

Responses to the MAC consultation on the impact on the UK labour market of the UK's exit from the European Union.

Wholesale and Retail Trade (SIC 45-47)

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Mitsubishi Electric Europe BV

I am writing on behalf of Mitsubishi Electric Europe B.V. and Mitsubishi Electric Air Conditioning Systems Europe Ltd. in response to the Migration Advisory Committee (MAC) call for evidence on the economic and social impact of the UK's exit from the EU.

Mitsubishi Electric Europe B.V. (MEU) is the sales company which sells and provides after sales service of electric equipment used in Energy and Electric Systems, Industrial Automation, Information and Communication Systems, Electronics Devices, and Home Appliances in EMEA market, belonging to the electric and electronics manufacturing sector. It has 2,485 employees on the Pan European basis as of the end of March, 2017. In UK there are 625 employees in Hatfield, Croydon, and Uxbridge as of today.

Mitsubishi Electric Air Conditioning Systems Europe Ltd. (M-ACE) is the manufacturer of air conditioning units and systems for the commercial use. It is located in Scotland, and has approximately 1,000 employees as of today.

We welcome the opportunity to respond to your call for evidence and are encouraged by your open and transparent approach to this very important issue. We employ 13 EEA nationals in the UK. Those EEA nationals complement our wider UK workforce, including UK employees. EEA nationals therefore make up over 20% of our UK workforce in M-ACE in particular.

Annex A to this letter contains a full response to the questions in your call for evidence, where they were appropriate for us to answer. The key issues for your considerations are :

- We plan to have sustainable growth of our business over the long-term future UK labor shortages mean we expect to need EEA national employees to make a success of it.
- Our companies have challenges to keep our businesses sustainable growth, and then keep the employment in the market.
- In the labor market of our segment, it is very competitive to obtain the capable and skillful employees due to the shortages of UK labor market. In such circumstances, it is appropriate for us to employ EEA workers to achieve our business plan.
- Especially, in M-ACE, the ratio of EEA workers among total employees reaches 20%, and then they are very valuable workforce.
Approximately 10 years ago, the growth of M-ACE was helped by the increased supply of EEA workers during a period when the supply of UK workers was limited.
- EEA nationals bring good skills that are in short supply in the UK and that we will need to continue to employ them.
- If we cannot keep the current EEA workers due to the transition to Brexit, there will have big impacts to both M-ACE and MEU for the finance, the economical, and the operational reasons.

We hope our response to the call for evidence is instructive. We would be very happy to speak to the MAC direct to answer any questions you may have.

Motor Cycle Industry Association

This note is submitted on behalf of the Motor Cycle Industry Association (MCIA), in response to the UK government's current consultation on EEA workers in the UK, as outlined at <https://www.gov.uk/government/consultations/call-for-evidence-and-briefing-note-eea-workers-in-the-uk-labour-market>. The MCIA is a trade association representing motorcycle manufacturers and suppliers, a £7billion industry currently providing 60,000 jobs in the UK.

- Approximately 25% of labour in the domestic industry is EU sourced, covering both skilled and semiskilled workers. The UK also suffers from both skill shortages and 'willingness to work' issues among the domestic workforce.¹ We are therefore keen to prevent an exodus of skilled workers from the sector.
- The MCIA considers that free movement of labour should be a fundamental component of any Brexit deal. The industry is pleased that the Government has confirmed as a headline policy that the rights of EU nationals who are currently living and working in the UK will be secured. Any subsequent Brexit deal must also ensure that the rights of EU workers and their families to continue to live and work in the UK are secured and visa versa for UK citizens in the EU.
- Businesses should be able to continue to secure EU labour in a simple and straightforward manner without additional costs. In at least the short and medium term, we seek a model whereby business can 'import' labour from the EU as needed.
- Beyond this, the government must also commence actions to address the UK's domestic labour and skills shortages – including preparedness to work among unskilled/semi-skilled British labour. Failure to do this will leave the industry heavily dependent on the impressively high-quality EU migrant labour from which the UK already benefits.
- The MCIA also propose that EU citizens should have a simplified process of acquiring British Citizenship, no more complicated than a UK citizen applying for a UK passport, e.g. with proof of place of birth and proof of current residence. Current proposals to have qualifying periods and multi-stage application processes are a deterrent to retaining and recruiting qualified and experienced staff.

The MCIA, in particular its Chief Executive, would be happy answer further questions on the points made above.

Zip Yard

Pre-Note:

The Clothing alterations industry within the UK is very fragmented and actual hard statistics are difficult to obtain. Therefore, a high proportion of the evidence and information that I will be giving to you will be a mixture of articles obtained online and our own very real experience.

MAC – Call for Evidence

Tailors and Dress Makers – Code 5414 as per Migration Advisory Committee List.

The Migration Advisory Committees report of September 2008 listed Tailors and Dressmakers (5414) as skilled. At that point 40% of the shortage indicators were passed for this occupation.

Range of Skills:

- conferring with customers to determine material, styles and designs of garments
- interpreting designs, sketches and samples to determine pattern specifications
- pattern design
- cutting out master patterns
- laying up and cutting fabric
- pinning, basting and draping garment parts
- sewing garments
- fitting basted garments on customers and marking areas requiring alteration
- sewing buttonholes, and sewing on buttons, hooks, eyes and press fasteners to finish garments
- pressing and finishing work
- proficiency in operating 7 different types of specialist industrial sewing machines

Specialisations

- Costume Maker – TV & Stage
- Wardrobe Assistant
- Wardrobe Coordinator
- Curtain Maker
- Bridal Fashion including Wedding Dresses

Migration Trends:

We currently employ 97 Dressmakers/Tailors within the group across the UK. All of our staff are highly trained and experienced in their profession. At least 6-7 years of experience is required to reach the standard that we require.

As of October 2017, 2% (2) of our Dressmakers/Tailors are from the UK, 95% (92) were from the EEA (outside of the UK) and 3 % (3) were non-EEA Nationals

We employ Dressmakers/Tailors rather than 'machinists' as the latter do not have the sufficient skill set to carry out the work that we do to a high standard. Machinists tend to have been employed in factories that involved 'straight line stitching' whilst producing a garment, a process that invariably requires the machinist to repeat the same process over and over again in an almost robotic fashion. Our staff need to do everything from measuring customers, sewing in a new zip to making clothes from patterns and, in some cases, producing the patterns themselves.

On a daily basis our staff work on items of clothing that could have cost our customers hundreds, if not thousands, of pounds (wedding dresses) therefore being highly skilled in this sector is essential.

Dressmaking and Tailoring has been a dying skill for many years here in the UK and is now becoming almost extinct as a trade. Low-cost manufacturing in China and the Indian subcontinent has decimated the UK garment manufacturing industry over the past 30 years.

Since our Company's inception we have relied heavily on EEA Nationals to fill the gap in the native skills market.

Since Brexit we have found it increasingly difficult to recruit staff both locally and further afield in the EEA. We have recruitment people stationed in the UK, Ireland, Poland, Latvia, Bulgaria, Romania, Lithuania, Hungary and have contacted agents in Portugal and Spain. Immediately following the EU Referendum result in June 2016 we faced a metaphorical cliff edge regarding recruitment. We received messages from our recruitment agents stating that EU nationals were not willing to move to the UK. The main reasons were the uncertainty of EU Foreign Nationals being allowed to remain in the UK post Brexit, the increased media coverage in their home countries about racial attacks on Eastern Europeans and the steep decrease in the value of Sterling against their home currencies. Even though we are having considerable difficulties in recruiting from other EU countries at this time we feel that any change in policy regarding freedom of movement will have a serious adverse effect on our business. Creating barriers (Immigration Policy) for EU Nationals will more likely than not result in the decline of our business as a whole. Any policy resulting in the repatriation of EU Nationals would result in immediate cease of the business.

Our business does not have the much-needed access to non-EEA Migrants due to the current requirements within the Home Office Tier 2 system and the omission of Tailors and Dress Makers from current the Shortage Occupation List. Our need for qualified skilled Dressmakers/Tailors has driven our recruitment drive from not only the UK but to other EEA countries. As this is now dwindling due to Brexit and socioeconomic factors we have now begun to stagnate as a business due to our lack of access to skilled workers.

At this moment we do not have any contingency plan in place as we are at the mercy of the immigration policies that are in place now and in the future.

Recruitment Practices, Training & Skills

Recruitment of EEA Nationals has always been a struggle due to language barriers. There is also the issue of relocation for EEA Nationals as many of them leave children and spouses behind in their native countries. We have used the following methods of recruitment for EEA Nationals:

Job Centres:

Job Centres across the UK are our first port of call. Advertising within this area is geographically/region based ie. If we are looking for a seamstress in Liverpool then the Liverpool Job Centres will be targeted. This allows for the recruitment of both native and foreign nationals.

Recruitment Agents:

The agents will normally have a good understanding of the English language and are able to communicate with prospective candidates easier than we can. They also have a database of clients looking for work. After the referendum result qualified people have been refusing jobs that we are offering because the jobs are UK based. This is due to uncertainty, increase in media coverage within their native countries of 'hate crimes' and the fall in the value of Sterling.

UK Based EEA Publications:

Following the increasing numbers of EEA Nationals coming to the UK over the past decade a market opened up for publications directly targeting the Nationals of each individual country. A high proportion of these publications will be geographically lead. Polish publications seem to be the most popular. We have advertising in both the hard and soft (online) copies of most of these publications in the past and continue to do so. Return on these advertisements has now dwindled to virtually nothing.

Social Media:

This type of advertising platform is become increasingly popular. We use social media to attract both native and foreign applicants where possible. With millions of people across the globe on the likes of Twitter, Facebook and Instagram it allows employers the opportunity to directly target potential staff. We have had mixed success on this and a recent paid campaign over a two week period in GB returned zero applicants.

Local Media:

Even with the decline in readership of almost all paper publications since the onslaught of the digital era, we still advertise in local press. EEA Nationals may not choose to purchase and read these type of publications due to language barriers.

Location Advertising:

To gain access to EEA we have and continue to advertise in the like of Polish shops (Sklep) and Catholic Church publications. We do this as there will be a high concentration of foreign nationals attending on a regular basis.

In House Advertising:

We have introduced a 'Tell a Friend' campaign within our stores offering financial incentives to our current workforce. If they know of a friend/relative/acquaintance that is a dressmaker/tailor and they are willing to join our company. As of yet we have been unable to recruit through this outlet.

Advantages and disadvantages of employing EEA Nationals.

Firstly, if we had the available skill set within the UK we would be recruiting from here but that is not possible because the skill set is no longer available in sufficient quantities.

As we have been recruiting from the EEA since 2006 we initially found that there were sufficient numbers of available qualified staff. This, due to a number of factors already mentioned (Referendum result/Hate crimes/Exchange rate), this has now been decimated. We have found difficulties with language barriers. A customer has to feel confident in leaving an item for alteration or going through the process of designing and making a garment. If they feel that communication (instructions) are not 100% understood then this can lead to customer worry.

As already mentioned, since the Referendum result we have been finding it almost impossible to recruit from EEA countries and with the shortage of available native tailors and dressmakers we can only see things deteriorating from here on.

The staff that we employ are of a skill set that means they are fully trained and capable of the job in hand before commencing employment. We train them in our processes on an ongoing basis. With the skills required for this job it would take 6-7 years to train a person from scratch and due to the shortage of available tailors and dressmakers we wouldn't have the extra staff available to be given the role within Training as it is very much a case of 'all hands on deck'. We would love to be in the position to promote and construct our own apprenticeship schemes but, again, the availability of staff does not allow this.

There are some courses available that give people the basic knowledge to perform the simplest of tasks on a sewing machine. The great success of the television program, The Great British Sewing Bee, has increased the demand of such courses. We do not have the access to Tailoring and Dressmaking schools that are available within some EEA countries although the demand in these countries is also falling. Time is also a major factor. It takes 6-7 years to gain the knowledge and skills for this job and this is time that we do not have.

We are fully aware of the Shortage Occupation List and its tendency to gear itself towards the highly skilled work force. We have, as a company, already been through the process to become a Tier 2 Sponsor with the Home Office and were successful in doing so. We understand the need for highly skilled personnel (Doctors etc) and can see the benefits that this would have to the UK as a whole. That said, we feel that some lower skilled jobs are not being filled by the native population. Whether this is an economic choice on the behalf of the native workforce or whether the native work force don't actually have the skills to do these jobs.

Ironically, on checking the most up-to-date Shortage of Occupation List we noticed that under SOC 3414 - Dancers and choreographers – certain skilled ballet dancers meet the criteria. Lexi Finnigan of The Telegraph wrote an article in December 2015 stating that ***“the shortage of skilled makers is now causing problems at opera and ballet companies in the UK and the issue is only set to get worse as many of the tailors and seamstresses near retirement”***. Surely there needs to be room within the Shortage of Occupation list for skills that back up some of the current occupations on the list!! Just a thought!

Tailors and Dressmakers were recognised in the 2008 Migration Advisory Report as being **highly skilled** but unfortunately never made it on to the Shortage Occupation List. I am sure that there are a number of jobs and services provided by low skilled workers, that the population of the UK use on a daily basis that are being overlooked because they are

perceived as a low skilled job where, in actual fact, that skill may have died out from the UK or is on the verge of dying out.

Therefore, we would be appealing that Tailors and Dressmakers are added to the Shortage Occupation List.

Economic, Social and Fiscal Impacts:

Initially, from the time in which we were able to employ EEA Nationals we have found there to be a positive impact on our business. Without these EEA National we would not have been able to sustain growth.

With every EEA National that we employ there is a contribution towards the following:

- Income tax
- National Insurance
- Employers NI Contributions
- Corporation Tax
- VAT (almost £.75m produced in VAT on sales alone from our shops on an annual basis).

These are direct fiscal positives for the UK Treasury and the UK Government as a whole. Add that to the VAT on commercial rents paid by our shops, residential rents paid by the EEA Nationals (almost zero will own their own property) , taxes paid by Landlords on receivable Commercial and Domestic Rental income along with the EEA daily requirements on travel, food, energy etc then we can see what an EEA workforce from a relatively small company like ourselves can produce for the Government.

Obviously we need to factor in costs associated with these EEA Nationals and their consumption of public services including, but not limited to, Health, Education and Social Services/Security. This is, unfortunately something that I cannot put a figure or comment on.

Our requirement for tailors and dressmakers led us from recruiting from the native market due to shortage of skills, to recruiting from the EEA market where skills were available at the time. Since we began in 2006 the minimum wages has been slowly increasing with a much more accelerated level of increase over the past few years. At one time many of our tailors and dressmakers would have been on, or close to, minimum wage. Recently, due to the common knowledge that there is a severe lack of qualified personnel within the sector we have seen wages rise at an alarming rate. In fact, in some cases, we have seen hourly rates increase by almost 100%, from £5.35/hour in 2006 to £10.00/hour today (some shops are paying £12.00/hr but were not in business in 2006). With increase in competition from competitors, the supply and demand factor is now taking hold. You would be forgiven to conclude that this increase in the sector pay may attract the interest from the native workforce but unfortunately the native workforce do not have the skill set.

Conclusion:

We are currently at a tipping point with this business which has been directly affected by the result of the EU Referendum. Our expansion plans have stalled and we are unable to

offer new franchise opportunities due to the fact that we cannot guarantee any potential franchisee that there will be an adequate pool of tailors and dressmakers to work in their business. Additionally to that, a number of our current franchisees are having to turn work away as they do not have the staff to fulfil the workload. In some extreme cases our franchisee have been faced with the real situation of closure.....all because of a shortage of tailors and dressmakers.

If the UK Government decide that 'No deal' is an option and that EEA Nationals are returned to their native countries or, worst case scenario, EEA Nationals fall in under the current Immigration Scheme and the current Shortage of Occupation list, the we will cease to trade.

We have new markets opening to us, new opportunities to employ more non-tailoring staff but our reliance on EEA Nationals has placed us at disadvantage for growth against businesses who are able to recruit from the native workforce or through the Shortage of Occupation List. Any direct impact on our ability to recruit from EEA countries through a any new damaging immigration policies will result in us going out of business.

Challs

Following a very lively debate hosted by the Suffolk Chamber of Commerce in Ipswich, I am detailing our experience with our workforce in respect of EEA migration.

Background

Challs International Limited is a privately owned manufacturing company, making household cleaning chemicals for the FMCG markets. We manufacture both branded and private label products, and contract pack for others. We supply all the major retailers in the UK, as well as grocery wholesalers and DIY retailers. We employ 56 people in the UK, 28% of whom are EEA job migrants. Our average length of service for EEA migrants is 5½ years, compared to 8 years for the total workforce. As you can see, this group is an important part of our success.

For clarity, I have answered your specific questions listed in your July 2017 Call for Evidence.

EEA Migration Trends

- EEA migrants are employed in our manufacturing function, initially working on production lines. Many have progressed to manager level in the organisation, as we find that they are in fact highly skilled.
- All staff are employed on a permanent basis, and will complete the role application form, as all other workers.
- Recruiters, particularly those supplying contract or agency workers, are able to provide evidence in the drop in job migrants since the referendum.
- There is a noticeable reduction in EEA immigration in our area. We had previously not struggled to source workers, but since the referendum, it has been very difficult.
- We have not conducted any analysis.
- We are still in the process of assessing the impact.
 - A reduction in EEA migration would have a significant impact in our region. The unemployment rate in South Suffolk, is very low, so it is very difficult to source local employees.
 - It is difficult to see how we will source our future workforce in this function area.
 - We have not had applicants from outside the EU, so I cannot say how reductions in migration amongst this group might affect us.
 - We continually look to improve efficiencies through automation and process. However, we will always need people, so we are limited in the plans that we can make.

Recruitment Practices, Training & Skills

- Typically our production staff start as Agency workers, and are then employed permanently if we have a need and they prove to be good. UK workers in the same department, have been recruited through referrals from existing workers. Previous

attempts to advertise have failed to attract UK workers. These methods have not changed since the referendum.

- Yes, recruitment practices differ across the organisation.
- The key advantages of employing EEA workers in our experience are:
 - Excellent work ethic. EEA workers generally operate at the higher productivity rates.
 - Good cultural fit for our organisation.
 - Highly skilled.
 - Motivated to succeed.
- The only disadvantage is one we've faced since the referendum. There is now a shortage of supply of good quality labour, and a general uncertainty.
- The skills & training of UK workers has not been affected by migration.
- We have struggled to engage with local education establishments. Although, we have made contact on several occasions, there has been a lack of support. We feel that manufacturing is not presented as a valid career choice in schools and colleges, which undermines the sector.
- I am vaguely aware of UK migration policies for non-EEA migrants, but our job migrants do not fall under the criteria for the shortage list. As such, I do agree that the list should be expanded to cover a variety of skill levels.

Economic, Social and Fiscal Impacts

- EEA migrants are a vital part of the UK economy. They enhance overall productivity, which in turn provides employment and security for all workers, including UK workers. It is essential that we retain this source of labour if we are to remain competitive in the both domestic and global markets.
- The impacts of restricting this important part of the workforce will be felt across all workers, regardless of migration status, sector, occupation or skill level.

Planet Organic

I am the HR Director of a medium sized retailer of organic and health products based in London.

We employ 330 staff and have 7 stores. Our sales turnover last year was £30m.

I wanted to inform you that **60% of our workforce are EU passport holders** (this excludes the 31% of UK citizens we have working here).

The Brexit vote has already had a severely detrimental impact on our business. Firstly, we already struggle to hire good quality people however the lack of available EU candidates will mean that there will be an insufficient supply of candidates to man our stores, in house cafés, kitchens and Head office functions. Secondly the diverse nationalities that we employ are an integral part of our company culture. Finally, I thought it was important that you were also aware that some of our EU employees have also been the target of racist abuse.

I would strongly urge you to consider this information as I imagine it applies to many other retailers and hospitality businesses in London. The right to remain for those who were resident in London at / before March 2017 and a simple visa that would allow EU nationals to work in London in the future would greatly assist us.
