



British Berry Growers Position Statement on SEDEX – SMETA Audit Standards

Background

BBG members make up the biggest crop group in UK horticulture, accounting for circa 30,000 of the Seasonal Workers' Scheme (SWS) visas. Workers are generally based on one location for the period of employment in the UK - which is different to other short season crops within UK horticulture.

The current scheme for the supply of seasonal labour to UK agriculture was constructed by the last government post Brexit and regulates the supply of seasonal workers through a small group of providers. The implications of this policy decision are -

- Growers who previously had a GLAA license and the ability to recruit direct now have to pay circa £300 per head to use a service provider. Even when staff return the following year the cost is still £300 per head.
- The service providers are now sourcing from new territories, often outside of the EEC - such as the Russian Stan States, the Far East, Africa and South America. All of which require long flights or multiple flights to the UK, which by definition are expensive.
- Workers have to purchase a UK visa from the Government at £350 per visa, some £10.5 million of Government income from the berry sector alone. In addition workers from the new territories often have to pay an 'admin' fee to their national government to work abroad.
- Under the EPP principle, grower recruitment costs paid to third parties, with visa and transport added, would reach £1,500-£2,000 per head from the current £300 per head. If we assume 30,000 workers recruited for the British berry industry, this will cost our industry between £45m and £60m pa in new costs.
- An EY survey of the UK berry production sector completed in July 2024 shows a total farm gate return of £577 million¹ and an average EBITDA of 4.3%. Without mitigation through cost recovery from retailers – and ultimately consumers should retailers choose to charge higher retail prices – BBG anticipates this extra cost, if borne by growers, could lower industry EBITDA to between -3.5% and -6.1% which would destroy the entire sector at a stroke.

Commented [NM1]: To be defined / completed once known from EY

British Berry Growers Position

The interpretation of the ILO guidance that Sedex has selected is in contradiction to the interpretation of ILO guidance currently being used by the UK government in the Seasonal Workers Scheme, which states that visa costs are not required to be paid by the employer and that travel costs should only be

¹ The survey was based on sampling 46% of the BBG membership by volume and the results obtained were first grossed up to represent the full BBG membership output, and then further grossed up to represent the full industry including growers who are not part of BBG.

paid if the employee is given no choice over the route, method and cost of travel. If the employee is free to make their own choice, then that travel cost does not need to be paid by the employer.

Retailers via the BRC are working with Defra on a jointly funded Employer Pays Principle (EPP) feasibility study, which will investigate the potential use of the EPP for the Seasonal Worker visa route. This report is due to be completed in Spring 2025. The BBG position is that the burden of cost cannot be absorbed by our members without the cost being underwritten by either retailers or the Government.

Given the current UK government position above, the ongoing work on the feasibility of actioning the EPP, and the need to have absolute clarity and unanimous agreement from the retail industry on both **how the EPP would be delivered and how the cost would be borne**, we ask the following

- The current requirement for Employer Pays travel and Visa costs should be removed from the SEDEX 7.0 audit standard until the above two points have been agreed jointly by the BRC on behalf of all retailers, and the industry.
- In the interim the BRC on behalf of all retailers confirm that no action will be taken on audit non-conformance on the above point.
- That in future all Farm and Packhouse Assurance Schemes should have a mandatory requirement for a proper governance structure which allows for full consultation of all stakeholders, consideration of all the consequences of the scheme requirements including both cost and practicality, and a jointly agreed action plan for any agreed change involving all stakeholders.
- Should the EPP be adopted, along with other initiatives of this type which may be proposed in future (such as the increasing cost of travel linked to net zero surcharges), the costs must be identified as a separate cost line within retailer pricing so that the cost to growers is fully recognised and recompensed.

ENDS