

Accommodation Offset, National Minimum Wage and Seasonal Migrant Workers

Report for Low Pay Commission

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Summary

This report examines the application of the accommodation offset of the National Minimum Wage/National Living Wage (NMW/NLW) for migrant workers working in seasonal agriculture. Seasonal work in agriculture refers to workers employed for short periods to work on fruit and vegetable farms, flower farms, food manufacturing and packing, and seasonally in the poultry sector (e.g., turkeys). Since the post-war period, seasonal workers in British farming and the wider agri-food sector have tended to be recruited from abroad for short periods.

In the UK, earnings of seasonal workers are low compared with other sectors, in line with seasonal workers in Europe, making the accommodation offset particularly important for both workers and employers. This report was commissioned by LPC and builds on original data collected for this study, including interviews with seasonal workers and planning permission applications from employers. Additionally, it draws on findings collected as part of the ESRC-funded project "Feeding the Nation: Seasonal Migrant Workers and Food Security during Covid-19" (<https://feedingthenation.leeds.ac.uk/>).

The report first introduces the background and policy of seasonal workers in the agri-food system in the UK and presents the methodology and data on which the report builds. It is estimated that 59,000 seasonal workers are directly impacted by the accommodation offset of the National Living Wage regulation. The report then turns to workers and, based on in-depth interviews with workers in situ, identifies four key concerns: i) concerns with the quality of accommodation, investigating whether the accommodation constitutes good value for money and whether the price cap disincentivizes quality improvement; ii) low pay-no pay cycles, particularly for workers who, through periods of inactivity and no pay, continue to be charged for accommodation by their employers; iii) safety, security, privacy, and sexual harassment; iv) prevention of labor exploitation and modern slavery. The report continues with a discussion of employer experiences, based on planning applications.

The study finds that for employers providing accommodation, it allows them to recruit workers and have a workforce close to or on the work sites. For workers, employer-provided accommodation makes the work-housing package more attractive and ensures affordably

priced accommodation close to the workplace. Housing, particularly in rural areas, is scarce and even more so for temporary stays of six months or less. However, workers lament the quality of the accommodation, particularly in multi-occupancy static caravans often in large ‘caravan parks’ typically accommodating hundreds of workers. The findings show that accommodation is a benefit to employers as well as workers, and that there is a demand to increase on-site provision. The accommodation offset safeguards seasonal workers’ pay, even more so for those who are migrants and come to the UK on a Seasonal Worker visa, as it insulates earnings and protects workers from debt bondage and modern slavery. While employers can charge less for workers on NMW/NLW or more for high-performance/high-pay workers, the accommodation offset is a point of reference for accommodation of seasonal workers in agri-food systems, and rent prices are adjusted to the offset. Workers are less aware of how the offset is calculated but recognize the weekly threshold. The report focuses on significant concerns with the quality of the accommodation offered and value for money considerations. It finds that a significant proportion of workers affected by the offset experience sustained periods of no pay on zero-hour contracts while being charged rent for the same period.

Finally, the report brings evidence from a suite of international cases – USA, Canada, and Austria – and discusses how these countries regulate accommodation payments for workers on low and minimum pay.

1. Seasonal work, migration and farming in the UK

Since the Second World War, the fruit and vegetable sector has heavily relied on migrant labour. This continued until recently through a special immigration scheme known as the Seasonal Agricultural Workers Scheme or SAWS (Barbulescu, Vargas Silva, and Robertson 2021a and 2021b; Burcu et al 2021; Lulle and King 2021; Nye 2015; O'Reilly and Scott 2022; Scott 2015; McAreavey 2017; Flex 2021). Acting upon a recommendation from the Migration Advisory Committee (MAC), the scheme was suspended in 2013. After this date, seasonal workers in agriculture were recruited via freedom of movement, and EU workers quickly became the dominant workforce. In 2017, the NFU found that 98% of the sector's seasonal workers were from the EU, with 67% being Romanian and Bulgarian nationals in 2018 (NFU 2017: 4).

Seasonal work in agriculture (horticulture) and the poultry sector is small relative to the British labour market. The level of demand for seasonal workers in agriculture is disputed, with industry representatives suggesting a demand of more than 75,000 workers (NFU 2017), while ONS estimates around 64,000 (ONS 2018). In response to the end of freedom of movement for EU workers, the number of seasonal agricultural visas has consistently increased from a pilot, which started in 2019, with only 2,500 people to 10,000 in 2020, 30,000 in 2021, and up to 45,000 in 2022. It is expected to increase further to 55,000 in 2023 (DEFRA 2022).

Seasonal visas are predominantly used to bring in workers for seasonal agriculture (food and flower farms). Since 2021, they have also been used for heavy goods vehicle (HGV) and poultry workers. While the visa route provides for half of the labour demand, the remaining half of the workforce is predominantly made up of EU workers with settled status and a small number of British workers (Barbulescu, Vargas Silva, and Robertson 2021). The former tend to have EU Settlement Scheme (known as EUSS) pre-settled status and live on farms for short periods, in and out of paid work on the farm. In general, the sector struggles to recruit and relies on migrant workers—a trend observed more broadly in agriculture across the Global North (Martin 2021, Barbulescu, and Vargas-Silva forthcoming).

The visa requires farmers to be authorized by the Gangmaster and Labour Abuse Authority, and only a selected number of recruitment agencies, known as 'operators' that are certified by

Defra, can bring in migrant workers. The ‘operators,’ rather than the farmers, are the formal employers of the migrants, and so visas are strictly linked with the operators. Seasonal workers cannot change employers (unless in a number of limited situations), although they are moved from farm to farm generally to pick different crops (e.g., they will be asked to pick strawberries in the first part of their contract and then moved to another farm where they will pick top fruit).

In the medium and long term, automation will likely reduce the demand for migrant workers. Defra’s review of automation in horticulture (Defra 2022a) revealed significant barriers among horticulture growers and those developing the automation. These included the ability to raise sufficient capital to purchase equipment and growers' concerns about the capacity of the policy environment (i.e., the Seasonal Workers Pilot to bridge the transition towards automation). In a survey we collected for Feeding the Nation (FtN), farmers welcomed automation but suggested they expected it to arrive in a five to ten-year timeframe. In the meantime, they will continue to recruit workers and build new accommodation to host workers on farms.

Workers in the sector look after the crops, replant, harvest, and work in the packhouse—washing, inspecting the produce, packing, and labelling. To remain competitive, many UK farms have invested in their packhouses, with fresh fruit and vegetables leaving directly for the supermarket with no intermediary involved. Other farms use their packhouses for imports, thus increasing their market position on certain crops. Temporary and seasonal work, such as harvesting when a significant number of workers are needed, is particularly difficult to recruit locally.

Labour shortages are most acute in seasonal work due to:

- Seasonality
- Low pay
- Work insecurity – due to periods of inactivity and slow take up of minimum hours contracts
- The location of farms far away from urban areas
- Insufficient and unaffordable accommodation in rural areas; with housing limited by a successful transition to short-term rentals for countryside tourism

In the survey collected for FtN, we found that the number of workers on each farm ranged from 20 to 1,500. In rural areas around farms, this workforce is rarely available in the numbers and with the flexibility needed. Recruiting British workers or domiciliated migrant workers from elsewhere in the UK for temporary contracts for low-paid work is unattractive for local workers. Therefore, the farmers recruit temporary overseas workers.

2. Data and methodology

This report utilizes various data sources, including original data collected for FtN, interviews with workers and employers, follow-up interviews from a postal survey, local planning applications, and desk research for international cases.

2.1 Qualitative interviews

Qualitative interviews with seasonal migrant workers (n=73) and employers (n=10) were conducted from May 2021 to October 2021, Eastern European (53 Romanian workers, 20 Ukrainian workers) with a small sample of follow-up interviews with Indonesian seasonal workers (n=4) in October 2022. Interviews were conducted online in the original languages, then translated, transcribed, and anonymized.

2.2 Planning applications

A thematic analysis of planning consent applications submitted to local councils from farms (n=6) across the UK was conducted in 2022. These documents are publicly available online and were identified from a web search using the term ‘planning application seasonal worker accommodation 2022’. Specifically, the research examined the rationale given for the planned provision of additional accommodation by employers. The sample consists of:

Farm	Horticulture type	Location	Full time staff	Part time staff
Athena	Vegetables	Herefordshire	20	250
Juno	Fruit	Angus, Scotland	Unknown*	90
Clotho	Vegetables	Lincolnshire	Unknown*	Unknown*
Selene	Daffodils	Cornwall	52	1050
Eris	Salad/vegetables	Worcestershire	Unknown*	Unknown*
Fortuna	Fruit	Kent	300	800

*Information not reported as part of the documentation provided with the planning application

2.3 Postal surveys

The findings draw on original data collected from May to October 2021 – a postal survey and interviews with growers (n=53) – as part of a large ESRC-funded project entitled ‘Feeding the Nation: Seasonal Migrant Workers and Food Security during the COVID Pandemic’. Eighty-five percent of the surveyed horticulture farms across the UK offered on-site accommodation for seasonal workers.

2.4 Desk research

Desk research was conducted to explore alternative accommodation options and current rates, as well as to compile international case studies.

2.5 Anonymisation and research ethics

Names of farms and people have been changed to prevent disclosing their identity. As farming tends to run in families through generations and often bears the family name, there was a need to further anonymise the names of these employers. In what follows, for the farms, we use mythological characters that represent agriculture and nature; for people, fictional names from the same countries are picked to refer to the participants.

3. Estimating the impact of the accommodation offset in seasonal work

Estimating the number of workers directly affected by the accommodation offset is challenging with available datasets. Using the third quarter (July to September) of the Labour Force Survey (LFS) for 2021, we estimate that 4%, or 660,000 workers, lived in tied accommodation. However, the LFS does not capture mobile workers and migrants well, particularly those in temporary work such as seasonal employment. In what follows, two estimates are developed to understand the impact of the accommodation offset in agri-food: the direct impact and the indirect impact.

3.1 Estimated direct impact

It is estimated that the direct impact of the accommodation offset in this sector alone is 59,000 seasonal workers. This estimate consists of 44,000 on the Seasonal Worker Visa,

including poultry workers and butchers. This represents a conservative estimate of 80% of the workers expected to arrive in 2023 based on the numbers of visas made available for the sector, which is 57,000, and 15,000 on EUSS (50% of EUSS workers in the sector).

The majority of seasonal workers are housed by farmers on-site. The pay of seasonal workers varies as it is directly linked to their productivity. Some will be on NMW/NLW rates, while others on piece rates. A given worker could be paid via a piece rate during 'good' weeks and then be paid at NMW rates on worse days, for example, during bad weather or if there is less fruit to pick in a particular field. In these conditions of variability, farmers adjust by charging the accommodation offset for all workers - that is, if and as long as the NMW/NLW is applied in agriculture. For example, this has been the case up to March 2022 when the minimum rate of pay for workers on seasonal visas was increased to £10.10 hourly rate. In April 2023, the hourly rates will revert to the NMW/NLW (£10.42) for visa holders, together with a pledge to guarantee a minimum of 32 hours, as announced by Farming Minister Mark Spencer at the NFU conference in February 2023. In addition, as well as affecting seasonal workers, their families stand to benefit from the accommodation offset. It reduces accommodation costs and allows the family to amass more income with multiple benefits for family members.

3.2 Accommodation offset and pay in seasonal work

This section presents evidence on how the accommodation offset interacts with pay and employment practices in the agriculture sector. The data presented in this section draws on the findings of the FtN project introduced earlier in the report. The accommodation offset is crucial for protecting earnings and preventing the exploitation of workers on the NMW/NLW. In April 2022, hourly pay for seasonal workers on visas increased to £10.10, representing a 13.5% increase compared with the previous rate of £8.91 and £10.10 equivalent to greater than the £9.50 NLW rate. Work in agriculture is generally paid at two rates depending on individual daily productivity: if workers reach productivity targets, they are paid on the piece-rate system, whereas if they fall below productivity targets, workers are paid NMW (or statutory visa) rates. Due to the specificity of picking, even the most productive workers would not sustain high productivity across all days, as the crop, weather, and conditions would change. Also, workers were recruited predominantly on zero-hour contracts and would often face periods of time when they would not have work on the farm.

From April 2022 to March 2023, pay for seasonal workers on visas was regulated by the Home Office minimum of £10.10 an hour. However, the workings of the Accommodation Offset allow employers to deduct more for accommodation (60 pence an hour more) than would be the case if workers were on the NLW. Effectively, this left many seasonal workers on visas no better off than if they had been paid the NLW of £9.50 an hour. From April 2023, pay has returned to NLW rates.

The findings suggest that there are two different types of workers in the same job – those using tied accommodation subject to the offset and those renting privately. The former tend to be recently arrived migrants, migrants on T5 visas, or hypermobile migrants without residence in the UK. On average, these tend to be younger than the other type of worker – migrants domiciled in the UK, renting privately, or using local social housing, who tend to work a limited number of hours and be supported by Universal Credit.

Furthermore, those who did not live in tied accommodation also had to make daily long and expensive transport investments from home to the workplace: for example, £8 for a return ticket on transport provided by the employer. Alternatively, workers would pay £6.50 for a one-day ticket for public transport for urban centres and metropolitan areas. Low-paid workers have limited accommodation choices close to their place of work and have to travel long distances. In rural communities, housing options are limited, and transport networks are less developed than in urban and semi-urban localities.

3.3 Utilities, laundry, and ‘hidden’ costs

The accommodation offset is intended to encompass the expenses associated with vital utilities, ensuring that employers cannot impose additional charges on workers for these amenities. In seasonal agriculture, we found that utility costs such as gas and electricity were included in the price of the accommodation. More patchy is the provision of laundry services, which in certain cases is charged separately. Although not included in the Accommodation Offset, participants emphasized the significance of internet access, as it directly impacted their expenses and overall experience.

While not included in the Offset, the cost of a WiFi connection emerged as a crucial factor for low-paid workers who heavily depend on the internet for maintaining contact with their loved ones and accessing essential information such as visa details, working conditions, and flight-related updates. For these individuals, having reliable internet access is not merely a convenience but a vital lifeline that connects them with their support systems. It enables them to bridge the distance and stay in touch with family and friends who may be located in distant regions or even different countries. By utilizing the internet, they can engage in video calls, send messages, and share important updates, thereby easing the emotional toll that separation can bring.

Case Flora flower farm

Shared house: on the farm there are two washing machines one on each floor covering 7 rooms with multiple occupancy

Shared caravan: six caravans with multiple occupancy serviced by three washing machines

Moreover, the internet serves as an essential tool for accessing crucial information related to their employment. Low-wage workers often face challenges in understanding their rights, obligations, and legal protections. With internet access, they can explore resources, research their visa requirements, stay informed about changes in their working conditions, and access necessary forms or documentation. It empowers them to be proactive and well-informed, enabling them to navigate the intricacies of their employment with greater confidence.

3.4 How is pay in seasonal work calculated, and how does it work when the accommodation offset is applied?

As set out above, pay in seasonal work is calculated with two different systems as piece rates. In other words, while a piece rate is a type of performance pay, in the sector overall pay is closely linked with the productivity of workers. However, productivity is determined not only by the workers themselves but also by the weather or the crop. For example, even for high-

performing pickers, productivity would vary significantly if he/she picks a row of the crop the first time around when there is much fruit or vegetables than a second time when the remaining fruit would have ripened. In this way, productivity of workers and therefore pay fluctuates even for the most high-performing workers.

Productivity is generally lower for new entrants in the sector due to their lack of experience. Many gain experience quickly and improve their productivity and subsequently pay, but not all do so. For the workers that do not meet the targets via the piece rates, farmers subsidize their work to top their pay up to NMW/NLW rates. In the sample interviewed for the FtN project, we found a maximum pay difference of 20 percent between the highest-earning, high-performing workers and those on NLW, with the majority of the high productivity workers being returnees. Nonetheless, the pay of the high performers also varied from month to month, although the variation is smaller. Consider a field of strawberries; the fruit grows and ripens at different paces. The first time the worker will go to pick the strawberries, as much of the fruit is ready on that harvest, an experienced worker will have high productivity. But the picker will not be able to collect all fruit at once; some of the fruit will not be ready and will need to wait and return a second time to harvest it. On the second occasion, however, there will be significantly less fruit available, and even the high-performance, high-productivity worker will only be able to pick little fruit and not meet the target.

Returning seasonal workers have higher productivity than novice workers who, on many occasions, have no prior experience in agriculture (Barbulescu, Vargas Silva, and Robertson 2021, McAreavey 2019, McAreavey et al. 2023). The previous recruitment pathway through freedom of movement from other EU countries supported the easy and cyclical return of workers. The Horticulture Trade Association reports decreased levels of productivity and increased costs among its members (submission to the House of Commons Select Committee for Environment Food and Rural Affairs EFRA 2021), ultimately resulting in increased costs for consumers. Freedom of movement facilitated direct employment – whereby farmers and workers had established trust and a good working relationship resulting in greater retention of qualified staff for farmers with lower immigration costs and risks for the workers. One producer, G's Fresh, notes that within its workforce, return rates dropped from 75 percent in 2020 to 46 percent in 2021 post-Brexit (submission to EFRA 2021).

The temporary visa makes returning to the same farm difficult as applications go through the employment agencies and not individual farms. However, it has increased retention of workers as they cannot change employers on their own before the end of the six-month period. There are only a limited number of situations in which workers are allowed to relocate to another farm. The Seasonal Worker Visa scheme does not proactively support long-term relations between workers and agencies, as interested parties would need to re-apply for the visa and return to the selection pool with no recognition of having worked in the sector before. The variation in productivity of the workers, including the same workers over time, and the direct impact of productivity on pay introduce significant pay variation between workers in the same position, introduce uncertainty over earnings for workers, and restrict the ability of high-performing workers to sustain wages above the NMW/NLW.

4. Seasonal workers' experiences

This section builds on original research carried out for the FtN project and follow-up interviews in October 2022, which focused on the accommodation offset. For the participants interviewed, accommodation is placed as an important concern, second only after pay. As seasonal work has become standardized across the sector, including in terms of pay and working conditions, the quality of the accommodation co-determines their experience of the work. In what follows, we examine the impact of the accommodation offset in four areas: the quality of accommodation; the low pay-no pay cycle; prevention of exploitation; and finally, safety and privacy concerns, particularly for safeguarding women workers.

4.1 The quality of accommodation

The main type of accommodation provided by employers in agriculture is multi-occupancy caravan accommodation, often on the farm premises. The same price is charged for accommodation offered regardless of whether it is shared accommodation in houses or in caravans, or if the occupancy was two, four, or six people per caravan. Very importantly, the accommodation charge is deducted weekly by the employer from the wage even if the worker

has not done paid work that week or, for example, has been called to work for only two days out of seven.

The quality of the accommodation varied significantly across farms and was often regarded as poor. In interviews, workers stated that accommodation was old, mouldy, and had insufficient insulation. A number of them compared their accommodation with what they could rent privately in their home countries: "[You] could rent a modern apartment in the town centre" in Kiev or Jakarta. Ivan said, "Gas and electrics work, but it is old, maybe from the '90s? It is small, damp, and cold in the wet months and heats up on hot days." Cornelia was mainly concerned about mould and how to keep it out: "There is mould everywhere... everywhere!"

The rooms were small, and there was one bathroom and one shower, and a living-room-dinner-kitchen space. For Nadim, the small space and having to share with five other workers were upsetting: "There are six of us, and this is such a small space, no space to rest and relax, we are always on top of each other, six strangers with six different personalities... The facilities are insufficient because we all get up at the same time, we have the same schedule, we work in the same place... so we all need to shower at the same time, cook at the same time. On a rainy day with no work, we are crammed inside like sardines, and between us, we pay £2,016 per month for... this!" Interviewed in December 2022, Nadim, as a visa holder working on hourly rates of £10.10, was charged £84 weekly. For a six-person occupancy in the caravan, the rent recuperated by the employer was £2,016 per calendar month. Had it been charged at accommodation offset levels, Nadim and his colleagues would have paid £1,461.60. The total square footage of the caravan was 32 square meters for dimensions of 8.6m x 4m.

Caravans are also heavily used with every cycle of recruitment receiving new occupants. The caravans are occupied for relatively long periods of time, six months or longer, including during winter months.

Case study: Seasonal worker on Ceres flower farm

Works 39 hours a week, five 20 minute paid rest breaks, gets paid every 7 days, his employer provides accommodation (shared house, previously a caravan) in King's Lynn, Norfolk, interview date October 2022

I get paid every Tuesday the basic pay, it is £380.50 and on the payslip I see the deduction for the accommodation...The employers took 60.90. I work 7.00 -16.00, 5 days a week, that is 39-40 hours...April £10.10 rate for seasonal work No, I do not get that, it is 9 and something, I did not know about the 10.10 rate, I know pay changes with age

The hourly rate of this seasonal worker is above the NLW £9.50 hourly rate as $\frac{£380.50}{39 \text{ hours}} = £9.75$ hourly rate

What would it cost to rent privately? (spareroom.co.uk)

Local accommodation available: cheapest private room hire in the same postal code was £105 per week with bills included (within 2 postcodes distance). However, the offer is limited with only 31 rooms on the market in the town.

Semi-urban town, agricultural area Boston in Lincolnshire private accommodation in shared house was £85 per week, including bills.

Workers appreciate the offer of accommodation from the employer as it is packaged with the work contract and helps them budget and manage their earnings for the duration of the contract. Typically, contracts for seasonal work are six months or less, which makes it difficult to secure alternative accommodation options. It is simpler to take employer-provided accommodation than to rent privately, which would involve deposits, bank accounts, and tenancy references. For employers, it lowers the risk of no payments or delayed payments as workers can cover the cost through their own work.

Furthermore, workers also assume some maintenance costs. We found that some workers became co-opted into covering maintenance costs partially or entirely. Returnees become more attached to particular caravans and invested in spending money to maintain and even decorate them.

Similar shared accommodation in town would cost comparatively much more. The case below is an example of a worker in seasonal work in shared accommodation on a farm.

Case study: Ceres Farm

The worker at the Ceres Flower Farm notes having first been accommodated in a caravan moved on a second year of work on the same farm into shared house. The move out from the caravan is regarded as an improvement because the caravan has little square footage, has poorer insulation and is shared with 2, 4 or 6 other workers. The accommodation offset allows him to rent at an affordable price below the local private market rent within two postcodes distance from the place of work. However there were only 32 rooms available privately and the farm employed over 100 seasonal workers. He paid £60.90 weekly including during the winter months which accounted for 16% of weekly income.

Some employers offer accommodation at prices below the accommodation offset. These employers use accommodation, the cost of accommodation and the amenities and in particular leisure amenities to attract and recruit workers. For example one advertisement for a seasonal worker job set the price of accommodation 20 percent below than the accommodation offset.

“To stay in our on-site accommodation in one of our ‘picker villages’ costs £50 a week with no hidden costs. This small fee includes heating/electricity bills and superfast WiFi to ensure you’re always connected to loved ones back home. This option is much cheaper than renting elsewhere. We offer comfortable on-site accommodation in self-contained, fully-furnished mobile homes across our three UK farms in regions. Living in our on-site accommodation not only makes working at [company name retracted] more convenient, it also helps you to socialise and make great friends.”

It is important to stress here that whilst employers can charge below the accommodation offset we found few examples of this.

4.2 Incentives to improve accommodation quality

Overall, the accommodation offset is a central point of reference for the sector and overwhelmingly the most frequent price charged for accommodation in seasonal agricultural work. The offset is a staple of the industry and has an important impact on the sector as a whole. Incentives to improve accommodation quality The quality of accommodation in static caravan parks is of particular concern. In the following section, we explore the causes of this concern and potential incentives to support better quality accommodation, drawing evidence from two cases. Both demonstrate that regulating the price of accommodation does not cause a depreciation of quality the accommodation

In both cases, as observed in both England and Scotland, there are no tax recovery or deduction benefits, financial incentives, or direct payments to employers providing accommodation to their low-paid employees. There is little motivation to invest in updating and improving accommodation, except for worker recruitment. This is the primary incentive identified in the FtN study and follow-up interviews. Another incentive, discussed later in this report, is better health and safety governance. Since accommodation quality significantly impacts workers' experiences, employers invest in accommodation to support recruitment, prevent labor shortages, and ensure the economic vitality of the business. It's crucial to note the empirical findings from FtN: accommodation quality is notably higher in sectors with high productivity (e.g. mushrooms) and large employers who can better finance services and businesses. Conversely, in sectors with small profit margins, such as daffodils and other ornamentals, we have observed a decrease in quality. One solution to improve accommodation quality is to enhance the profitability and productivity of businesses motivating them to invest more in accommodation to attract and retain skilled workers.

Cases studies for incentives to improve accommodation

Case 1

Comparison of significantly higher and lower accommodation charges and the quality of the accommodation offered:

England and Northern Ireland weekly accommodation charges in 2021. In Northern Ireland the maximum accommodation charge stood at £45 weekly as part of the Agricultural Wage Board Regulatory framework. In England the Offset capped weekly accommodation costs at £58. Seasonal workers in England paid 29% more on accommodation than those in NI while gross pay was broadly similar. Findings of our qualitative research in FtN did not show a significant difference in the experiences of workers in England and NI.

Case 2

In the US, employers cover accommodation and transport costs in full for workers on the H2A visa for seasonal migrant workers in agriculture. As farmers pay the cost of labour but also accommodation and transport, the incentives are lower to invest in good quality accommodation. Poor quality of accommodation for seasonal workers in agriculture in the US is documented by Ziebarth (2006) and Montz, Alton and Monitz (2011).

4.3 The accommodation offset and the low pay-no pay cycle

Workers in low-pay jobs are more likely to enter what scholars have termed 'low-pay-no-pay' cycles (Shildrick and MacDonald 2012; Bryan and Taylor 2004). In such situations, workers become trapped in low-paying jobs and alternate between periods of paid work and unemployment. Similarly, seasonal work is characterized by shifts between non-peak and peak times. For example, during harvest time, workers engage in overtime, while other periods may involve low activity with no work. There are periods of little or no work during the winter months and even during peak harvest time if weather conditions are unfavorable or if the crop needs time to ripen. As mentioned earlier, zero-hours contracts remain dominant in

the sector (FLEX 2020), and workers face periods of no work and, consequently, no pay. Workers, especially those from overseas, may not be familiar with regulations regarding zero-hours contracts, particularly during recruitment in their countries of origin. Given that workers are in low-pay positions and lack access to other social protection mechanisms, the cost of accommodation during these periods of no pay becomes a major concern. As mentioned above, some farms offer an accommodation waiver to cover weeks with low or no work.

Case Demtra Top fruit farm

In weeks with little work when pay falls below £100 per week, no accommodation is charged for that week.

If the farm does not have an accommodation waiver in weeks with 1 day of full work or less ($£10.10 \text{ hourly rate} \times 1 \text{ day} = £75.75$) after paying for the accommodation (£60.90) would have a total of £14.85 of pay for one week (7 days).

Some farms charge depending on number of days worked. For example, if they only worked five days, they would be charged £43.50 ($5 \times £8.70$ daily rate for accommodation offset=£43.50) or £52.2 for a 6-day week ($6 \times 8.70 = £52.2$).

In the absence of a waiver: If the worker does not work one full day, (s)he would still be charged the accommodation offset and have negative pay during that particular week.

4.4 Safety, security, privacy and prevention of sexual harassment

Safety and security are critical on large static caravan parks, which typically host several hundred workers from many nationalities. These caravan parks are isolated from urban centers and have limited leisure facilities. Similarly, within the caravans, the bedrooms that workers share are small—smaller than those in shared houses—with one bathroom and one kitchen area to share between the occupants. There is also a concern for a lack of privacy within the small spaces of the caravan.

Furthermore, there is a risk of escalating sexual harassment in such spaces. Existing research in Canada (Cohen and Caxaj 2012) and reports in Spain (El Pais 2018) have documented instances of sexual harassment of female workers on farms. While there have been no

reported cases in the public domain in the UK, female workers in FtN expressed concerns in this regard. As Cornelia, a participant in the study, recalls *'it is an intense and physical environment. Although there are a few of us women it is mostly young men who come to do this job. There are...dangerous situations and you look around, we are in the middle of nowhere, if the situation gets out of hand...I do not feel protected'*.

3.5 The role of the accommodation offset in preventing exploitation

Seasonal workers are vulnerable to exploitation due to several factors. They have low familiarity with their rights in the UK, lack access to resources explaining their rights in their own languages, are not well-acquainted with how to report issues, and have little knowledge of how to access support in crisis situations. As workers live and work on the same site, which is generally private land with no right of passage, it is more challenging for enforcement bodies and civil society organizations to monitor standards compared to many other sectors.

An important report from the FLEX charity (2020), drawing on data collected on farms in Scotland, concluded that while a number of indicators were present, the conditions identified did not meet the criteria for labor exploitation. This is partly due to the achievement of the certification process carried out by the Gangmasters and Labour Abuse Authority (GLAA) and DEFRA for contractors of seasonal labor. These safeguards are unique to the UK and indeed have a positive impact on preventing significant labor exploitation.

Seasonal workers tend to be low-paid, and the cost of accommodation charged at the level of the offset constitutes over 20 percent of their monthly income (in months with 39 hours of work). By setting a cap on the accommodation charge, the offset insulates the sector from exploitation, protecting earnings for low-paid workers and building capacity for workers to cover the costs of the flight and visa, thereby avoiding falling into debt. When workers are moved from one farm to another, including between regions of the UK, they are charged the same price for accommodation. Workers have the security that on their next posting, they will pay the same costs for accommodation. This is a significant instrument to de-risk and ensure standards across the sector for these vulnerable workers.

5. Employers' experiences

This section focuses on accommodation provision from employers for seasonal farm workers. This includes accommodation located both on and off the farm. By examining the role of worker accommodation on farms and the impact of increasing wage bills on farmers and business adaptation, this research provides evidence on the factors that will inform the accommodation offset framework in the future.

5.1 Investment in on-farm accommodation

There are three main reasons given by employers for increased investment in on-farm accommodation.

5.2 Recruitment of staff and viability of farm businesses

One of the main themes identified is that the provision of worker accommodation is vital for the economic viability of farms. This importance is twofold: supporting the expansion of businesses and meeting labour requirements to pick and process fresh produce across the UK. Recruitment of workers from abroad has become more difficult following changes to immigration policy due to Brexit. Therefore, offering accommodation is a way to attract and retain staff who do not reside permanently in the UK.

As one farmer suggests, 'Migrant agricultural workers do not normally have any form of transport, and the provision of accommodation on-site close to the place of employment is an essential factor in attracting this type of employee.' Similarly, another farmer stated, 'A foreign national moving to this country is unlikely to have a UK bank account, and without this, they are unlikely to get references for accommodation. Therefore, if the employer can offer this, it is an incentive and one less problem for prospective workers.' This sentiment was echoed by another farmer who confirmed the 'necessity for high-quality accommodation to attract staff to work on the farm, as the labour requirement cannot be fulfilled locally.'

The impact of employers using accommodation provision as a recruitment method for migrant workers is that the business's aims, to process horticultural produce, can be met. For example, after acquiring additional land to grow ornamentals, a farming business claimed that 'to meet demand with the expansion of the business, our farms would need to increase

accommodation by 40 additional static caravans. This would provide our farms with 50% of the accommodation needed for its seasonal workforce. This accommodation is critical to the future expansion and viability of the business. Without the expansion [of caravans], we will not be able to pick the additional crop. Without these workers living on the farm, the future of the business will be at risk.'

Accommodation is presented as a requisite for securing migrant farm workers by employers, supporting employment in the rural economy, sustaining individual businesses, and maintaining the fresh produce supply. The planning applications submitted for additional caravan accommodation provision and the rationales given strongly suggest the prevalence of the use of the accommodation offset in the future

5.3 Lack of off-farm housing availability and affordability

The supporting statements given by employers for planning proposals are significant in highlighting that alternative accommodation could historically be sourced off-farm in the local area, but increasingly these are unavailable or unsuitable due to cost, duration of let, or safety. Areas with high levels of tourism, such as Cornwall, are disproportionately affected as short-term rentals continue to be dominated by the holiday sector, reducing capacity for off-farm lets. For example, one farm has historically met seasonal labour housing needs using a combination of local campsites and surfer lodges. However, 'much of this accommodation is now unavailable, either staying open to meet holiday demand, lacking the necessary planning permission for seasonal workers, or closed for the winter months [when daffodils are picked].'

The provision of accommodation is often accompanied by a suite of facilities tailored to the needs of migrant workers living in the UK, which can be included in accommodation charges. As shown by the following statement from another planning application: 'The local village does not have suitable social facilities, so the business funds these for the workforce. The accommodation is highly subsidized by the farm, and the rates charged are regulated by DWP through the accommodation offset.' Social facilities can include a shop, canteen, gym, welfare hub, and/or games room for TV/sports/events. Therefore, tied accommodation at accessible rates and of good quality is essential, given the high prices and low availability of rental housing, transport, and facilities in rural areas

5.4 Increased health and safety requirements

During the Covid-19 pandemic, to prevent the spread of disease, farm employers invested in additional accommodation to allow for social distancing and isolation. Planning applications in 2022 have shown ongoing concern and consideration for decreasing the number of workers sharing each caravan.

Farm Fortuna: “New practices [since Covid] dictate that fewer workers occupy each caravan, and there is greater reliance on the pickers being able to walk to their place of work.”

Farm Eris: “Covid restrictions have resulted in the need for more separation and, where possible, to keep the number of workers in each unit as low as possible.”

In addition to Covid-led restrictions on worker accommodation, employers considered other forms of regulation that govern the health and safety of employees.

Farm Eris: “The company has made provision for accommodation but due to recent changes in HMO (Houses in Multiple Occupation) conditions, this accommodation cannot now house as many workers, so additional accommodation is required.”

Farm Selene: “In tandem with decreasing availability, the accommodation needs to be of suitable standards to meet FPC (The Fresh Produce Consortium) and other customer-specific standards.”

As employers report that fewer workers occupy each unit, this would reasonably suggest that there is less financial return, and that growers absorb the economic cost of additional caravans while upholding the same accommodation charges per worker for using the facilities.

5.5 Impact of labour alternatives on pay

Farmers are experiencing challenges with recruiting seasonal workers post-Brexit, with 76% surveyed stating that it was ‘more difficult’ to recruit in 2021 compared with 2019. Migrant seasonal workers continue to predominate over local workers, who are not available at the right place at the right time, and automated technology, which is yet to be developed. It must

be noted that both these alternatives do not require worker accommodation from employers and therefore the accommodation offset.

Farmers showed an openness to innovation by researching or implementing automated or mechanical technologies where possible, especially in packhouses to move packaged produce. Many quoted a 5-10 year lag in harvesting technology being ready due to fragile crops requiring a non-destructive, highly selective process normally achieved through manual labour. Additional barriers to technology adoption include financial resources and availability of skilled labour for supervision and maintenance.

Growers experienced little to no availability of local people to fill seasonal roles in 2021 due to low unemployment in rural areas and competition from sectors that could offer higher rates of pay. The lifestyle of UK-based workers was found not to be conducive to seasonal roles in rural locations and led to low retention. Despite this, efforts to encourage participation included improving worker facilities, increasing wages, and creating flexible shifts for adults with school children and for 16-18 year olds.

Farm employers have restructured their workforce and pay structures to encourage British workers into seasonal farm work. For example, 16 and 17-year-olds were employed by farmers during the 2020 and 2021 seasons due to Covid and Brexit disruption. Their interest and retention proved viable because they have good availability during summer months. However, there are limitations posed by legal requirements not to work more than 8 hours per day and 40 hours per week, which affects the planning of team-working.

British labour can be cheaper to employ than seasonal migrants if they do not require on-site accommodation and can be recruited without operators or agencies through developing a social media presence. When crops are late, it is expensive to have migrant workers already living on the farm who require welfare and facilities, whereas British workers can be more flexible in their work patterns. Saving money on recruitment and accommodation costs could allow flexibility in raising pay. However, this remains a small phenomenon, as 78% of farmers in a survey for the Feeding the Nation research stated that the number of British seasonal workers recruited in 2021 was 'about the same' or 'less' compared with 2019. Therefore, this suggests that the accommodation offset will remain relevant to the provision

of on-site accommodation for migrant workers as proximity to rural areas, seasonality, and physicality of the work continue to pose barriers to the recruitment of a domestic workforce

6. International case studies

This section analyses a number of international policy interventions for regulating accommodation costs for low-paid workers. We focus on the seasonal agriculture or agri-food sectors to align the case studies with the scope of this report. Three countries are presented, where accommodation costs are capped through different mechanisms: the United States, Canada and Austria.

6.1 United States

Seasonal workers arriving on the H2A visa are offered free lodging and travel expenses as a mechanism to support legal migration. An infrastructure for the minimum wage has been developed in the US following the Fair Labor Standards Act (1938), and sectoral-based hourly rates are set by sector-wide boards with applications in their respective federal states. In the states that apply it, accommodation is quantified at \$100 per week, including meals ('referred to as 'lodge and board'). If the hourly rate is \$7.50 for 30 hours per week, the calculation is as follows: $\$217.50 + \$100 = \$317.50/\text{week} \rightarrow \10.50 hourly pay

Farm work wage boards set lodge and board rates at the federal level. For example, in California, the current hourly rate for farm workers is \$15, yet for hotel workers, it is \$18.35. Wage boards not only set hourly rates for different industries, but they also regulate some working conditions. For instance, the New York Wage Board established in September 2022 that overtime pay is required for work in excess of 40 hours rather than 60 hours. The previous 60 hours threshold had a racially discriminatory effect and had been signaled as part of Jim Crow policies designed to apply to the African American population working in agriculture (NPR 2022).

In the US, there is emerging jurisprudence (*Baldeb v Eden Park Guest House* 2021) from the lower courts in Maryland indicating that when an employee contracts accommodation and meals from their employer, the costs charged should not include profits, nor should they be set at commercial rates offered to customers. Instead, the cost should represent operating costs only.

6.2 Canada

In Canada, the minimum wage order is part of Employment Standards. Rates are set at the federal state level. For example, the minimum wage in Ontario is C\$15.50 per hour, and increases are tied to the Ontario Consumer Price Index. However, in Prince Edward Island, the hourly minimum is C\$13.70.

Similarly to the US, employers offer accommodation and meals and charge the cost from the wages of the workers. The rates for the rooms are regulated at weekly rates as below

Table 1. Canada: regulation of housing cost for workers on minimum wage				
	Room (weekly)	Meals (unit/weekly)	Room and meals (weekly)	Harvest workers (weekly)
	<ul style="list-style-type: none"> • single \$31.70 • shared \$15.85 	<ul style="list-style-type: none"> • each meal \$2.55 • weekly maximum \$53.55 	<ul style="list-style-type: none"> • with private room \$85.25 • with non- private \$69.40 • non- private (domestic workers only) \$53.55 	<ul style="list-style-type: none"> • serviced housing \$99.35 • unserviced housing \$73.30
Source: authors' compilation.				

6.3 Austria

Accommodation charges for farm workers are capped by legislation, with the cap revised periodically but not annually. The cap is established as part of the collective bargaining agreement with stakeholders in the sector. However, scholars in Austria working in the field have identified certain irregularities in the application of the offset. In particular, farmers

make use of a loophole by having their family members rent flats under regular housing contracts, which are not subject to the regulations and, therefore, not capped. This practice is often the only possible housing offer for migrant workers, especially in rural settings.

The costs for fully inclusive accommodation and food provision (referred to as 'volle freie Station,' inclusive of food) are capped at 196.20€. Of the total price, the following are included: accommodation can account for a maximum of 10%, utilities 10%, breakfast 10%, lunch 30%, snacks 10%, and tea 20%. Hence, if a farmer provides heated accommodation without food, the maximum rent for the place is capped at 39.24€ (19.62€ for the flat, 19.62€ for heating)

7. Conclusions

This report examines the application of the accommodation offset for migrant workers in seasonal agriculture. The inquiry builds on original data collected, including interviews with seasonal workers and planning permissions from employers. Additionally, it draws on findings from the ESRC-funded project Feeding the Nation: Seasonal Migrant Workers and Food Security during Covid-19 (<https://feedingthenation.leeds.ac.uk/>).

The report begins by providing an estimate of the number of workers directly and indirectly affected by the accommodation offset in the sector. Four main concerns are identified and discussed: the quality of accommodation, low-pay no-pay cycles, safety, security, privacy, and sexual harassment, and the prevention of exploitation.

The study examines the application of the accommodation offset from the workers' side, employers' side, and finally brings evidence from a suite of international cases – USA, Canada, and Austria – on the regulation of accommodation charges for workers on low and minimum pay.

The study finds that for employers providing accommodation, it allows them to recruit workers and have a workforce close to or on the work sites. For workers, employer-provided accommodation makes the work-housing package more attractive and ensures affordably priced accommodation close to the workplace. Housing, particularly in rural areas, is scarce and even more so for temporary stays of six months or less. However, workers lament the

quality of the accommodation, particularly in multi-occupancy static caravans often in large 'caravan parks' typically accommodating hundreds of workers. The findings show that accommodation is a benefit to employers as well as workers, and there is a demand to increase on-site provision.

The accommodation offset safeguards seasonal workers' pay, and even more so for those who are migrants and come to the UK on the Seasonal Worker visa, as it insulates earnings and protects workers from debt bondage and modern slavery. While employers can charge less for workers on NMW/NLW or more for high-performance/high-pay workers, the accommodation offset is a point of reference for the accommodation of seasonal workers in agri-food systems, and rent prices are adjusted to the level of the offset. Workers are less aware of how the offset is calculated but recognize the weekly threshold.

The report highlights significant concerns with the quality of the accommodation offered and its value for money. Another area of concern is that a significant proportion of workers experience sustained periods of no pay on zero-hour contracts while being charged rent for the same period

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