

UK consumers will pay the price if EU workers mass exit UK retailers supply chains.

The debate during the summer highlighted how a low skill labour shortage could seriously impact future UK harvests post 'Brexit'. Now, it is the turn of the retail sector to raise their very serious concerns with supporting the UK's retail supply chains to meet with their delivery promises. We already know many of the UK's short term distribution operations are staffed by labour that originates from the European Union (EU), in particular the Eastern European nations. The leave vote has raised a very serious question in that there could be a low skill labour shortage in the immediate future.

On the 9th October 2017, the British Retail Consortium (BRC) has added their voice to the debate on the looming uncertainty of the labour market as a result of Brexit. Six percent of the retail industry employs EU nationals, in real numbers this equates to just over 170,000 people. If we take into account the other family members of this 170,000 figure, then the workforce number affected begins to rise significantly. However, we could ask ourselves, why worry, because these numbers quoted are still very small in comparison to the UK working population? We should be very concerned, because well over a quarter of these are working directly to support and run the UK's retail supply chains. A survey by the BRC suggested that *"fifty six percent of retailers revealed that their EU colleagues are concerned about their right to remain in the UK"* (<https://brc.org.uk/news/2017/brexit-uncertainty-fuels-workforce-shortages-with-consumers-paying-the-price>), in addition twenty two per cent of UK retailers reported that some of their workers from the EU have already made their choice, by leaving their jobs and returning home. If this number starts to snowball as has been suggested, then before the end of 2017, this could deal a devastating blow for the UK's retail supply chain. This impact of this may already be starting to bite, with the UK productivity falling for the second quarter in row. The Office for National Statistics (ONS) suggested that although UK employment levels were at record levels, and there was an increase in total hours worked, the gross value added increased at a slower rate (<https://www.ft.com/content/2354c5f5-bd63-3b91-9af3-a47925caf47f?mhq5j=e5>). This could be correlated with the above point in that changing and loss of immediate short term skills of UK workforce. If this is the case, then there is a very real and serious inherent problem facing not just the UK retail supply chains, but the UK economic situation in general. Particularly as the home skills pot is not as buoyant because of the UK's employment rate being at a forty two year low.

This very real and alarming reduction in the UK's retail supply chain workforce, particularly as this sector is working hard to recruit extra capacity in the build up to Christmas. The immediate knock-on impact of this reduction in labour will almost certainly be higher costs of the product retailed. The most significant outlay will be associated to the higher costs of replacement workers (from somewhere) to fill the gap.

Our vote to leave the EU has created this insecurity in our retail supply chains. It was some sixteen months ago that the Brexit result was announced. From an ethical viewpoint is it right that these people who contribute so significantly to the UK's economy still do not have the assurance and security they need to continue with their lives here in the UK? Yes, the 'settled status' offer is a move in the right direction, but much more information is needed to create a feeling of calm and stability for these workers.

If we do convince our EU workforce to remain, this is only a short term fire fighting exercise! It is a crucial and important point to recognise that free movement of labour from the EU is coming to a swift conclusion. This was after all, the key area that was hotly debated by the leave campaigners leading up to that all important vote on 23rd June 2016. Therefore, we need urgent and constructive conversations lead by the UK government, in order to discuss

how we will provide real and continued long term structure to the country's retail supply chain. Subsequently, right now we need to be putting in place clear and unambiguous strategies to both drive forward and at least maintain our retail supply chains. Our window of opportunity to do this is relative short, and we simply cannot afford to simply sit and wait and see. Subsequently, we need to be considering how to quickly mobilise our home workforce. More could be done to assist the UK retail industry supply chain skills and talent for the future. The Retail Apprenticeships is a useful starting point, but currently it only really addresses certain areas of how to support the retail supply chain, so there is clear room and opportunities to expand the training here. In addition, it could be argued this area of apprenticeship training is not as well advertised as the STEM areas. Therefore, the UK government should consider how they would put additional resources and investment to support bringing this area equally to the forefront along with the STEM subjects. After all, the retail and distribution section a big player in the UK labour market.