, some migrant workers have indeed returned home. For example, ONS figures show employment of EU nationals dropped from 2.4 million in Jan-Mar 2020 to 2.2 million in April-June 2021. People moved home to be closer to family, often to countries where the cost of living is lower.



As the economy has reopened, even if workers with settled or pre-settled status can return to the UK, would they want to? Brexit may have left a bad taste in people's mouths, or else many have found that there are better employment options elsewhere.

Despite the Government's Job Retention Scheme – furlough – ending at the end of September 2021, vacancies are still likely to remain high. Why? The Recruitment and Employment Confederation (REC) says furloughed workers who lost their jobs when the Scheme ended may not find roles within the industry they previously worked in. To capitalise on post-COVID job opportunities, many may find they need to reskill.

# Global Economy

What may be most concerning to some would be the impact of labour shortages and employment challenges on the economy. The UK has been downgraded on its GDP expectations for 2022 to 3.6% from 4.2% in its previous forecast. According to the Organisation for Economic Co-operation and Development (OECD), the United Kingdom is also facing deeper scarring than many other G7 countries.

The downgrade is primarily due to a deteriorating outlook on consumer spending and a weaker-than-expected rebound in business investment, coupled with rising raw material costs, the increase in the energy price cap, the reversal of the hospitality VAT cut, and upward pressure on energy and commodity prices as a result of Russia's invasion of Ukraine.



The United Kingdom faces the same supply concerns as other modern economies, but Brexit adds to the complexity. Although most of the repercussions of Brexit – lower investment expenditure, trade frictions, and reduced labour market flexibility – will take time to manifest, some of the implications of leaving the European Union are already painfully visible, with reduced labour supply being one of the most visible.



Labour shortages are negatively impacting a variety of industries. Here are a few examples of sectors and businesses feeling the pressure:

- A lack of HGV drivers impacts the supply of food and fuel. According to the Road Haulage Association, Britain requires about 100,000 extra lorry drivers. Employers experiencing shortages include Tesco, Amazon, John Lewis, Greggs, Iceland, McDonald's and Nandos, with supermarkets fearing shortages.
- Wagamama is having trouble recruiting chefs at a fifth of its UK sites. According to The Caterer, one in six hospitality roles is vacant at the moment.
- A lack of abattoir workers means 120,000 pigs face culling in the UK.
- In August 2021, the British Poultry Council reported farming and processing businesses had an average job vacancy rate of 16%.

# How Can Companies Action Labour Accessibility As Both Short And Long Term Solutions?

From February 2022 to April 2022 we saw the number of job vacancies in the UK reach another record high of 1,295,000, though figures continue to show a slow rate of growth. What then, can companies do to access much-needed labour in such a difficult time? Here we examine some dynamic yet easy-to-implement strategies for businesses to attract a suitable workforce.

If lack of skills is the issue, increased (and better) training becomes the answer. However, that takes time, meaning a short-term plan may be necessary, such as temporary interventions and a relaxation of visa rules. Where there are poor pay and/or conditions, the solution could be to improve both. However, doing that may increase prices and reduce the demand for workers.

Alongside these factors, candidates now expect flexible working policies where possible. A survey of tech jobseekers highlighted that 18% want fully remote jobs, 25% would prefer a totally office-based role, but the vast majority (56%) are seeking a flexible arrangement.

Flexibility is no longer seen as a privilege – it's become a much-needed perk or way of life for today's workforce and can now be used as an additional way to attract labour.

# Employee Perks And Benefits

As part of a longer-term plan, employee benefits can be a great tool to attract job seekers, retain current staff, and enhance general productivity. Once upon a time, discounted gym membership was as good as it got, but the situation is constantly evolving. Now we see an increase in wellness packages, training and development opportunities and access to reduced/subsidised commuter transport opportunities.

Take Zeelo, for instance; our sustainable commuting services for businesses, governments (and schools) can unlock employee pools, and attract more workers than would otherwise be possible.



The daily commute is a major factor when candidates assess employment opportunities. Lengthy, traffic-heavy journeys increase anxiety and reduce time spent at home with family. Our stress-free alternative to driving or using traditional means of public transport offers workers a more relaxing commute and lowers their travel costs.

An innovative, smart and sustainable employee bus service like Zeelo provides a fully managed fleet at affordable prices, with flexible booking and cancellation,

and safety a top priority. Our cutting-edge technologies offer live tracking, data insights and 24/7 support. And the buses are equipped with wifi, meaning employees can catch up on emails or listen to their favourite podcasts or radio show.

We're on hand to help you design dedicated routes and add new ones, extend catchments to more rural localities, and attract more workers. For example, our client Amazon was able to meet recruitment goals at their Tilbury site by targeting workers from areas with historically poor transportation options.

We can also help you hit sustainability targets, by reducing parking pressure and congestion at your site. One Zeelo transport solution removes around 30 cars from the road, lowering traffic, air pollution and carbon dioxide emissions.

When we provide transport to 100 people, you save 403 kilograms of carbon dioxide every day – 91 tons across a year, or the equivalent of planting 600 trees. Our platform also offers electric vehicles, meaning clients can upgrade to a fully electric service, helping the environment further with a net-zero commute.

# Financial Incentives

According to Carl Hughes, MD of Hughes Driver Training School, HGV drivers have been on the receiving end of two or three pay rises without even asking, because of unprecedented demand and lack of supply.

Other businesses offering monetary incentives include Amazon, with a £1,000 sign-on bonus for permanent staff announced in August 2021. More recently, they're using bonuses to attract temporary staff and recruit 20,000 seasonal UK workers. Similarly, John Lewis and Waitrose drivers received a base rate pay rise of about £2 an hour, and Tesco is giving £1,000 joining bonuses for HGV drivers.

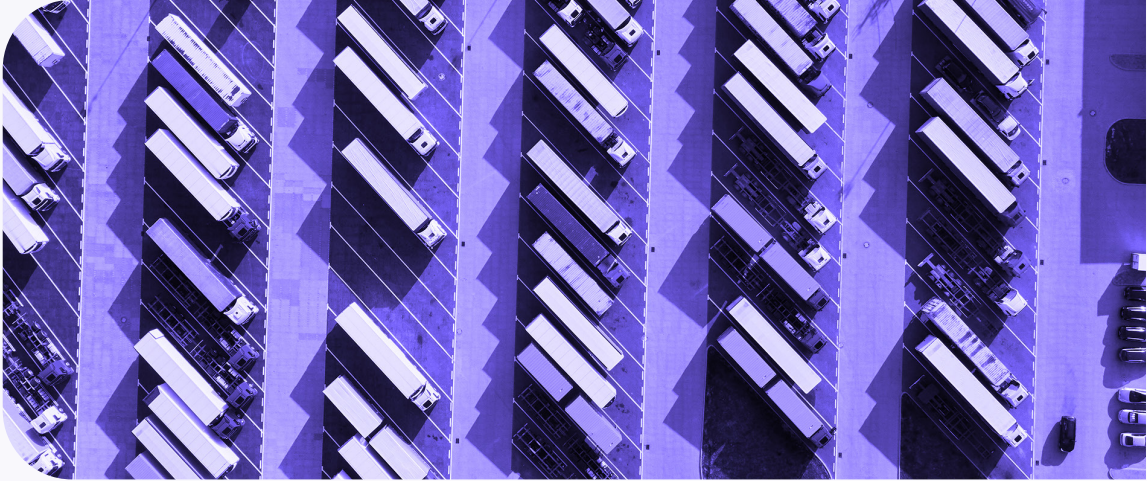
“businesses offering monetary incentives include Amazon, with a £1,000 sign-on bonus for permanent staff”

However, according to LSE Professor Alan Manning, workers being offered higher wages should make the most of it, because the current situation may not last forever as “business models adjust”.



# Government Assistance

In the lead up to Christmas in 2021, the Government introduced temporary visas which made it easier for foreign lorry drivers to work in the UK and tackle supply chain issues the country faced at that time.



Following this, came governmental schemes and programmes designed to focus training and investment on the UK workforce. The Kickstart Scheme, as an example, provides funding to create new jobs for 16 to 24-year-olds on Universal Credit who are at risk of long term unemployment. The Government also provided additional funding for employers seeking to take on apprentices.

The Department for Education is also investing up to £10 million in new skills boot camps to train up to 3,000 additional individuals to drive heavy goods vehicles. The free, short, intensive training will prepare drivers for the road and enable them to obtain a category C or category C&E licence, which will assist address the present HGV driver shortage.

# The Future Of Accessible Labour

According to the CBI, a labour shortage crisis could last up to two years, with long term methods like additional training and upskilling taking time to generate results. Immediate shortages won't solve themselves, so there's a call to simultaneously focus on short-term economic needs and addressing long-term economic reform. The former includes temporary and targeted visas and controlled immigration, while the latter involves helping the British labour force become more highly skilled and productive.

"Another long-term solution involves unlocking employee pools and attracting new candidates by offering alternative, affordable and sustainable commuting options"

Another long-term solution involves unlocking employee pools and attracting new candidates by offering alternative, affordable and sustainable commuting options. That's where Zeelo comes in. Our fully-managed bus service is easy to use, well-designed and tech-forward, using algorithms to help companies hire further afield. A budget-friendly commuting option is a big perk for job seekers, drawing them to roles while incentivising current employees.

To find out more about what we do and start travelling with Zeelo, get in touch today.

# Case Study: UK Food and Drink Sector



This sector comprises of: Agricultural Industries, Confederation Limited, British Frozen Food Federation, British Meat Processors Association, British Poultry Council Limited, Dairy UK Limited, Federation of Wholesale Distributors, Food and Drink Federation, National Farmers Union, National Pig Association, Road Haulage Association Limited, The Cold Chain Federation, and UK Hospitality.

Alongside Brexit and Covid causing labour shortages, other key recruitment challenges facing the industry are:



- Age – nearly a third of the workforce will reach retirement age by 2033-35
- Reliance on migrant labour
- Negative perceptions of the industry
- Competition from other larger businesses in the sector paying higher wages
- Skills shortages at all levels
- The geographical spread of talent, often located in rural areas
- IR35 regulations that result in income falls of up to 25% in some areas



The sector has taken action to try and mitigate risk by:

- Increasing wages to attract and retain staff and remain competitive
- Implementing retention bonus schemes
- Offering workers flexible shift patterns
- Incentivising with extra holiday days
- Using apprenticeship programmes
- Investing in on-site accommodation
- Utilising social media campaigns

Despite these efforts, recruitment and retention of staff remains an ongoing issue, and with the knowledge that continued pay rises are unsustainable in the long run without the need to increase the cost of food, the Food and Drinks sector is asking for:

- A 12-month Covid-19 Recovery Visa
- Revision and extension of the Seasonal Worker Pilot Scheme
- Greater research and statistics on the impact of ending free movement
- Immediate action to reduce HGV shortages
- Review of the Migration Advisory Committees (MAC)
- Shortage Occupation List (SOL)

Alongside these interventions, the sector is also seeking additional action:

- UK Governments to promote the industry as a career choice
- Develop a coordinated approach to training
- Review and expand the Kickstart Scheme
- Introduce a Lifetime Skills Guarantee
- Review of our immigration policy
- Better incentives for apprenticeships
- Extend the Youth Mobility Scheme