



The Food and Drink Sector Council



Preparing for
a changing
workforce:
**A food and drink
supply chain
approach to skills**



FOREWORD



Developing home-grown talent and improving workforce skills is a key priority of the UK food and drink sector

In November 2017, the UK Government's Industrial Strategy White Paper '*Building a Britain fit for the future*' announced the establishment of a Food and Drink Sector Council (FDSC). Through a new and ambitious partnership between government and industry, the Sector Council is seeking to increase the productivity and sustainability of the UK food and drink sector, securing its position as a global leader in safe, sustainable, affordable and high-quality food and drink.

Over four million people are employed by our sector, spread across every nation, community and constituency in the UK. Our employment levels have grown by nine percent over the last ten years. Vibrant businesses employing hundreds of thousands of people in England, Northern Ireland, Scotland and Wales demonstrate our geographical diversity. That is why the food sector is vital to the functioning of the economy as a whole.

However, access to skills is a growing problem across the sector, and according to the FDSC's Preparing for a Changing Workforce Report, the majority of companies expect the situation to become more difficult, as we will see a tighter labour market due to the ageing population coupled with lower net migration.

So, now is the time to act. This is why, as a member of the Sector Council, I have spearheaded a project to firstly deliver a single version of the truth on the future workforce and skills needs of the UK food and drink sector; and secondly bring together the entire supply chain to develop key recommendations through a partnership between government and industry that will deliver a real step change. This will enable our sector to recruit, train and retain the next generation of farmers, engineers, food scientists, marketeers, chefs and leaders.

Our early priorities are to increase participation in apprenticeships and T Levels within the food and drink sector; improve food and drink-specific training provision; and develop skills for the future, particularly around management and leadership.

We know we must work with employers, education providers and government to identify what actions we must take together to close the food and drink sector's skills gap, and deliver productivity growth.

I appeal to you to join us in this movement, and ensure that the UK food and drink businesses lead the way in providing secure and well-paid jobs at all skills levels right across the UK.

Dame Fiona Kendrick

**Food and Drink Sector Council Member
and Chair of the Workforce and Skills Group**

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SECTION I: EXECUTIVE SUMMARY



1. INTRODUCTION

1.1. THE IMPORTANCE OF SKILLS TO THE SECTOR

The food and drink sector has a significant impact on the UK economy, contributing £121 billion to national Gross Value Added and employing over four million people (14% of the national workforce), spread across every nation, community and constituency. Food and drink is the largest manufacturing sector in the UK, bigger than automotive and aerospace combined. Food and drink retail is the largest service sector employer, and 71% of the UK's land use is dedicated to food and drink. Our supply chain is therefore vital to the functioning of the economy as a whole.

Sector employment levels have grown by 9% over the last decade, higher than the UK average, and are expected to grow further. The food and drink sector has enormous potential, and a better understanding of the interdependence between people and technology has allowed the sector to see productivity improvements over recent years. Productivity across the sector has grown by 8% since 2000, however the rate of growth post-2008 has slowed.

Major disruptors, such as the UK leaving the European Union and digitalisation, present both threats and opportunities for the sector. Embracing transformational technologies will improve productivity and deliver higher-skilled and better jobs. However, the lack of management and leadership skills within the sector remains a barrier to the adoption of technology and best practice.

Improving productivity is central to the continued success of the food and drink sector, and we recognise the crucial significance of the workforce in facilitating these improvements. Creating highly skilled, well-paid and home-grown talent is critical to realising this potential. This can best be done by combining sector-led solutions to upskill and attract talent with related government activities, particularly the ongoing reforms to technical education.

This report highlights the existing difficulty in recruiting, and the expected shortfall in labour and skills availability, but also identifies opportunities for the UK food and drink sector to come together to deliver solutions that will transform its image as an employer and advance its training and skills development.

1.2. CONCLUSIONS

Our findings show that, while the sector workforce is fairly stable in terms of its growth, staff turnover, and length of service (with some exceptions), businesses reported increasing difficulties in recruiting new talent. With the expected shortfall in labour and skills availability driven by an ageing population and the end of freedom of movement with the EU, talent will become even more difficult to access in the future. The UK food and drink sector recognises the need to act now to transform its image as an employer, and invest in training and skills development for the longer term.

Our research dispels some myths around the sector:

- Jobs in the food and drink sector can often be classed as low-skilled, but businesses are in fact looking to fill roles across all skill levels from intermediate through to higher and advanced levels;

- Projections on the profile of the ageing workforce show that agriculture and manufacturing are close to the wider economy average, and that food service sectors are below average;
- The recruitment of temporary workers is not for cost-saving purposes – only 4% of respondents recruited them as a 'low-cost' option. Temporary workers are primarily used to manage general and seasonal demand changes;
- The majority of businesses measure their productivity, tending to use measures based on margins (as opposed to ONS 'Blue Book' methods e.g. output per hour); and
- Despite barriers, there is recognition of the importance of apprenticeships in training existing staff and recruiting new talent.

In terms of training and recruitment, our research found that there were different gaps across the supply chain with sector-specific, technical skills required. However, management and leadership skills were commonly identified as both a training and recruitment gap across the sector. This evidence suggests collaborative action to improve management and leadership skills could benefit the whole sector.

Our research also found significant issues around the availability of high-quality training providers, particularly for agriculture and manufacturing across the country. For example, there are no providers of food manufacturing apprenticeship standards in the North East and South East regions; this highlights the regional disparities in training provision.

Food and drink businesses confirmed the importance of apprenticeships, but recognised that more support is required to improve engagement with the Apprenticeship Levy. Similar to many other sectors, apprenticeships are widely used to train new recruits and upskill existing staff. However, almost one third of respondents (who are eligible to pay the Apprenticeship Levy) are having to 'write the Levy off as a tax' and are unable to spend it. Top reasons indicated by businesses not spending their levy funds included:

- uncertainty of how best to use it,
- a lack of training providers, and
- limited demand from existing staff to train as an apprentice.

In addition, only 2% of businesses are spending their unused funds within the supply chain, despite the recent change in the rules*. This suggests that there is still potential to increase participation in apprenticeships through further support around highlighting their benefits to existing workers, improving access to high-quality training providers and ensuring employers are well-informed customers of apprenticeships.

*From April 2019, the Apprenticeship Levy transfer rate increased from 10% to 25% of levy paying employers' annual funds.

RECOMMENDATIONS

The recommendations below are the FDSC Workforce Skills Group's early priorities; further work is required in the next phase of the project to develop a clear implementation plan with specific commitments from industry and work in partnership with government.

To deliver technical and management skills, and to attract future talent through greater use of apprenticeships and offering T Level work placements across the sector:

1. Create a Food Sector pilot fund to optimise Apprenticeship Levy usage and ensure access for all, including SMEs
2. Industry pledge to deliver T Level work placements
3. Government to prioritise apprenticeships that drive productivity

To improve accessibility, sustainability and quality of training provision for food and drink businesses of all sizes and located in all regions of the UK:

4. Create a National Network of Providers leading on Food Engineering and technical skills

To professionalise leadership and management skills across the sector, and to ensure managers are prepared for a changing workplace:

5. Professionalisation of leadership and management skills through third-party validation
6. Place skills at the heart of a National Food Strategy to 'deliver well-paid jobs' across the country
7. Encourage passionate sector leaders to champion lifelong learning

1.3. FOOD AND DRINK SECTOR COUNCIL: WORKFORCE AND SKILLS GROUP

Established in early 2018, the FDSC is a formal sector-led partnership with government. It was designed to create a more productive and sustainable food and drink sector, and bring wider recognition of the central importance of the sector to the economy. The Council identified seven priority areas for improvement, including workforce and skills, with each workstream being led by one of the Council members and supported by an 'anchor' organisation.

The FDSC Workforce and Skills Group was established by a mandate of the FDSC, under the leadership of Dame Fiona Kendrick, and supported by the Food and Drink Federation (FDF). The Workforce and Skills Group's vision is to secure an energetic, ambitious and world-class workforce capable of upholding the sector's position as a world-leading producer of affordable, safe, sustainable, and high-quality food and drink.

The Group first met in April 2018 and agreed to build a robust evidence base on the current and future workforce and skills needs of the UK food and drink sector. This evidence would then inform the development of sector-led solutions, working with government under the leadership of the FDSC. Over a 16-month period, the Group has convened a consultative group with a number of sector, and education and skills experts to use as a sounding board; consulted the wider sector through a sector survey and interviews; hosted a sector event with over fifty delegates to review its draft recommendations; and presented its findings to the FDSC.

1.4. RESEARCH BRIEF

The FDSC Workforce and Skills Group has developed a 'single version of the truth' based on analysis of official government data and sector insights through a sector survey and interviews. The aims and objectives of this research project were to:

1. Provide a clearer understanding of the workforce across the whole sector at the current time, and trends in the recent past;
2. Provide business insights into this data;
3. Deliver a high-level indication of future workforce trends in the sector.

The research was delivered by FDF and supported by Sheffield Hallam University (SHU).

2. POLICY RECOMMENDATIONS

Evidence from the FDSC Future Workforce and Skills research project shows the existing difficulty in recruiting and the expected shortfall in labour and skills availability, driven by an ageing population and the end of freedom of movement with the EU. This report also identifies opportunities for the UK food and drink sector to come together to deliver solutions that will transform its image as an employer and advance its training and skills development.

BUILDING CONFIDENCE IN APPRENTICESHIPS AND T LEVEL WORK PLACEMENT PARTICIPATION WITHIN THE SECTOR

Objective: To deliver technical and management skills and attract future talent through greater use of apprenticeships and offering T Level work placements across the sector.

1) Create a Food Sector pilot fund to optimise Apprenticeship Levy usage and ensure access for all, including SMEs

Working with the Education and Skills Funding Agency (ESFA), the sector will create a pilot 'Food Sector Fund', which sits within the existing Apprenticeship Levy scheme, to allow unspent levy funds to be invested within the food and drink supply chain to improve productivity levels through skills and training, particularly for SMEs.

Less than 2% of respondents to the FDSC Future Workforce and Skills Survey reported sharing their levy funds within the supply chain. Larger retailers and manufacturers have been cited as struggling to spend all of their levy pot, and would like to be able to share more of their funds with smaller businesses within their supply chain. However, there are concerns from levy-payers about how this would work in practice under the current system. For example, being able to identify a willing supply chain partner, managing the process and determining responsibility, and liability for the funds and learner. Meanwhile, many SMEs do not have the resources to connect with willing supply chain partners to transfer funds so that they can offer apprenticeships.

This fund would therefore be managed by a supporting body, closely linked with ESFA, to help broker relationships; coordinate activity between large sector businesses and engaged food and drink SMEs; and help employers to become informed apprenticeship customers.

2) Industry pledge to deliver T Level work placements

Industry will commit to offering work placements to future T Level students, which will potentially provide a pipeline of young people ready to enter the sector. Every T Level must include a work placement of 45 to 60 days. Between 2021-2022, the following T Levels relevant to the food and drink sector will be introduced:

- Engineering and Manufacturing
- Digital
- Health and Science
- Agriculture, Environment and Animal Care
- Business and Administration
- Catering and Hospitality

By offering work placements to T Level students, food and drink employers will be able to showcase career opportunities and progression within the sector. Through the FDSC Future Workforce and Skills survey and interviews, food and drink employers talked about the need for greater involvement with schools and colleges to educate students and teachers on the breadth of opportunities within our sector. This is a key opportunity for food and drink businesses to attract talent for the future, particularly given the growing threat of labour shortages and skills gaps.

Government must make information around T Level placements easy for employers to understand, and seek to create the right infrastructure for T Levels by working with the sector to connect companies with training providers. Employers will explore the possibility of sharing the delivery of T Level work placements, to allow all parts of the supply chain and businesses of all sizes to engage in this process. Sharing the delivery of placements will ensure future talent has a wide breadth of knowledge across the supply chain and will support the connectivity of the sector.

3) Government to prioritise Apprenticeships that drive productivity

In the FDSC Future Workforce and Skills Survey, a lack of skills emerged as the second largest barrier to improving productivity (behind investment in machinery). Government should work with industry to map out the relevant Apprenticeship Standards and identify any gaps that need to be addressed. Government should focus its external communications and funding on the apprenticeships that have been identified to drive productivity e.g. management and leadership, automation, digital, engineering, and food science.

2. POLICY RECOMMENDATIONS

IMPROVING FOOD AND DRINK SPECIFIC TRAINING PROVISION

Objective: To improve accessibility, sustainability and quality of training provision for food and drink businesses of all sizes located in all regions of the UK.

4) Create a National Network of Providers leading on Food Engineering and technical skills

Industry and training providers will work together to create a central network that effectively aligns training with sector needs. Industry must take greater responsibility for longer-term planning in their approach to training and seek to aggregate demand and drive greater uptake of training. With encouragement from government, training providers must also work with industry to provide the training we urgently require.

Across the sector, the range of skills required is exceptionally varied, with different sub-sectors requiring different skill sets. The sector also cuts across all regions and nations of the UK, creating a big impact on employment across the country. However, when dealing with training providers this creates a number of challenges such as ability to deliver specialist training to cover the unique requirements of working with food and drink.

These issues can result in a lack of scale that training providers look for when deciding upon course offerings. For instance, there are no providers of food manufacturing apprenticeship standards within the North East and South East regions, highlighting the regional disparities in training provision. Annex 5 outlines food manufacturing standards and their respective providers.

The vision is to create a national network of training providers (mainly colleges) that can cover all of the T Levels and apprenticeships required by the sector, in all regions of the UK. This network could also provide a STEM careers outreach service to local schools.

SKILLS FOR THE FUTURE

Objective: To professionalise leadership and management skills across the sector. To ensure managers are prepared for a changing workplace.

According to respondents of the FDSC Future Workforce and Skills survey, management and leadership was consistently identified as being amongst the top three skills businesses were looking to fill through training of their existing staff. Management and leadership roles were also noted as 'difficult-to-fill' across the sector, and were identified as a key skills gap in the interviews.

In a world where technology, consumer demand and workforce expectations are all changing rapidly, strong management and leadership skills are vital to ensure food businesses can continue to improve productivity and meet all of the demands put upon them. The challenge will be how we find and train these future leaders.

5) Professionalisation through third-party validation

A lack of skilled managers is an economy-wide problem, which is estimated by the Chartered Management Institute (CMI) to cost the UK economy £84bn a year¹. Their research shows that over two thirds of UK managers fall into the category of 'accidental managers', whereby workers are promoted into a management role due to high technical capability, but may not have had the right training or guidance to support them in this role.

Professionalisation is an important step in transforming the image of the food and drink sector. Industry will seek to partner with a third party to enable managers to achieve professional accreditation. The FDSC should also work closely with the Agriculture and Horticulture Development Board-led Senior Skills Leadership Group who are looking to create a body that aims to professionalise skills within the sector.

6) Place skills at the heart of a Food Strategy to deliver well-paid jobs across the country

The Department for Education (DfE) should seek to engage with the Government's independent review of the entire food system, launched by the Department for Environment, Food and Rural Affairs (Defra), to ensure that improving workforce skills is an integral part of a Food Strategy. This will in turn help to deliver a food system that is "a thriving contributor to our urban and rural economies, delivering well-paid jobs and supporting innovative producers and manufacturers across the country".

7) Lifelong learning culture

Industry will set up a network of food and drink businesses to enable coaching between large and small businesses on management and leadership skills. It will be important to find leaders in the sector who are willing to step forward and act as champions through public platforms, networking and thought leadership. This will also need to include a focus on improving diversity in management.

¹ Chartered Management Institute Leadership for Change Management Manifesto (June 2017).

3. KEY FINDINGS

3.1. OFFICIAL DATA: UK ECONOMY

An ageing population coupled with lower net migration has resulted in a limited talent pool, making it more competitive and difficult to recruit.

- The UK has an ageing population. The '60-74 and 75+' age ranges are forecast to see the fastest growth in the population, rising from a total of 15.9 million in 2018 (24% of the population), to 19.2 million in 2028 (or 28% of the projected UK population).
- Meanwhile, the proportion of young people (0-29-year olds) in the population is set to fall over the next decade. As such, the proportion of the working-age population will be smaller, relative to the non-working population, seeing a decline of two percentage points.
- While remaining positive, net migration is forecast to decline notably over 2018-2023 (although inflows will continue to outweigh outflows), with a 120,000-person decline relative to 2017 figures (when net migration was +285,000).
- UK unemployment (at 3.8%) is at the lowest recorded rate since 1974. The decline in unemployment rates has been evident across all age groups, but has been most notable in the 16-24 age group (which has seen a decline of more than 11 percentage points since its peak in 2011).
- The unemployment to vacancy ratio has declined significantly over the last decade, meaning that filling vacancies is becoming increasingly difficult. The most recent Office for National Statistics (ONS) estimates indicate an average of 1.6 unemployed people in the UK economy, per vacancy.

3.2. OFFICIAL DATA: FOOD AND DRINK SECTOR

The sector is a significant contributor to the UK economy and there are real opportunities to increase food sector productivity growth.

- The sector is an integral part of the economy, accounting for 13% of the UK's businesses and 7% of GVA, and represents 14% of UK employment. In addition, food and drink investment accounts for 13% of UK capital expenditure.
- Over 95% of businesses across the sector are SMEs, employing over half of the sector's workforce.
- The sector provides a diverse set of employment opportunities. Flexibility with part-time roles is most prevalent in food and drink services industries (i.e. retail and hospitality), where over 60% of roles are part-time.
- Across the sector, wages have grown by 15% since 2008, which is similar to the national average of 16%. However, annual wages across most sub-sectors of food and drink still fall below the national average of £28,220.
- The sector has seen an improvement in productivity over the last 10 years, though this has been slower than the preceding decade.
- In addition, apprentices undertaking food and drink-related courses have declined over recent years, with over 10,000 fewer apprenticeship starts between 2016/17 and 2017/18.

3.3. WORKFORCE COMPOSITION

Employment has grown strongly in the sector but this growth is expected to slow in the next three years. Staff turnover and length of service in the sector compare favourably to the economy as a whole. Temporary staff are recruited to manage seasonal and general changes in demand. The sector employs twice the national average of EU nationals.

- Employment in the sector has grown by 8.8% since 2008, which is higher than the UK average. Growth in food and drink hospitality employment has been notably high since 2008, linked to a rise in casual dining.
- Over half of respondents reported increased employee numbers in their business over the last three years. A lower proportion expect this to increase over the next three years.
- On average, staff turnover rates for the sector sat under the national average of 10%. However, when looking at individual sub-sectors, a larger proportion of retail and hospitality businesses reported higher turnover rates.
- The majority of the UK's working population have an average service length of less than 5 years, whereas the average length of service for the sector centred around the 6-10 year mark.
- Over two thirds of businesses reported using temporary workers, with seasonal and general demand changes stated as the top reasons for this.
- Only 4% said temporary workers are recruited because it presents a lower cost to their business.
- EU nationals are an important part of the food and drink sector. One fifth of all EU27 nationals employed in the UK (in 2016) were employed in food and drink businesses, ranging from agriculture to hospitality. Of the total number people employed across the food sector, 12% are EU nationals which is almost twice the national average. Among temporary agency workers, this proportion is likely to be even greater – one quarter of survey respondents reported that EU nationals constitute over 20% of their businesses' temporary staff.

3.4. PRODUCTIVITY

A lack of skills was identified as one of the top three barriers to growing productivity. Difficulty in measuring productivity was also highlighted in service-based parts of the sector.

- Most businesses across the sector reported measuring productivity, and tend to use measures based on margins as opposed to ONS 'Blue Book' methods such as output per hour. A higher number of food and drink service companies did not measure productivity, given measurement difficulties in the service sector.
- On the whole, there is a need to understand the drivers of productivity from the point of view of the businesses and what goals they are setting out to achieve; a single broad interpretation of productivity for the whole sector may not be useful.

3. KEY FINDINGS

- The majority of businesses reported productivity either similar to or above competitors.
- The top three barriers to productivity stated by respondents were investment in machinery, lack of available skills and seasonal demand changes.

3.5. VACANCIES AND RECRUITMENT

Food and drink businesses are generally finding vacancies more difficult to fill compared to three years ago. Recruitment is expected to become even more difficult in future, as the proportion of those of working-age reduces and net migration falls. In addition to specific technical skills, manager and director positions were commonly identified as ‘difficult to recruit for’ across the sector.

- Almost two thirds of food and drink businesses said they do not actively target university graduates as part of their recruitment. As expected, a higher proportion of large businesses reported targeting graduates than SMEs. The sector faces significant competition for graduates.
- Across the sector, almost 50% of businesses reported having difficulties filling vacancies as compared to three years ago. This was especially true for agriculture and horticulture businesses, who mentioned roles ranging from elementary occupations, to process and plant operatives and management as being difficult to recruit for.
- In our survey, process and plant operatives were highlighted as hard-to-fill roles by around 50% of respondents within agriculture, horticulture and manufacturing. In addition, almost three quarters of manufacturers reported engineering roles as being difficult to recruit for. This is in line with shortages that have been highlighted by food and drink businesses previously. Mechanical, electrical, and packaging engineers were all noted in a food chain submission (led by FDF) to the Shortage Occupation List Consultation in December 2018.
- Many businesses that were taking longer to fill vacancies stated a lack of local labour as a key driver of their temporary staff usage.
- Management and leadership roles were noted as being ‘difficult to recruit for’ across the sector.
- From the interviews, it was evident that vacancies focussing on manual work on production lines or the harvesting of crops are perceived to be ‘jobs’ rather than careers, making them difficult to fill (particularly when attracting younger workers).

3.6. SKILLS AND TRAINING

The common perception that the workforce in the sector is low-skilled is false. Food and drink businesses are looking to fill roles across all skill levels, according to our research. The types of skills required vary across the sector from more specialised skills in agriculture, horticulture and manufacturing to more generic skills in retail and hospitality. Management and leadership skills gaps were common across the sector. Businesses tended to spend their training hours on in-house training rather than external training.

- Management and leadership skills were consistently noted as being among the top three skills needs for businesses across the supply chain, followed by more technical skills such as quality and regulatory roles, and engineering and technology roles. This highlights the wide range of opportunities in the sector.
- A higher proportion of food and drink services businesses reported requiring more generic skills for their business. This contrasts with agricultural and horticultural businesses who required more specific skill sets.
- A larger proportion of SMEs (who make up over 95% of the sector) reported having more specific skills needs compared with larger businesses.
- The majority of businesses reported having increased their training spend over the last three years.
- The sector as a whole performs well in providing above necessary support for on-the-job informal training. A higher proportion of respondents spent more of their training hours on in-house training than on external training.
- In our interviews, businesses stated a preference towards undertaking training themselves, as this enables them to control the process and ensure it is tailored to their needs. Some businesses also reported difficulties in finding the right training provider locally to deliver what is required and fit with their organisational culture.
- There are opportunities to use secondments within the sector to develop staff.

3.7. APPRENTICESHIPS

Overall, there is substantial support for apprenticeships with many well-developed schemes in existence. Training new recruits and upskilling existing staff (in their current role) were the top reasons for using apprenticeships. However, barriers to using apprenticeships included: the 20% off-the-job training requirement and standards/frameworks not meeting business’ needs. Surprisingly, almost one third of apprenticeship levy-paying respondents said they have to ‘write the Levy off’ as an additional tax. Unsurprisingly, the majority of non-levy-payers were not co-investing in apprenticeships.

- The majority of businesses said they currently run Intermediate (Level 2) apprenticeships in their business, while over one third of respondents stated they do not run (or plan to run) Higher and Degree-or-above-level apprenticeships.
- The apprenticeships being invested in by businesses were in a wide range of occupations including management, IT, finance, HR, and engineering.
- Apprenticeships do not offer a quick fix to recruitment issues and potential skill shortages as they must be set up properly. However, once this is done they can be a valuable source of new employees.
- There are significant issues around the availability of training providers across the UK. For example, there are no providers of food manufacturing apprenticeship standards within the North East and South East regions. This regional disparity creates difficulty for businesses seeking to meet their training needs.

3. KEY FINDINGS

- Almost one third of Apprenticeship Levy-paying respondents said they have had to 'write the Levy off' as an additional tax.
- Top reasons for those businesses not spending their levy funds included: uncertainty of how best to use it, a lack of training providers, and a lack of demand from existing staff.
- Less than 2% of companies were spending unused levy funds within the supply chain.
- More than two thirds of non-levy-payers, across the sector, were not co-investing in apprenticeships.

3.8. IMAGE

The importance of raising awareness of the career paths available within the food and drink sector was highlighted by over one third of respondents.

- The most commonly raised issue was around the misperception of how important the sector is in terms of contribution to the UK economy, as well as a lack of awareness of the career paths and variety of roles on offer.
- Another frequently stated image problem was on the perceived poor benefits in the sector for employees.
- Targeting educational institutions directly and making food and drink a career of choice for students were highlighted as ways to improve the sector's image.

3.9. FUTURE CHALLENGES

- Over one third of respondents highlighted the availability of EU nationals in the workforce as a challenge going forward.
- In addition to this, a lack of local labour and a lack of skills in the workforce were reported by a significant proportion of businesses, reinforcing concerns around the ability of food and drink businesses being able to meet their labour demand.
- The most commonly suggested solution for addressing these problems was an improvement in attraction and retention strategies. The sector could benefit from highlighting the diverse range of employment opportunities available, particularly highly-skilled roles in order to position itself as an attractive destination to potential recruits.

SECTION II: MAIN REPORT



4. ECONOMIC BACKGROUND

4.1. STATE OF THE ECONOMY

This section outlines the current state of the UK's labour market, using official government data to provide context to our survey and interview findings.

It is well-documented that the UK has an ageing population. At the same time, net migration is widely expected to reduce over the next five years and unemployment is at a record low. Together, these factors are expected to make it more competitive and even more difficult for businesses to recruit the right people with essential skills.

The UK economy has grown every year since 2009, reaching a total of £2.03 trillion in 2018. This represents an average growth rate of 1.2% per annum. However, according to the Office for Budget Responsibility (OBR) this is expected to flatten as the UK leaves the EU, rising by a forecasted yearly rate of 1.6% in 2023².

4.1.1. THE UK POPULATION

The UK has an ageing population, and while the population is set to continue growing over the next ten years, this will be led by a higher percentage of those of 'non-working' age. Looking at Figure 2, the UK's population has increased in each of the last ten years, reaching just over 66 million people in 2017.

Except for London, all nations and regions in the UK have a population aged 60 and over which exceeds the proportion of people in all other age groups (see Table 1). This proportion is set to increase overall according to projections produced by the ONS.



Figure 1: UK Gross Domestic Product (GDP). Source: ONS UK Economic Accounts (2019). Notes: Estimates are seasonally-adjusted chained volume measures.

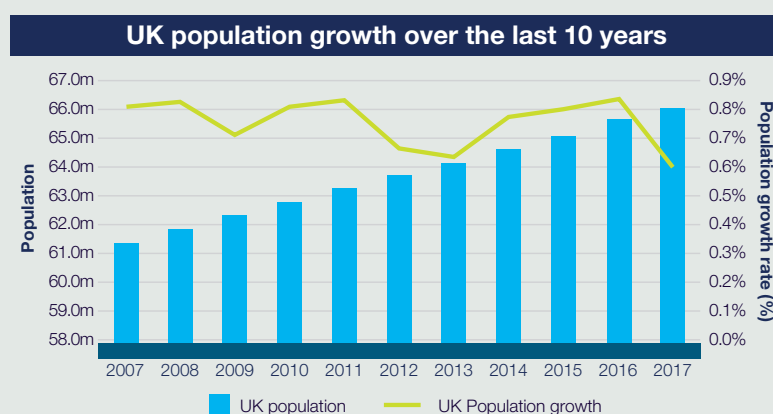


Figure 2: UK population. Source: ONS UK Population Estimates (2018). Notes: Figures are mid-year population estimates and exclude short-term migrants (people who come to or leave the country for a period of less than 12 months). Latest data available until 2017 only.

AGE PROFILE OF THE UK POPULATION														
Age Groups	Population	Share of Nation/Region's Population												
	United Kingdom	England	Wales	Scotland	Northern Ireland	North East	North West	Yorkshire & the Humber	East Midlands	West Midlands	East of England	London	South East	South West
0-14	11,807,573	18.1%	16.9%	15.9%	19.7%	16.8%	18.0%	18.0%	17.5%	18.5%	18.2%	19.5%	18.0%	16.6%
15-29	12,453,457	18.8%	18.9%	19.0%	19.0%	19.1%	19.0%	19.6%	19.0%	19.5%	17.2%	20.7%	17.7%	17.7%
30-44	12,763,853	19.5%	17.2%	18.8%	19.4%	17.6%	18.5%	18.2%	18.0%	18.4%	19.0%	25.6%	18.8%	17.3%
45-59	13,427,360	20.2%	20.5%	21.6%	20.3%	20.9%	20.6%	20.3%	20.8%	19.9%	20.6%	18.3%	20.8%	20.7%
60-74	10,183,325	15.2%	17.4%	16.5%	14.3%	16.9%	15.8%	15.7%	16.4%	15.3%	16.1%	10.5%	15.8%	17.9%
75 and over	5,404,661	8.2%	9.2%	8.3%	7.2%	8.7%	8.2%	8.2%	8.4%	8.4%	8.9%	5.4%	8.8%	9.9%

Table 1: UK Demographics - Age breakdown. Source: ONS Population Estimates (2018). Notes: Figures are mid-year population estimates for 2017. Percentages may not add exactly due to rounding.

² OBR: Near-Term GDP Forecast (2018). Figure represents annual growth rate.

4. ECONOMIC BACKGROUND

Figure 3 outlines the changes that the UK population is expected to undergo over the next 10 years. As can be seen, the numbers of those in the 60-74 and 75+ age ranges are both forecast to see an increase, rising from a total of 15.9 million in 2018, to 19.2 million in 2028 (or 28% of the projected UK population). Meanwhile, the proportion of young people (0-29-year olds) is set to fall over the next decade.

The rise in the ageing population has largely been driven by increased life expectancy in the UK. According to the Organisation for Economic Co-operation and Development (OECD), life expectancy for men and women in the UK was 79.5 and 83.1 years respectively in 2017, up from 74.6 and 79.7 in 1997³.

An ageing workforce also exacerbates the challenge posed by the UK's digital skills gap, which is estimated to cost the UK £63 billion annually⁴. At present, 10% of those in employment do not have basic digital skills, which will become more of an issue as we see a labour market in which the digital sector is creating jobs at twice the rate of the non-digital sector⁵.

The overall implication of these indicators is that the size of the workforce (as a proportion of the total population) is set to fall, and those within the workforce will be older, increasing pressure on employers to attract younger people into their businesses while maintaining the skills levels of their existing workforce as new technologies are developed.

Expected population growth by age group

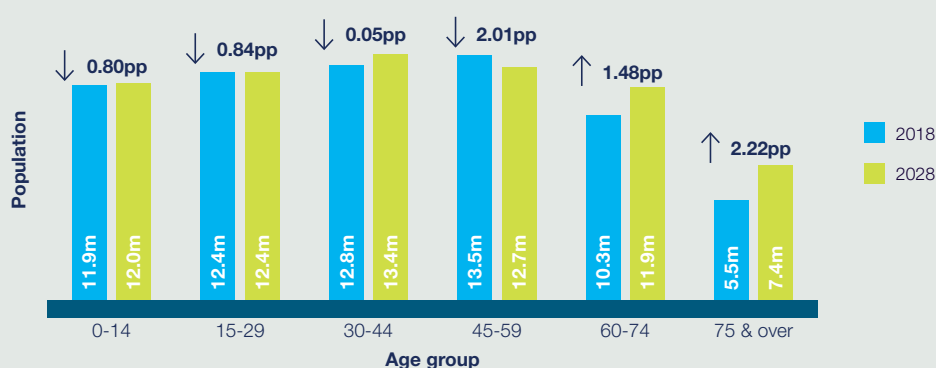


Figure 3: UK population projections by age group.

Source: ONS Population Projections (2018). Notes: Projections are 2016-based mid-year estimates and are produced in compliance with the Code of Practice for Official Statistics. Figures above the bars represent percentage point changes in the share of each age group as a proportion of the population in 2008 and 2018 respectively. Due to rounding, figures in the chart may differ slightly from those reported in the text.

INTERVIEW FINDINGS

Respondents in interviews conducted by SHU and FDF noted the ageing nature of their workforce. For example, one respondent highlighted that the average length of service in their business was around 14 years.

"We have nearly 200 people that are going to be hitting late 50s in the next few years. That's a massive bit of our workforce. We need to be able to retain our ageing workforce as much as possible." [Manufacturing]

4.1.2. DECLINING NET MIGRATION

Another driver of reduced labour supply is the potential end to free movement of workers after the UK leaves the EU. This is expected to cause a decrease in the inflow of migrant workers, who tend to be younger and contribute significantly to the UK's economy. For example, European Economic Area (EEA) migrants were reported in 2018 to have paid more in taxes than they received in benefits, and were more likely to be in employment than UK citizens⁶.

The UK's EU exit is already impacting migration, with official data showing that since the referendum in June 2016, net migration from the EU to the UK has almost halved from +189,000 per year to +99,000 in 2017⁷.

In addition, total net migration is set to slow notably between now and 2023, when it is predicted to reach +165,000 per year, down 120,000 on current levels, as shown in Figure 4.

Migration in the UK

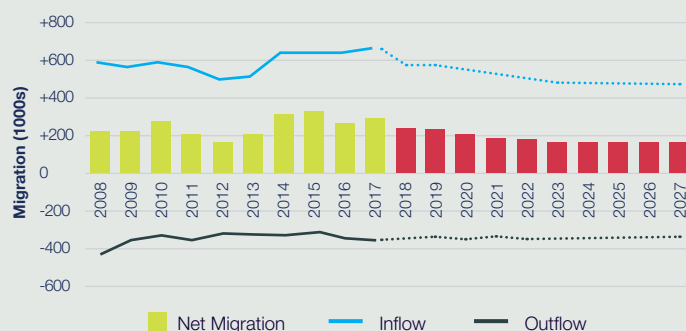


Figure 4: UK long-term international migration. Source: ONS Long-Term International Migration Estimates (2018). Notes: Projections are 2016-based estimates and are produced in compliance with the Code of Practice for Official Statistics. Figures from 2008-17 are 'year-ending', whereas projected figures from 2018-27 are 'mid-year-ending'.

³ OECD: Health Statistics (2017) Life expectancy at birth.

⁴ Department for Digital, Culture, Media and Sport (DCMS) UK Digital Strategy Report (2017).

⁵ Lloyds Banking Group UK Consumer Digital Index Report (2018).

⁶ Migration Advisory Committee (MAC): September 2018 report on 'EEA Migration in the UK' found that EEA migrants paid more in taxes than they received in benefits and were more likely to be in employment than UK citizens.

⁷ ONS Long-Term International Migration, Home Office, Central Statistics Office (CSO) Ireland and Northern Ireland Statistics and Research Agency (NISRA).

4. ECONOMIC BACKGROUND

4.1.3. THE UK LABOUR MARKET⁸

CASE STUDY: RECRUITMENT AND EMPLOYMENT CONFEDERATION (REC)

The UK job market has been remarkably resilient in recent years. Official figures show a thriving UK labour market which has been supporting more and more people in work.

At the time of writing, the UK's employment rate was the joint-highest on record, at 76.1%⁹, and the unemployment rate, at 3.8%, had not been lower since 1974. The rate of economic inactivity – people who are neither in work nor actively looking for work was also close to a record low.

According to the REC monthly survey of recruiters, 'Report on Jobs', candidate availability for both permanent and temporary roles has been decreasing across the UK since 2013. While this has forced employers to increase starting salaries and temporary worker pay, it has also caused severe shortages in roles across the economy, from engineers and accountants to LGV drivers and chefs.

Recent trends are causing more concern. The recent fall in EU migration has exacerbated staff shortages in key sectors, including food and drink. At the same time, while the number of job vacancies estimated by the ONS has started to fall since November 2018-January 2019, current levels are still higher than those in the previous 10 years. Employer confidence is being dented by the uncertain outlook due to Brexit and this is starting to affect future hiring plans¹⁰.

Official data in Figure 5 show that while the number of permanent employees in the economy has continued to rise, the number of temporary workers has declined since 2014. The food and drink sector is particularly reliant on temporary workers due to the seasonal nature of the industry. For example, the accommodation and food services industry has the second highest proportion of non-permanent workers among all UK industries, at 11.9% in 2016¹¹.

REC's case study highlights the unemployment rate, which currently stands at its lowest recorded level since 1974. Unemployment rates are a key indicator of labour market slack, which is defined as the shortfall between labour demand and supply. This further emphasises the limited availability of workers in the economy, especially those fitting the skills requirements of employers.

The decline in unemployment rates has been evident across all age groups (as outlined in Figure 6), but it has been most notable in the 16-24 age group, which has seen a decline of more than 11 percentage points since its peak in 2011. It is important to note, however, that unemployment among 16-24-year olds is over three times higher than other age groups, which can be partially attributed to the pursuit of full-time education¹².

Permanent and temporary labour over the last 10 years



Figure 5: Permanent and temporary employees in the economy. Source: ONS Labour Force Survey (2018); EMP01 SA Full-time, part-time and temporary workers (seasonally-adjusted). Method: Permanent employee estimates are calculated by subtracting the number of temporary employees from the total number of employees.

Unemployment patterns by age group

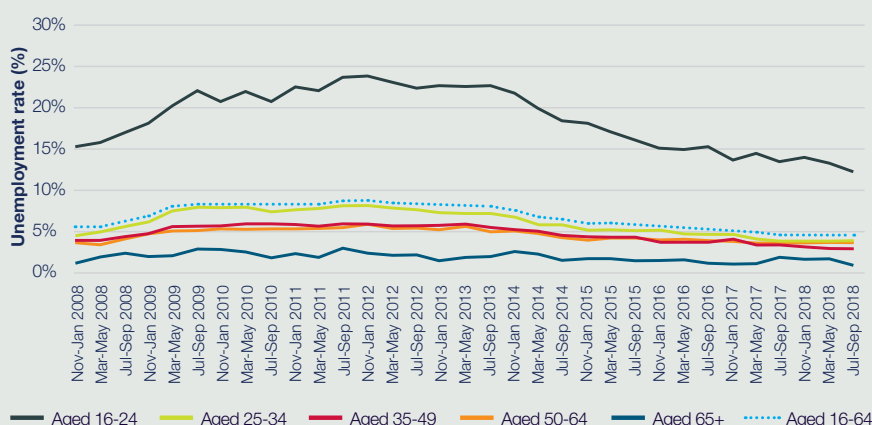


Figure 6: UK unemployment by age group. Source: ONS Labour Force Survey (2018). Notes: Unemployment rate is the number of people unemployed people among those that are economically active. See Glossary for further details.

⁸ Input from the REC. Data sources are as noted in the main body of this section.

⁹ ONS: Labour Force Survey (2019).

¹⁰ REC: Jobs Outlook survey (June 2019).

¹¹ ONS: Annual Population Survey (2017) 'One-digit industry data showing the number of permanent and not permanent employees'.

¹² Of those not in full-time education, unemployment rates are still higher than the national average, at 17.1% and 5.1% respectively for the 16-17 and 18-24 age groups. Source: ONS Labour Force Survey (2019). Estimates are seasonally-adjusted figures for Q4 2018.

4. ECONOMIC BACKGROUND

Finally, the level of slack in the labour market can also be gauged by the number of unemployed people relative to the number of vacancies available in the economy. As can be seen in Figure 7, the unemployment to vacancy ratio has declined significantly over the last decade, following a significant rise after the 2008 financial crisis. Recent ONS estimates indicate an average of 1.6 unemployed people in the UK economy, per vacancy. This signifies a tighter labour market, which is consistent with our finding that food and drink businesses are finding it harder to recruit.

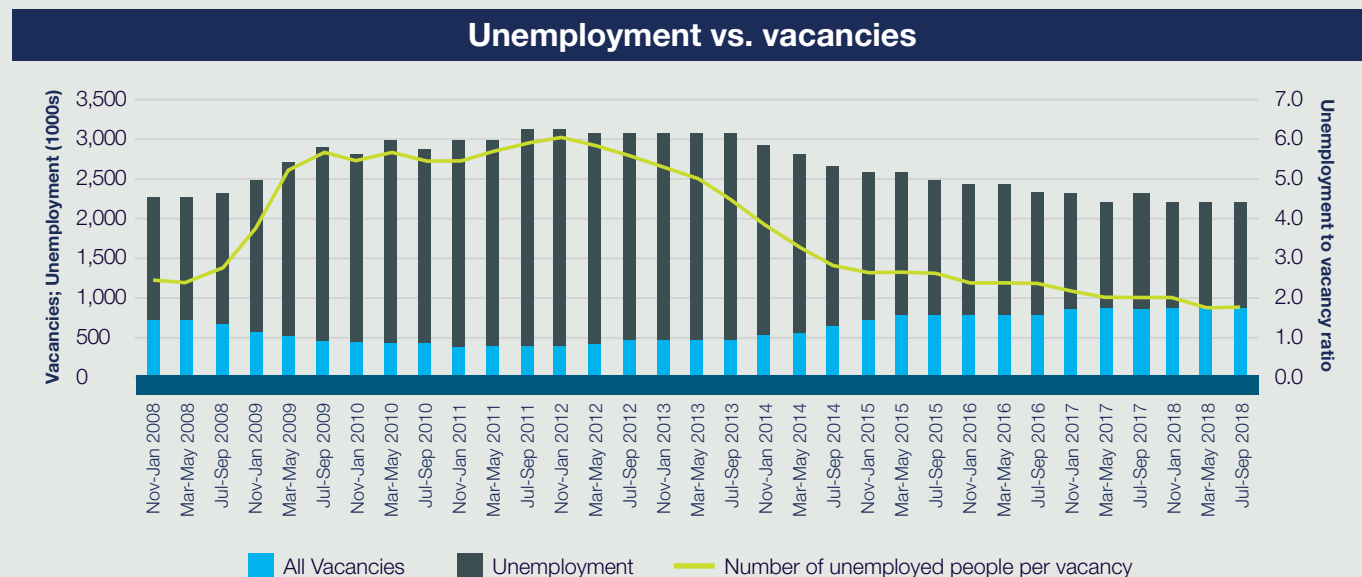
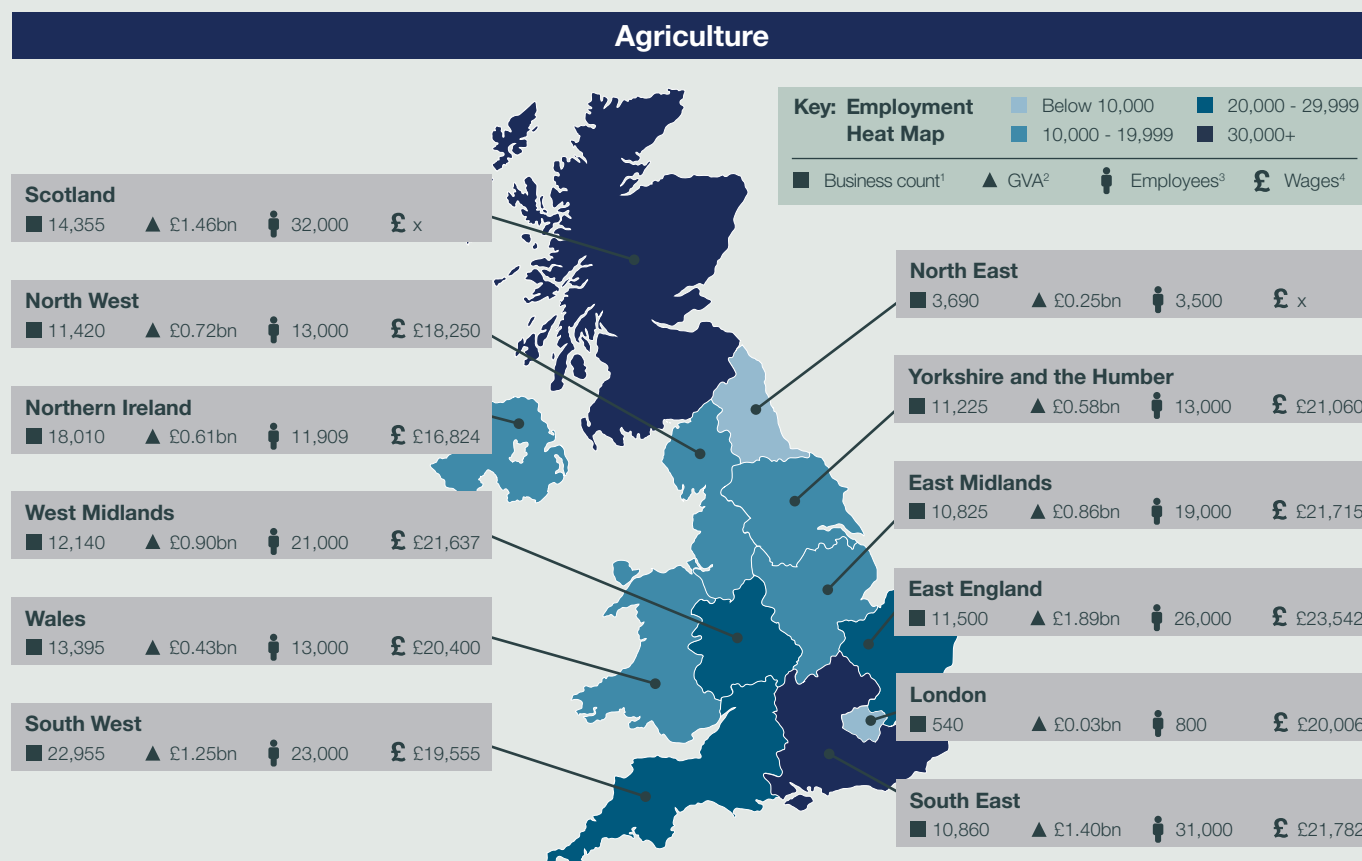


Figure 7: UK vacancies and unemployment. Source: ONS Labour Force Survey and Vacancy Survey (2018). Notes: Vacancy and unemployment figures are seasonally-adjusted, and exclude Agriculture, Forestry and Fishing (SIC Division A). Unemployment estimates are produced from the Labour Force Survey and are always one period behind the ONS Vacancy Survey estimates.

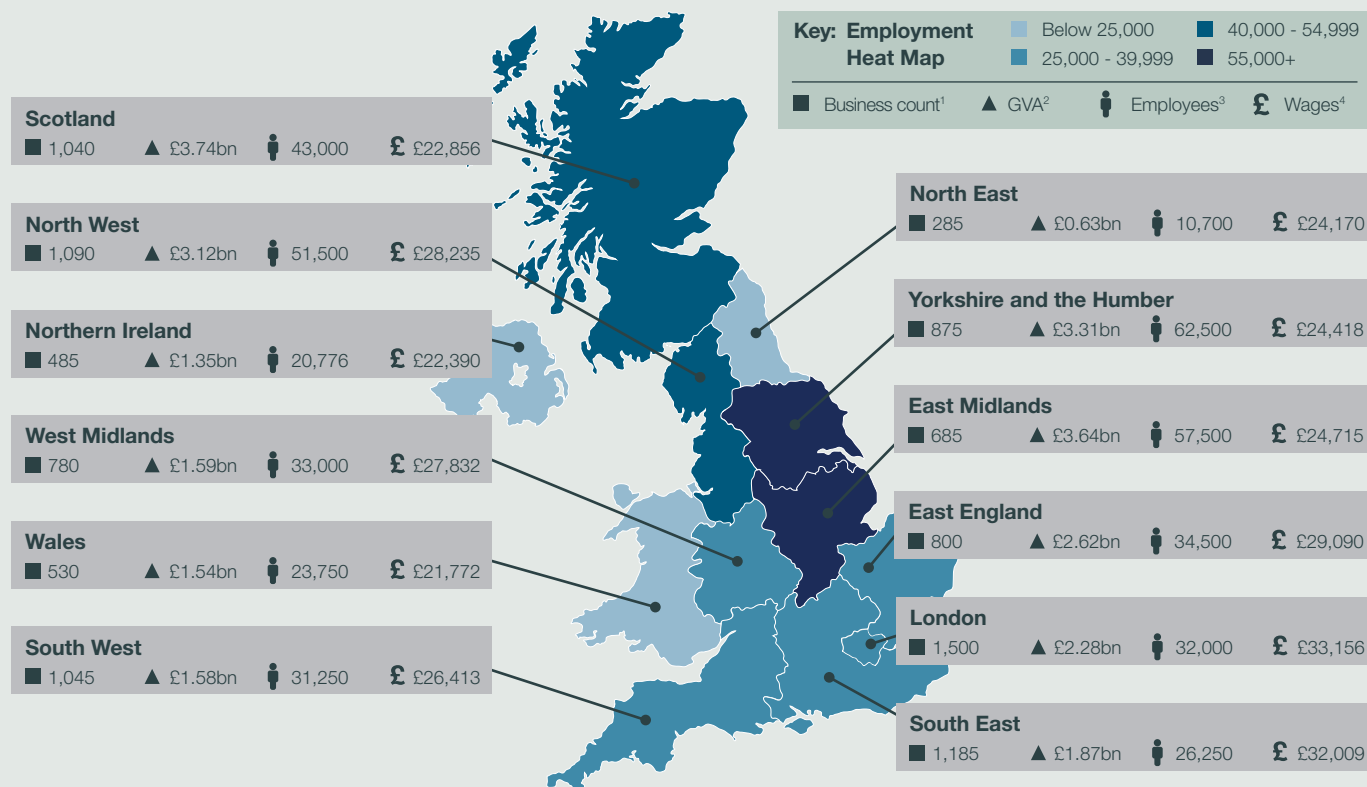
4.2. STRUCTURE OF THE FOOD AND DRINK SECTOR¹³



¹³ Where data is excluded, this is due to lack of availability for the relevant sub-sector of the food and drink sector.

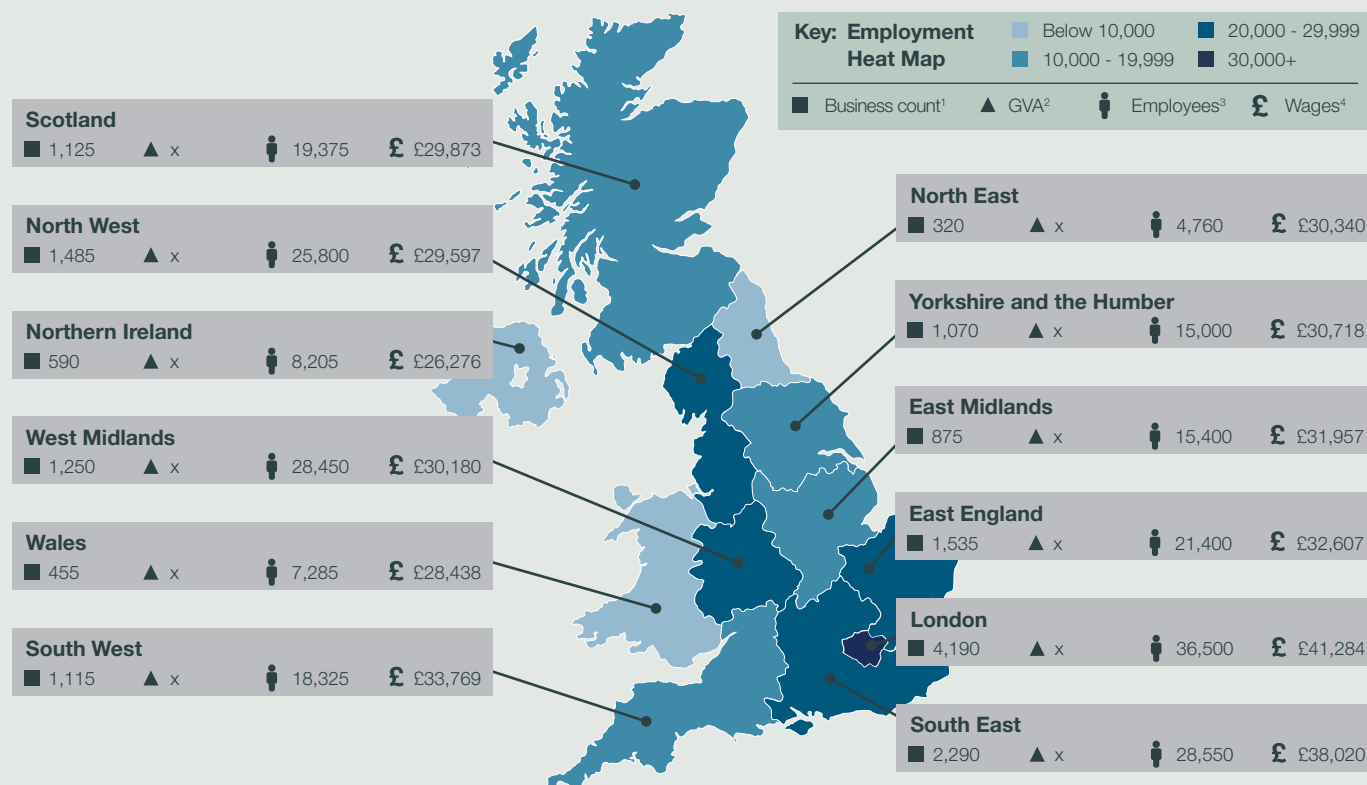
4. ECONOMIC BACKGROUND

Food and drink manufacturing*



* GVA figures include manufacture of tobacco products, and wage figures exclude beverage manufacturing.

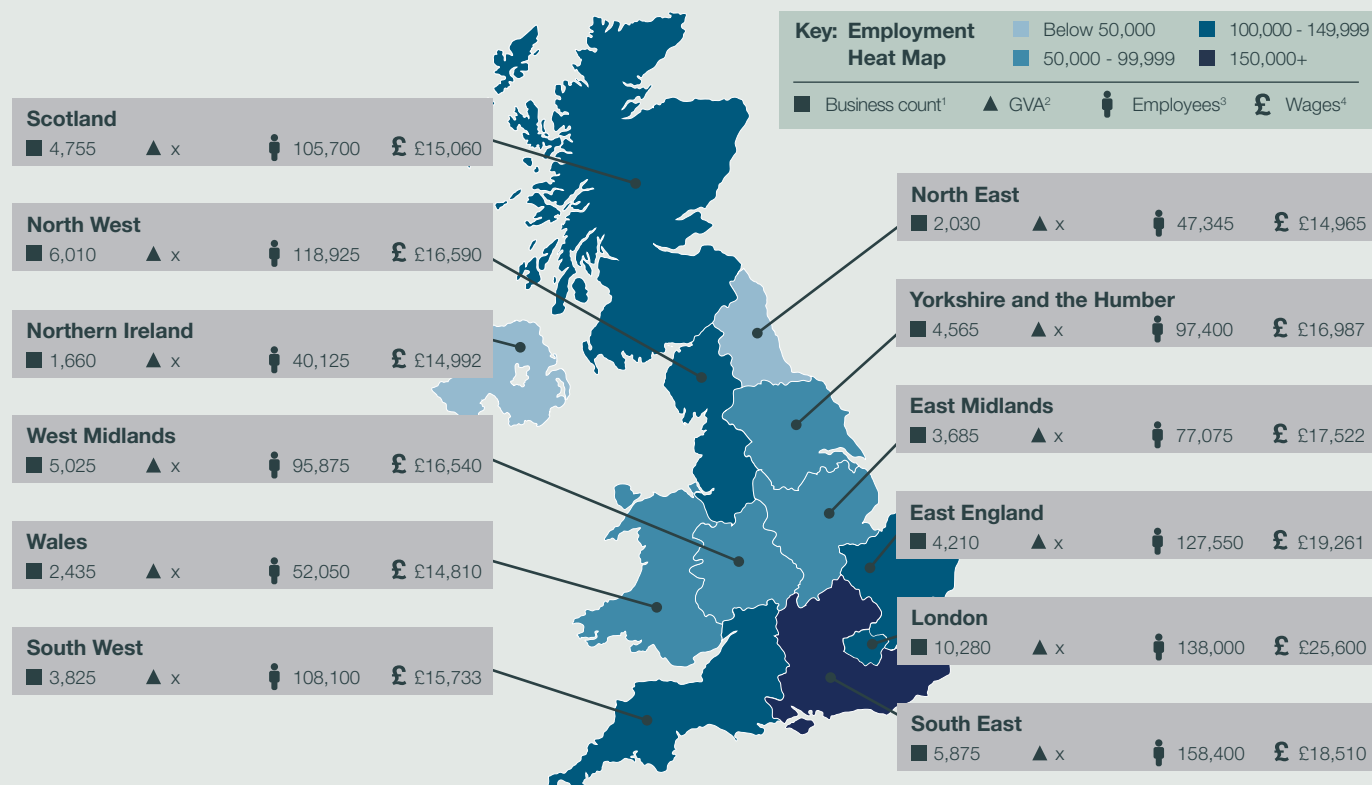
Food and drink wholesale*



* Wage figures are for all employees classified under SIC 46 (Wholesale) ; these are therefore non-food & drink-specific and are included for indicative purposes only.

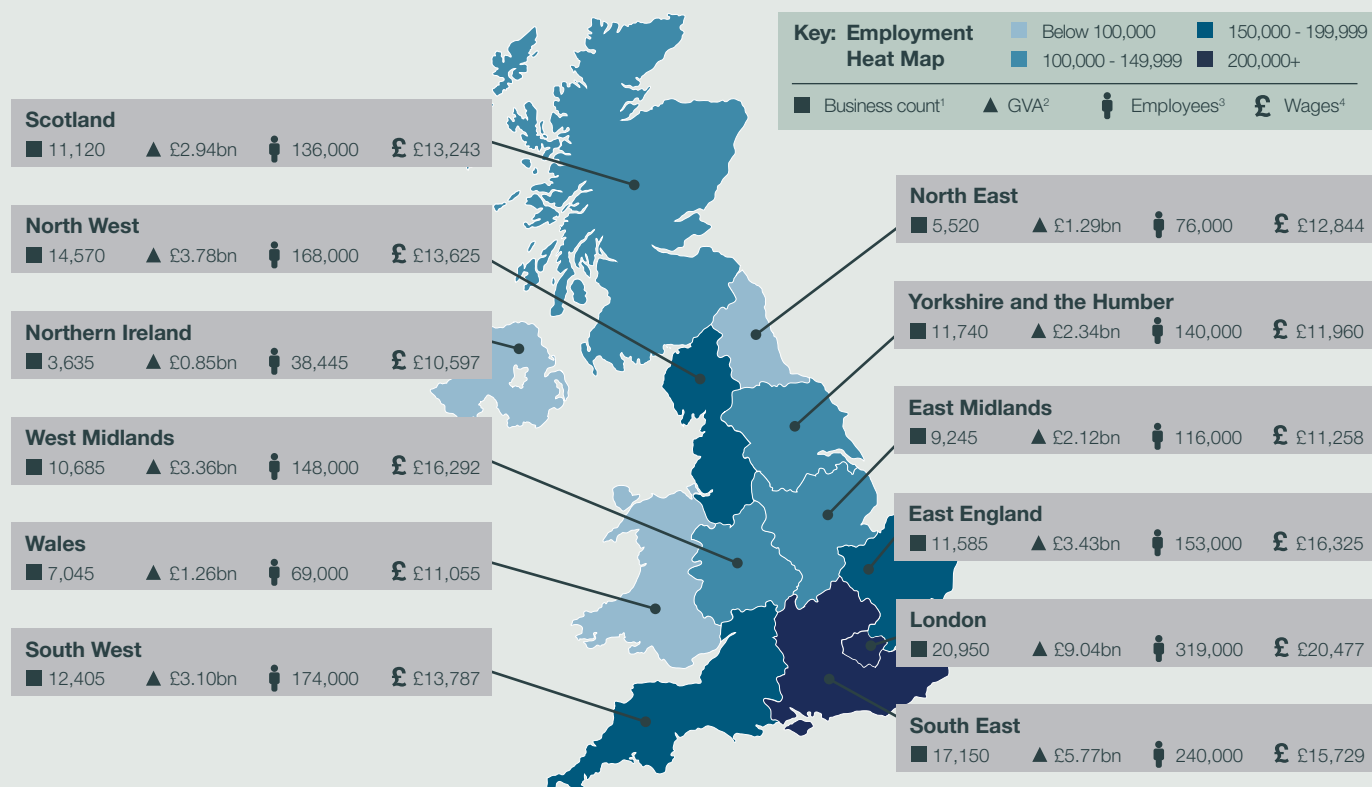
4. ECONOMIC BACKGROUND

Food and drink retail*



* Wage figures are for all employees classified under SIC 47 (Retail) ; these are therefore non-food & drink-specific and are included for indicative purposes only.

Food and drink hospitality services



¹ Source: ONS Gross Value Added (2017). Notes: Figures exclude food and beverage wholesale and retail. Chained volume measures in 2016 pounds.
² Source: ONS Inter-Departmental Business Register (2018).
³ Source: ONS Labour Force Survey (2017), NISRA Business Register and Employment Survey (2017), DAERA Farm Labour Statistics (2017). Notes: Figures cover employee jobs only, and exclude the self-employed, homeworkers, and trainees without a contract

of employment-as such these figures are an underestimate. Retail excludes SIC 4781 ("Suppressed to avoid disclosure").

⁴ Source: ONS Annual Survey of Hours and Earnings (2018). Notes: Wages are annual gross pay for employees on adult rates whose pay for the survey pay-period was not affected by absence.

4. ECONOMIC BACKGROUND

4.2.1. FOOD AND DRINK SECTOR CONTRIBUTION TO THE UK ECONOMY

The food and drink sector is a highly significant contributor to the UK economy, adding £120.8 billion¹⁴ (6.7% of the UK's total £1.8 trillion) to overall Gross Value Added (GVA), making up 11.9% of UK turnover¹⁵, investing £20.2 billion¹⁶ in 2017, and representing 14% of UK employment¹⁷.

It is an innovative sector, with new entrants contributing to business and employment growth, adding to the variety of job roles available in the sector. Of the UK's 2.7 million businesses, more than 359,000 operate in the sector, meaning that the industry accounts for 13% of all UK businesses¹⁸.

The number of businesses entering the industry has also grown, particularly in food and drink manufacturing. Over the last 10 years, the number of businesses across the supply chain has grown by 5.7%, driven by growth of more than 40% in food and drink manufacturers.

The food and drink industry has added almost 350,000 jobs since 2008¹⁹, and now employs a total of 4.3 million people across the country. The growth rate of employment over the last 10 years is 8.8%, which is 1.7 percentage points higher than the average across all industries²⁰. The hospitality sector has seen notably high employment growth since 2010 (see Figure 8e), at almost three times the rate of the rest of the sector. This has been driven by a significant rise in the popularity of casual dining until 2018, when employment growth started to slow.

On a less positive note, the food and drink industry faces extremely challenging circumstances due to increasing costs across the farm to fork supply chain. At each stage, our industry helps to mitigate against the worst effects of rising costs to minimise impacts on UK consumers. However, there are limits to what can be achieved by such actions. Consumers have seen food and drink price inflation of around 18.3% over the last 10 years, which is 2.9 percentage points lower than the rate of wider UK consumer price inflation²¹.



Figure 8: Employment by sub-sector. Source: ONS Annual Business Survey (2018) and Defra Agriculture in the UK Report (2018).

Notes: Employment figures are averages for the year, rather than point in time estimates. Annual Business Survey employment numbers are sourced from the ONS UK Business Register and Employment Survey. Notes: Growth figures represent employment growth since 2010.

¹⁴ ONS: GDP Low-level Aggregates (2018) (CVM constant prices); Annual Business Survey (2018).

¹⁵ ONS: Annual Business Survey (2018). UK economy estimates are for the non-financial business economy.

¹⁶ ONS: Annual Business Survey (2018) and Defra (2018). Capital expenditure is total net capital expenditure (incl. NYIP) for all sub-sectors of the food chain, except agriculture, where figures are sourced from the Defra Agricultural Accounts and capital expenditure is total consumption of fixed capital.

¹⁷ ONS: Annual Business Survey (2018). UK economy estimates are for the non-financial business economy.

¹⁸ ONS: Inter-Departmental Business Register (2018).

¹⁹ ONS: Annual Business Survey (2018); Defra Agriculture in the UK (2017).

²⁰ ONS: Annual Business Survey (2018); Defra Agriculture in the UK (2017).

²¹ ONS: Consumer Price Inflation (2018). Figures represent comparisons between annual averages (2015=100).

4. ECONOMIC BACKGROUND

Productivity in the food supply chain

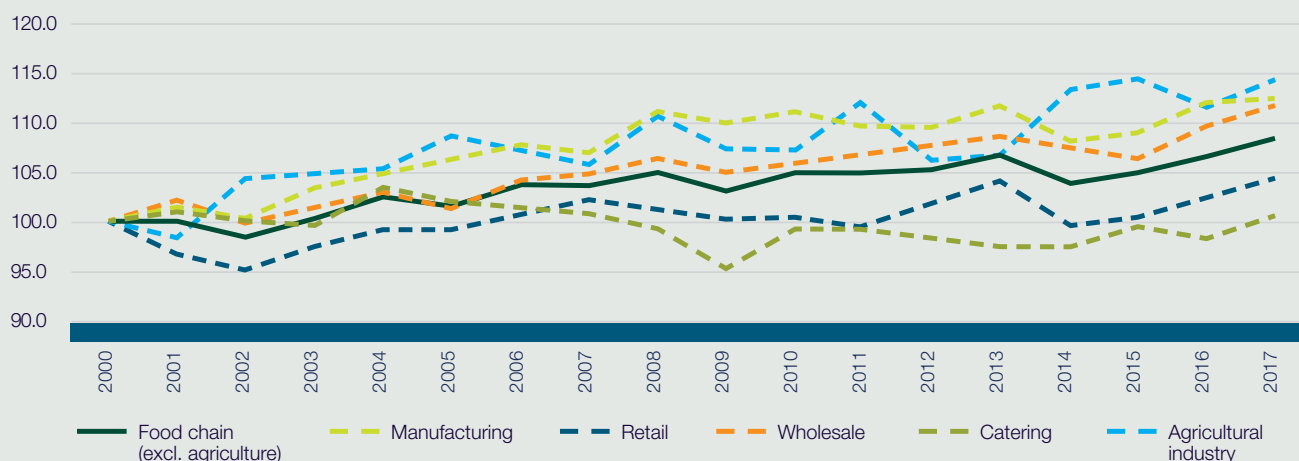


Figure 9: Food chain Total Factor Productivity (TFP). Sources: Defra [Total Factor Productivity of the UK Food Chain \(2017\)](#). Method: Total factor productivity is presented as an index, it relates major inputs of labour, intermediate purchases and capital consumption to outputs (turnover). Increases in total factor productivity can be achieved through increases in outputs and/or by reductions in inputs. Notes: Total Factor Productivity (TFP) figures are calculated by Defra using a range of ONS data. Agricultural industry TFP figures are calculated using Defra Farm Accounts data, and are therefore not included in the 'Food chain' figures, due to differing methodologies.

The industry has seen an improvement in productivity over the last 10 years, though this has been slower than the preceding decade. Overall the sector's productivity has grown by 3.1% since 2008, compared to 5.0% between 2000 and 2008²². When broken down by individual sub-sectors (see Figure 9), each has performed differently. Agriculture has been the most volatile, catering has tailed off since 2008, and the manufacturing and wholesaling industries have seen the most consistent growth, though this has slowed since 2008.

The industry's investment as a proportion of the overall UK economy has remained stable over the last decade, accounting

for 13% of total capital expenditure in 2017²³. Figure 10 details the expansion in investment across the sector, highlighting strong growth of 51% since 2008 (compared with the UK economy average of 54%²⁴).

Though most parts of the sector have seen significant investment growth over the last 10 years, hospitality stands out as having the greatest increase. This can be attributed to innovation in business structures, particularly eating out, but also growth in capital expenditure on pub and hotel estates.

Investment in the food supply chain



Figure 10: Food supply chain investment index. Sources: ONS Annual Business Survey (2018) and Defra (2017). Method: Indices in the chart have been calculated using a 2008 base year, and the relative changes in the indexed investment figures represent growth in capital expenditure relative to 2008. Notes: Capital expenditure is total net capital expenditure (incl. NYIP) for all sub-sectors except agriculture, where figures are sourced from the Defra Agricultural Accounts and capital expenditure is total consumption of fixed capital.

²² Defra: Total Factor Productivity of the UK Food Chain (2017). Total Factor Productivity (TFP) figures are calculated by Defra using a range of ONS data. Agricultural industry TFP figures are calculated using Defra Farm Accounts data, and are therefore not included in the 'Sector' figures, due to differing methodologies.

²³ ONS: Annual Business Survey (2018). UK economy estimates are for the non-financial business economy.

²⁴ Total net capital expenditure (incl. NYIP) for the UK's non-financial business economy.

4. ECONOMIC BACKGROUND

4.2.2. FOOD AND DRINK SECTOR COMPOSITION

4.2.2.1. BUSINESSES IN THE SECTOR

The sector is dominated by SMEs, who make up 99.6% of the industry. SMEs also account for a large proportion of turnover in the industry (see Figure 11 and Table 2). The exception to this is food and drink manufacturing, where 97% of businesses are SMEs, but the majority of turnover is attributed to large businesses. On average across the supply chain, SMEs contribute over 50% of turnover.

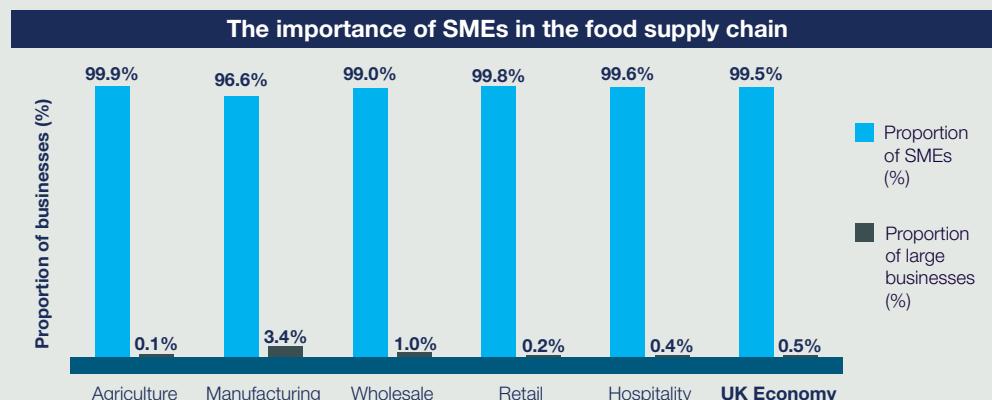


Figure 11: SME representation across the sector. Source: ONS Business Population Estimates (2018); Inter-Departmental Business Register (2018). Notes: For agriculture, food and drink manufacturing, food and drink hospitality, and the UK economy, estimates exclude businesses with 0 employees. This was not possible for food and drink wholesale, and food and drink retail; as such, figures should be taken as estimates. See Table 2 for further information on turnover representation.

SMES VS. LARGE BUSINESSES IN THE FOOD SUPPLY CHAIN		
Sub-sector	Turnover ²⁵	
	SME (%)	Large (%)
Agriculture	89%	7%
Manufacturing	25%	75%
Wholesale	59%	41%
Retail	75%	25%
Hospitality	51%	49%
UK economy	97%	3%

Table 2: Small-and-medium enterprises (SMEs) vs. large enterprises in the sector. Source: ONS Business Population Estimates (2018); Inter-Departmental Business Register (2018). Notes: For agriculture, food and drink manufacturing, food and drink hospitality, and the UK economy, estimates exclude businesses with 0 employees. This was not possible for food and drink wholesale, and food and drink retail; as such, figures should be taken as estimates. Agriculture figures do not sum to 100% due to excluded data for some business sizes.

4.2.2.2. WORKFORCE IN THE SECTOR

The sector offers a wide variety of job roles across all levels and skills, with varying hours and contract types in over 100 different areas, ranging from production managers and directors, to scientists and biochemists, programmers, fishmongers, agricultural machinery drivers and packers.

The provision of part-time roles can act as an indicator of the flexibility of employers. Official data highlight that the food and drink industry has a higher availability of part-time work (53%) than the average across all UK industries, which was 27% in 2017²⁶. Nonetheless, the proportions vary depending on sub-sector. As expected, there is a higher proportion of part-time staff in food and drink hospitality and retail, where over 60% of the workforce are part-time. However, this is not the case elsewhere in the industry, where less than one third of workers are part-time.

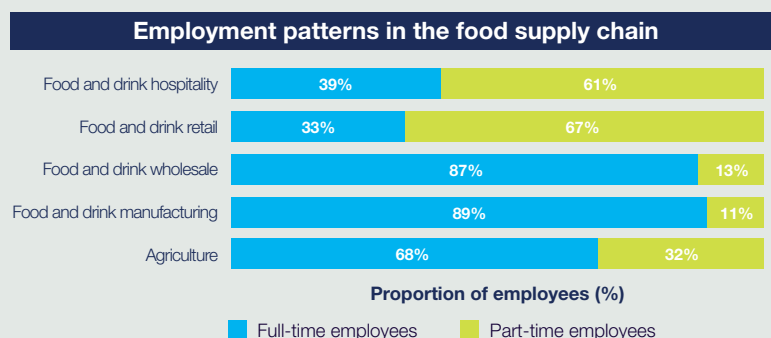


Figure 12: UK employment by part-time vs. full-time. Source: ONS Business Register and Employment Survey (2017). Notes: Northern Ireland data is supplied to the ONS by NISRA (Northern Ireland Statistics and Research Agency), but are not available by 5-digit SIC, meaning estimates for both food and drink wholesale and retail are GB-level estimates. Employee refers to anyone aged 16 years or over that an organisation directly pays from its payroll(s), in return for carrying out a full-time or part-time job or being on a training scheme. It excludes voluntary workers, self-employed and working owners who are not paid via PAYE. Employment has a broader definition (see Glossary). Full-time workers are those working more than 30 hours per week, and part-time workers are those working 30 hours or less.

²⁵ 'UK Economy' turnover figures excludes SIC 2007 Section K (financial and insurance activities) for Divisions 64 to 66 where turnover is not available on a comparable basis. For food and drink wholesale, and food and drink retail, turnover by business size data did not cover all relevant SIC codes, and as such, figures should be taken as estimates.

²⁶ ONS: Business Register and Employment Survey (2017). Figures are estimates of part-time employees as a proportion of the total number of employees (i.e. excluding working proprietors). For more information on the difference between employment and employees, see Glossary.

4. ECONOMIC BACKGROUND

The food and drink industry has made positive improvements to salaries over the last decade, growing at a similar rate to those across the wider UK economy. Wages in the UK have grown by 16% since 2008, with the food and drink sector very similar at 15%²⁷.

However, when looking at absolute figures, wages and salaries in the sector are lower than the national average. For instance, as can be seen in the Regional Map (Section 4.2.), food and drink manufacturing wages in the East Midlands average £24,715, compared with £25,644 across all industries. This poor performance is echoed in the findings from a recent NFU²⁸ Permanent Labour Survey, which showed that 55% of workers are currently paid below £25,000 per year.

As the sector adopts more technology and automates processes, there will be more demand for employees to have digital skills (among other related skills, such as engineering) which could push up wages. Research by Lloyds Banking

Group²⁹, shows that improving 'Basic Digital Skills' is an important factor in the earning power of employees. Currently, working adults in the UK with full 'Basic Digital Skills' are paid an average annual salary of £34,500 compared with £21,250 for those without, a gap which is likely to increase in the future.

4.2.2.3. EU NATIONALS IN THE SECTOR³⁰

EU nationals are an important part of the food and drink sector, working across a variety of roles and skill levels, but also have different have contract types.

As outlined in Table 3, EEA nationals represent 12% of total employment in the sector (420,00 employees). The industry employs almost one fifth of all EU27 nationals³¹ in the UK economy. The ONS estimates the number of seasonal workers with EU nationality in food and drink to be 67,000³², representing 16% of all EEA nationals working in the sector, and 66% of all seasonal workers employed in the economy³³.

3A: NUMBER OF UK NATIONALS (IN 000s) IN THE SECTOR								
	2010		2013		2016		2017	
Agriculture	299	94%	268	93%	282	89%	285	92%
Food and Drink Manufacturing	295	77%	293	74%	270	66%	259	69%
Food Wholesaling	140	83%	134	80%	134	75%	149	76%
Food Retailing	1,044	92%	1,129	92%	1,101	90%	1,081	89%
Food and Beverage Services	881	81%	950	81%	1,053	80%	1,079	79%
Food and Drink Sector	2,659	86%	2,774	86%	2,840	83%	2,853	82%
UK Economy	26,671	92%	27,210	91%	28,044	89%	28,327	89%
3B: NUMBER OF EEA NATIONALS (IN 000s) IN THE SECTOR								
	2010		2013		2016		2017	
Agriculture	15	5%	16	6%	29	9%	20	6%
Food and Drink Manufacturing	66	17%	83	21%	121	30%	106	28%
Food Wholesaling	19	11%	24	14%	32	18%	39	20%
Food Retailing	30	3%	37	3%	67	5%	76	6%
Food and Beverage Services	86	8%	108	9%	163	12%	179	13%
Food and Drink Sector	216	7%	268	8%	412	12%	420	12%
UK Economy	1,017	4%	1,331	4%	2,038	6%	2,218	7%
3C: NUMBER OF NON-EEA NATIONALS (IN 000s) IN THE SECTOR								
	2010		2013		2016		2017	
Agriculture	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Food and Drink Manufacturing	21	5%	21	5%	15	4%	11	3%
Food Wholesaling	10	6%	9	5%	9	5%	n/a	n/a
Food Retailing	59	5%	53	4%	49	4%	51	4%
Food and Beverage Services	120	11%	106	9%	98	7%	100	7%
Food and Drink Sector	210	7%	189	6%	171	5%	162	5%
UK Economy	1,189	4%	1,169	4%	1,218	4%	1,214	4%

Table 3: Number of workers in food chain sectors by nationality. Source: ONS Annual Population Survey (2017). Notes: n/a indicates data unavailable due to small sample size and/or cases where the confidence interval is greater than the estimate. Such values have been suppressed on quality grounds and to avoid disclosure issues. Percentages represent the proportion of total workers of each nationality for the respective sub-sectors of the food chain.

²⁷ ONS: Annual Survey of Hours and Earnings (2018): UK hourly pay - gross.

²⁸ NFU Agriculture and Horticulture: Permanent Labour Supply (May 2019) survey represents 635 farmer and grower members in England and Wales interviewed between 9 April and 16 May 2019.

²⁹ Lloyds Banking Group: UK Consumer Digital Index Report (2018).

³⁰ ONS: Annual Population Survey (2017) ('Number of workers in food chain sectors by nationality').

³¹ Estimate of the proportion of EU27 nationals employed in the UK food and drink industry (in 2016) excludes EU27 nationals who were not in employment.

³² Defra: 'Securing Access to Labour' research (2018).

³³ ONS: [Labour Force Survey \(2018\)](#). Figure calculated using 2017 figures, consistent with estimates in this section.

4. ECONOMIC BACKGROUND

Previous research undertaken by the FDF-led Food and Drink Supply Chain Workforce Group³⁴ highlights the range of roles across all skill levels currently performed by EU nationals, indicating the importance of and reliance on EU workers in a variety of areas of the industry.

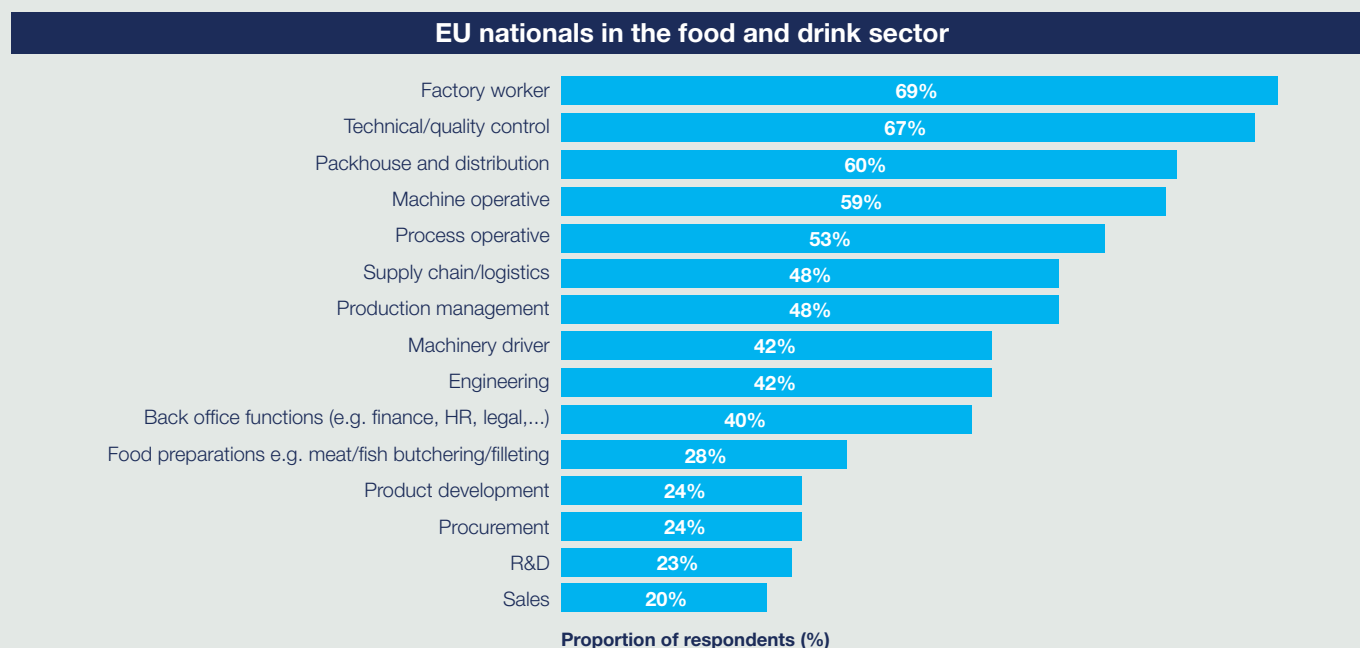


Figure 13: Roles currently performed by non-UK EU nationals. Source: FDF analysis of Food and Drink Supply Chain Workforce Survey ([Breaking the Chain](#) 2017). Notes: Based on 108 responses, respondents were able to tick all options that apply.

4.3. FUTURE INDICATIONS

Considering the current and projected state of the UK labour market and its impact on the economy, the food and drink industry is not unique. Across many sectors, labour supply will be restricted as net migration slows and the population and workforce ages. However, given the geographical diversity of the sector and its reliance on EU workers, the food and drink industry will find it increasingly difficult to attract sufficient workers.

To understand the potential future supply of labour in the sector, and the scale of demand, the age profile of the workforce has

been analysed. Across sub-sectors, the disparities are significant. Overall, the manufacturing and wholesaling industries are set to struggle the most due to an ageing workforce, with almost one third of the agricultural and manufacturing workforce set to reach retirement age by 2033-35³⁵, from a 2018 baseline. Given that the proportion of those aged below 30 is approximately 21% in these parts of the sector, the industry is likely to face labour shortages over the next 15-17 years, which is exacerbated by the lack of awareness around opportunities in the food and drink sector.

AGE PROFILE OF EMPLOYEES IN THE FOOD SUPPLY CHAIN						
Age group	All Industries and Services	Agriculture	Food Manufacturing	Wholesale*	Retail*	Hospitality
18-21	5%	9%	3%	3%	12%	21%
22-29	17%	17%	16%	15%	21%	25%
30-39	24%	20%	27%	24%	21%	22%
40-49	24%	18%	25%	26%	19%	16%
50-59	22%	21%	22%	22%	19%	12%
60+	8%	15%	7%	9%	9%	5%

Table 4: Age profile of workers in the sector. Source: ONS Annual Survey of Hours and Earnings (2018). Notes: Figures for number of jobs are for indicative purposes only and should not be considered an accurate estimate of employee job counts, as such, proportions should be taken as estimates. Estimates for wholesale and retail are non-food/drink-specific. Beverage manufacturing has been excluded here, since estimates are considered unreliable for practical purposes.

³⁴ Food and Drink Supply Chain Workforce Group: [Breaking the Chain Report](#) (2017).

³⁵ Based on employee job figures from the ONS Annual Survey of Hours and Earnings (2018).

Estimates are calculated based on the current state pension ages of 64 and 65 for women and men respectively.

5. RESEARCH PARTICIPANT DATA

5.1. SURVEY BACKGROUND INFORMATION

Over a three-month period, from November 2018 to February 2019, a FDSC 'Future Workforce and Skills' survey was sent to organisations across the sector to address data gaps and help inform a sector position on the industry's future workforce and skills needs.

The main objective of the survey was to provide a clearer understanding of the labour force across the whole sector at present, as well as trends in the recent past. It was designed to provide business insights into the reasons behind official government data, as well as provide a wider understanding of the future workforce and skills needs of the sector.

The survey received 170 responses in total, with the large majority from manufacturers (58% of the sample). The survey represented businesses of all sizes, operating in all nations and regions of the UK; more than half of respondents (54%) being small and medium-sized enterprises (SMEs).

Although significantly underestimated, the survey represents at least 28%³⁶ of the total sector's turnover (approximately £33.8 billion of £120.8 billion) and 5.4% of overall employment (approximately 232,000 of 4.27 million³⁷ employees). While manufacturing had the largest representation in terms of responses, turnover representation was highest for agriculture and horticulture, followed by manufacturing. Employment representation was highest for manufacturing and retail.

In parts of the report, where appropriate and where sample sizes permit, we differentiate between the 'production industries' and the 'service industries'. The former comprises agriculture, horticulture and manufacturing businesses, and the latter retail and hospitality service businesses. Despite a relatively smaller number of responses from those within the service sector, views expressed are considered representative, given that many of the UK's largest food and drink retailers responded to our survey³⁸.

Sub-sector breakdown of respondents

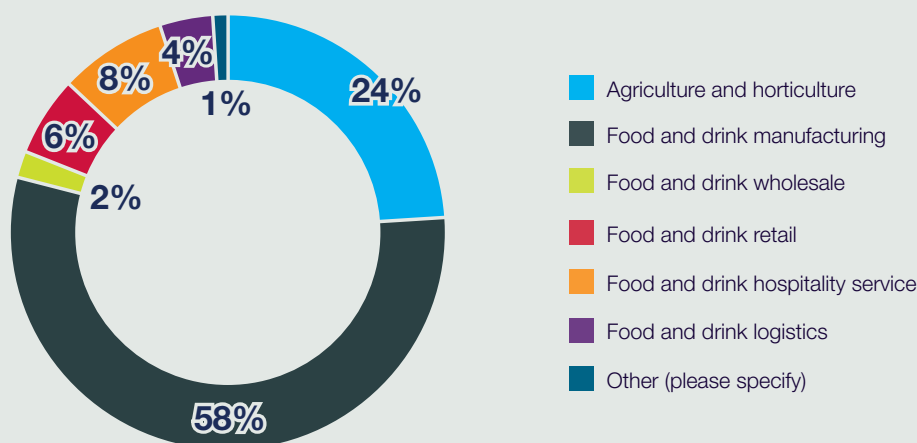


Figure 14: Which part of the food and drink supply chain does your business mainly operate within? Source: FDF analysis of Food and Drink Sector Council: Future Workforce and Skills Survey. Notes: Based on 170 respondents. Respondents classified as 'other' comprised 1 trade association and 1 research company.

The main body of this report is based on analysis of our survey findings, as well as interviews conducted by SHU and FDF. Throughout the report, references are made to other relevant studies such as the National Farmers' Union (NFU) Agriculture & Horticulture: Permanent Labour Survey, and the FDF-led Food and Drink Supply Chain Workforce Group 'Breaking the Chain' report, among others.

As shown in Figure 14, most respondents were from the food and drink manufacturing sector. Around one quarter of respondents operated within agriculture and horticulture, and the remaining 21% comprised all other sub-sectors³⁹. In

addition to businesses operating within the sector, this survey was sent out to trade associations representing food and drink businesses. As such, the total number of businesses represented is higher than the figure stated.

Despite the breakdown shown, the sub-sector composition of our respondents is not representative of sub-sector composition across the sector. For instance, in the agricultural sector there are almost 141,000 businesses compared with over 10,000 in manufacturing^{40,41}. See Section 4.2. for more information on the nature and composition of businesses and workforce in the industry.

³⁶ This is likely to be an underestimate given the calculation method used and the nature of responses (i.e. not all respondents reported numbers of full-time equivalents in their business).

³⁷ Defra: Food Statistics Pocketbook (2017).

³⁸ According to Kantar Worldpanel, the top five retail groups in the UK constitute 70% of the market (2018).

³⁹ It is important to note these proportions when looking at overall results of our survey, as aggregated findings may be skewed by the sub-sectors that are more highly represented.

⁴⁰ ONS: Inter-Departmental Business Register (2018). Figures represent the number of VAT and/or PAYE based enterprises, and therefore may include businesses with 0 employees that are registered solely for tax purposes. As such, estimates should be taken as over-estimates.

⁴¹ Note that these figures differ from figures used by the FDF, due to inclusion of businesses with 0 employees.

5. RESEARCH PARTICIPANT DATA

Figure 15 shows the business size of respondents to our survey; over half were SMEs and the remainder were large businesses. Again, this is not representative of the nature of the industry. As can be seen from the regional map in the Section 4.2., the sector mainly comprises SMEs, with only a small fraction of large businesses. When it comes to engagement with surveys, however, the response rate of SMEs is usually lower due to lack of resources.

Respondents were asked about the location of sites they operate across in the UK. Figure 16 demonstrates the extent to which food and drink businesses can be found all over the UK. This echoes official data, outlined in the regional map in Section 4.2., which show the geographical spread of the food and drink industry.

As well as the location of sites, businesses were asked about the number of sites they operate across in the UK. The majority (55%) of respondents⁴² indicated operating across either one or two sites, though some reported operating across as many as 2000+ UK-based sites.

Business size of respondents

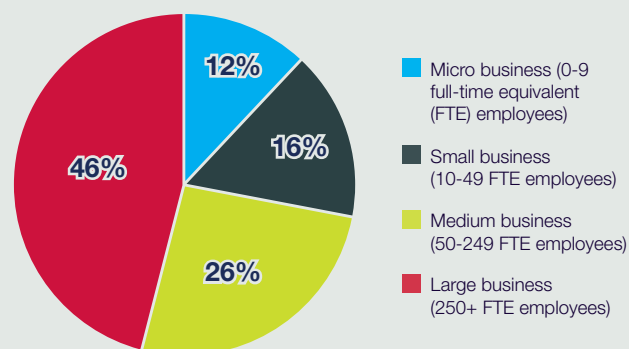


Figure 15: What is the approximate size of your business? Source: FDF analysis of Food and Drink Sector Council: Future Workforce and Skills Survey. Notes: Based on 170 respondents: 20 micro, 27 small, 45 medium, and 78 large.

Geographic spread of respondents' sites

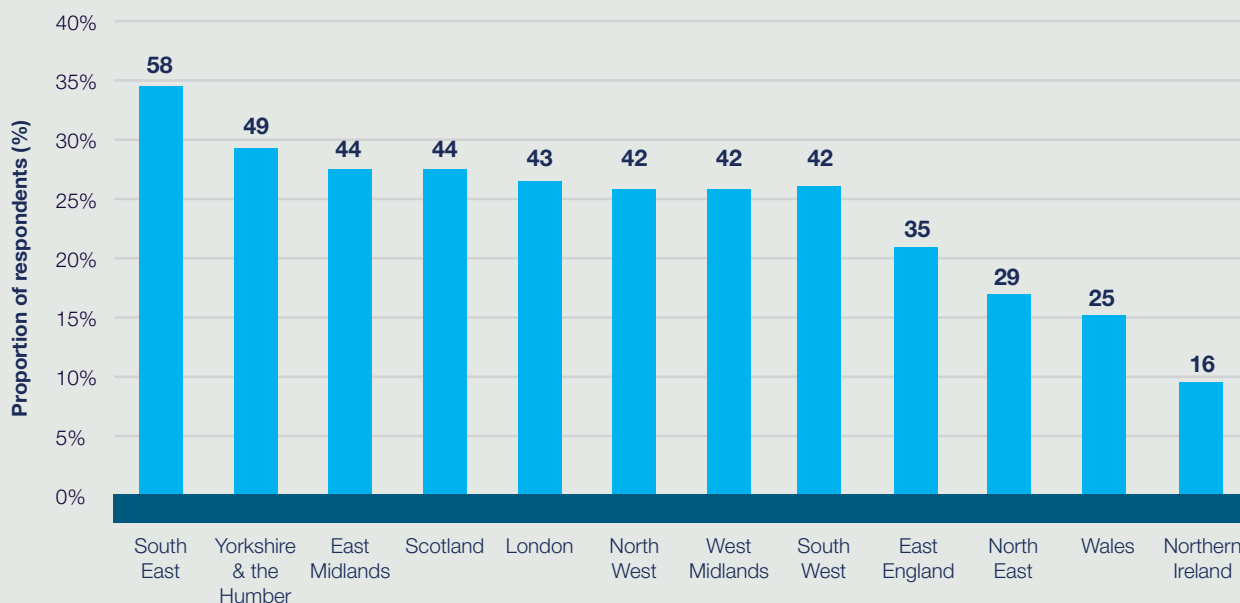


Figure 16: Where are your businesses' sites located across the UK? Source: FDF analysis of Food and Drink Sector Council: Future Workforce and Skills Survey. Notes: Based on 166 respondents. Data labels indicate the number of businesses operating in each region. Respondents could select as many regions as applicable. Note that the numbers in the chart above represent the number of respondents who selected each location, as opposed to the number of businesses present in each region/nation.

5.2. INTERVIEW BACKGROUND INFORMATION

In conjunction with the survey, in-depth interviews with businesses from across the sector were undertaken to gain further insights into the respondents' labour force needs. In total, 21 telephone interviews were undertaken with senior managers (responsible for human resources) from various businesses.

The businesses involved were from a broad section of the sector, covering agriculture and horticulture, manufacturing, retail, hospitality, and trade associations. In total, the turnover of these

businesses amounted to approximately £129.7 billion per annum. As such, the views and opinions relate to a substantial level of economic activity.

The interview schedule followed the structure of the survey to cover similar topics. Consequently, undertaking these follow-up interviews enabled further detail to be obtained on each question, which provided more explanation of the patterns observed in the survey data.

⁴² Results here are expressed as a percentage of respondents to these specific questions, and as such may not be entirely representative of the survey sample.

6. SURVEY FINDINGS

6.1. WORKFORCE COMPOSITION

The following section outlines our survey findings on employment growth, length of service, temporary worker usage and vacancies.

With some exceptions, the sector is fairly stable in terms of its employment, staff turnover and length of service. However, a key issue for the sector is the availability of labour, including temporary staff and EU nationals, both of which businesses rely on to produce safe, high-quality, affordable and sustainable food and drink.

6.1.1. EMPLOYMENT

Survey respondents were asked to indicate how numbers of employees have evolved over the last three years. Figure 17 highlights respondents' views on whether employee numbers in their business have increased, remained stable, or decreased over this period. Percentages represent the proportion of respondents that selected each option.

Though views on employment growth over the last three years were mixed across the sector, 54% of respondents reported either increased or significantly increased employee numbers in their business. This is in line with ONS data which indicate an expansion in employment over recent years.

When broken down by sub-sector, the data showed that no hospitality businesses reported employee numbers falling; this correlates with official data and the recent rise in casual dining. On the other hand, businesses in the production industry were more likely to report a decline.

Figure 18 shows businesses' expectations on employee growth over the next three years. While responses were mixed, a lower proportion of businesses (41%) expect employee numbers to increase (compared with the previous three years) and a higher proportion expect them to decrease.

Within the individual sub-sectors of the sector, future expectations were similar to the last three years (though slightly lower); most service-based businesses forecast a rise, whereas this proportion was below 50% across all other sub-sectors.

6.1.2. STAFF TURNOVER

To gauge workforce stability in the sector, respondents were asked to provide an indication of staff turnover rates in their business. Positively, the majority reported relatively low turnover.

Figure 19 highlights the rate of staff turnover in food and drink businesses over the last 12 months, split by business size. For businesses of all sizes across the sector, reported staff turnover was close to or below the national average of 10%⁴³, with almost half of all respondents stating a rate of 10% or less, and two thirds 20% or less.

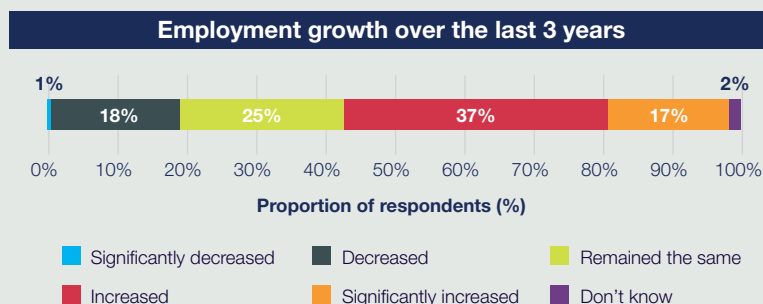


Figure 17: How have employee numbers in your business changed over the last 3 years? Source: FDF analysis of Food and Drink Sector Council: Future Workforce and Skills Survey. Notes: Figures 17 and 18 are based on 142 respondents. Figures may not sum to 100, due to rounding.

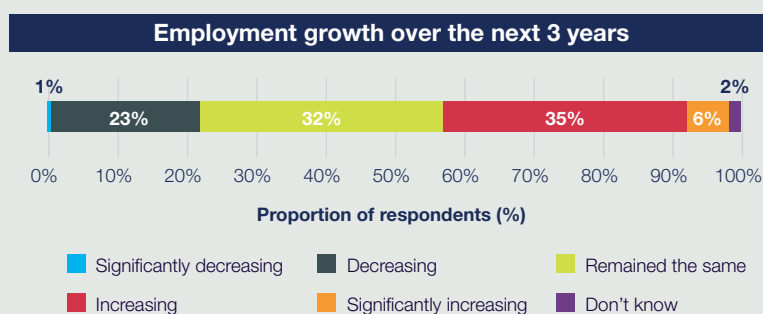


Figure 18: How do you foresee employee numbers in your business changing over the next 3 years? Source: FDF analysis of Food and Drink Sector Council: Future Workforce and Skills Survey. Notes: Figures 17 and 18 are based on 142 respondents. Figures may not sum to 100, due to rounding.

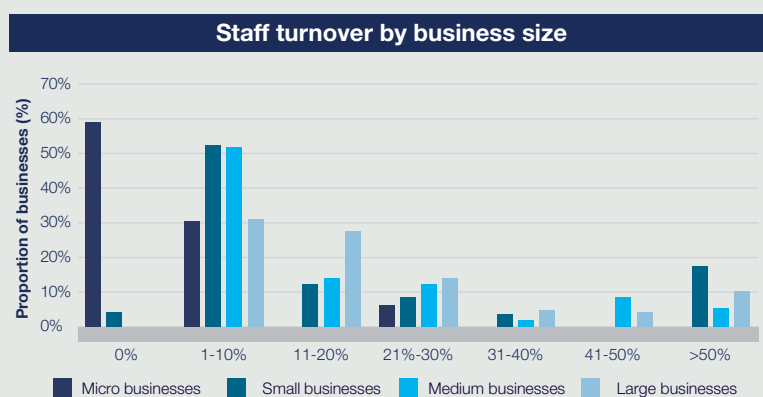


Figure 19: What is the approximate rate of staff turnover in your business? Source: FDF analysis of Food and Drink Sector Council: Future Workforce and Skills Survey. Notes: Based on 142 respondents.

⁴³ Source: XperTHR Labour turnover rates survey (2019).

6. SURVEY FINDINGS

Staff turnover over the next 3 years

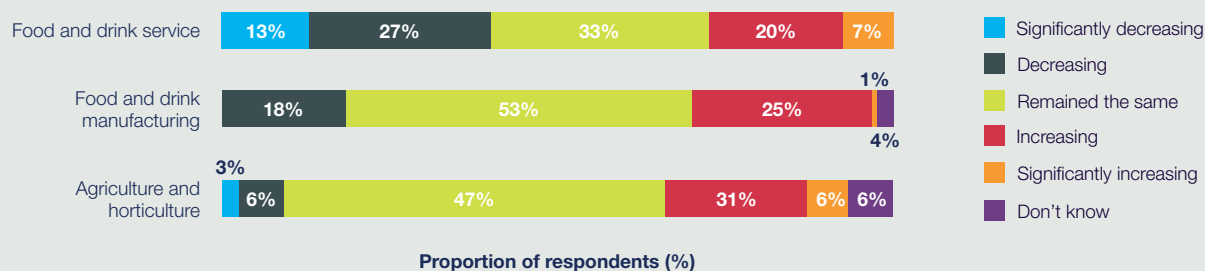


Figure 20: How do you foresee staff turnover in your business changing over the next 3 years? Source: FDF analysis of Food and Drink Sector Council: Future Workforce and Skills Survey. Notes: Based on 127 respondents; 32 were agriculture and horticulture businesses, 80 were manufacturers, and 15 were food and drink service businesses.

When broken down by business size, the rate of staff turnover tended to be higher for larger businesses, with 70% of reports of low-to-average staff turnover rates (0-10%) coming from SMEs. Across the supply chain, a larger proportion of service-based businesses stated higher turnover rates. For instance, 80% of food and drink service⁴⁴ businesses reported turnover above 20%, compared with less than 30% in the production industries⁴⁵.

Further analysis showed that businesses with higher average turnover had higher usage of temporary agency workers, and that those with 'very high' turnover (>50%) came from hospitality or agriculture and horticulture. Notably, the top reasons for using temporary staff differed for businesses with higher staff turnover (see Annex 1).

Businesses were then asked how they foresee their staff turnover changing over the next three years; 49% felt that this will remain unchanged. This finding was apparent for businesses of all sizes and across all parts of the sector, though relatively more service-based businesses predicted that staff turnover will decline.

Figure 20 shows the proportion of respondents who selected 'significantly decreasing' to 'significantly increasing' staff turnover rates, split by sub-sectors (NB food and drink service here includes both the retail and hospitality sectors). As shown,

a larger proportion of agriculture and horticulture businesses (38%) expect staff turnover to rise in the near future. This may be linked with reduced access to EU nationals (especially seasonal workers) as the UK leaves the EU, among other reasons. In a recent survey conducted by the NFU, it was found that among those who intend to recruit this year, 27% think this will be more difficult in 2019 due to lower availability of non-UK workers⁴⁶.

6.1.3. LENGTH OF SERVICE

Respondents were also asked about average length of service in their business. Figure 21 demonstrates the proportion who reported average length of service within various year bands. Around one third of businesses had a 6-10 year average service length, and over half (60%) had service length greater than 5 years⁴⁷. In 2015, almost two thirds of the UK's working population had job tenure of less than 5 years, demonstrating the relative stability of food and drink businesses⁴⁸.

Across the different sub-sectors, responses were also centred around 6-10 years. Service-based businesses reported the lowest average service length, which is likely to be due to the prevalence of employees with flexible working arrangements in the sector.

Average length of service

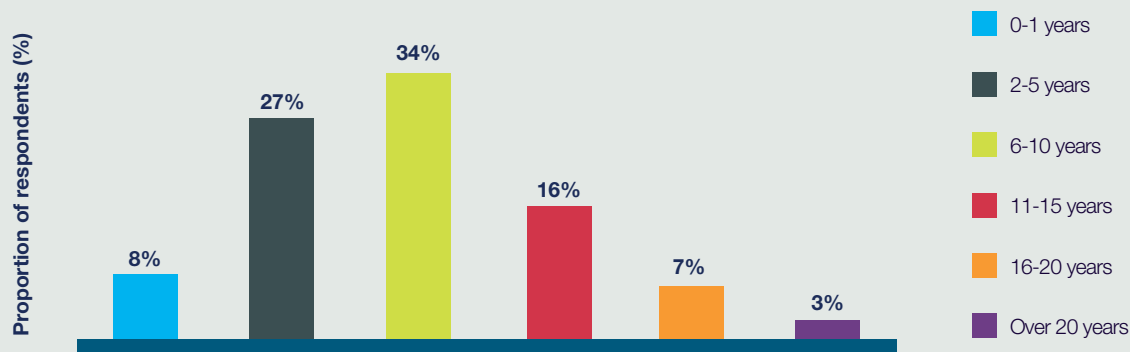


Figure 21: What is the average length of service in your business? Source: FDF analysis of Food and Drink Sector Council: Future Workforce and Skills Survey. Notes: Based on 140 respondents. 5% of respondents indicated 'Don't know' or 'N/A'.

⁴⁴ Food and drink service represents businesses operating across the food and drink retail, and food and drink hospitality service sectors.

⁴⁵ Production industry businesses had lower reported staff turnover (than all other sub-sectors) on average, which was significant at $p \leq 0.0015$.

⁴⁶ NFU: Agriculture and Horticulture Permanent Labour Supply survey (May 2019). Figures

represent 111 farm businesses that intend to recruit in 2019, of 635 farmer and grower members in England and Wales interviewed between 9 April and 16 May 2019.

⁴⁷ Average service length when considering the entire sample ($n=133$ reported service length) fell above 5 years, which was significant at $p \leq 0.0000$.

⁴⁸ OECD: Labour Market Statistics (2017): [Employment by Job Tenure Intervals \(Persons\)](#).

6. SURVEY FINDINGS

FURTHER DETAIL: BUSINESSES AND ROLES WITH LOW AVERAGE LENGTH OF SERVICE⁴⁹

When analysing whether businesses with low employee service length had different reasons for hiring temporary agency staff, we found there to be some differences (as outlined in Figure 22⁵⁰). Both groups, however, reported seasonal demand change as the key driver of their temporary staff usage.

Businesses who reported low average service length also reported difficulty recruiting for low-skilled roles, such as food preparation, process, plant, and machine operatives, and elementary occupations.

Roles with low service length

The types of roles with lower service length in the agricultural/horticultural sector tended to be seasonal, such as harvest workers, according to our survey. For food and drink manufacturers, a wider range of job roles were mentioned, including packaging, packing, or general operatives, and more generic roles such as sales, finance, and marketing. Among hospitality services, roles that tended to have lower service length varied in terms of skill level, and included: waiting staff, kitchen team members, and chefs.

Impact of service length on temporary worker usage

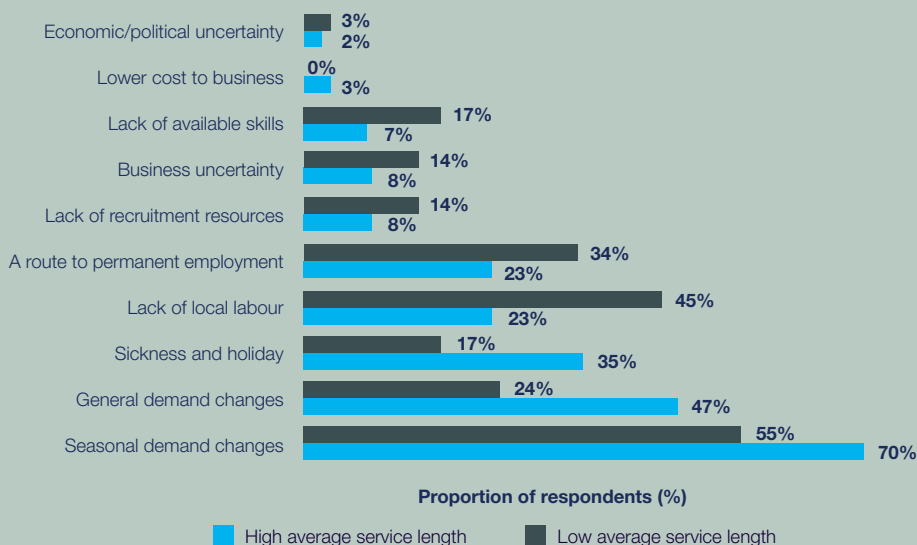


Figure 22: What are your key reasons for using temporary agency workers?

Source: FDF analysis of Future Workforce and Skills Survey. Notes: Based on 89 respondents, of whom 60 had high reported average service length, and 29 had low reported average service length. Respondents were asked to select their top 3 reasons for temporary staff usage.

6.1.4. TEMPORARY AGENCY WORKERS

According to official data, temporary employees constitute 5.6% of total employees in the UK economy, with around 1.5 million people currently in temporary employment⁵¹. In the food and drink sector, this is likely to be much higher.

Our survey findings give an indication of temporary worker usage - 69% of our sample stated that they use temporary agency

workers in their business, with the proportion highest among the service and manufacturing sub-sectors (see Figure 23).

Overall, the proportion of respondents not using temporary staff decreased with business size - 78% of micro businesses reporting no use of temporary agency workers, compared with only 14% of large businesses.

Temporary worker usage

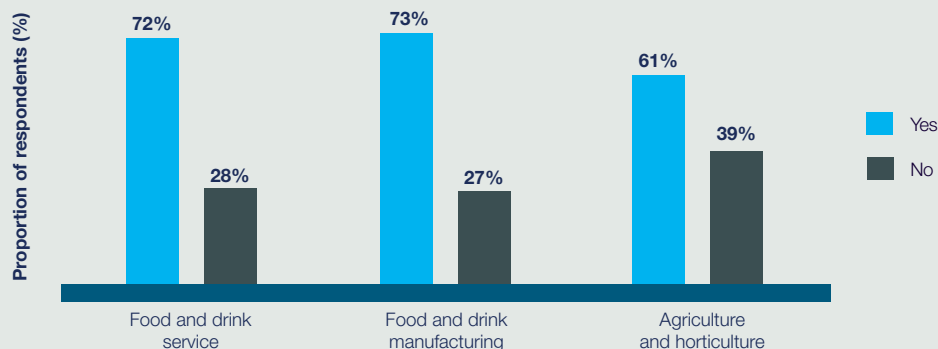


Figure 23: Does your business use temporary agency workers?

Source: FDF analysis of Food and Drink Sector Council: Future Workforce and Skills Survey. Notes: Based on 134 respondents, 18 in food and drink service, 83 in manufacturing, and 33 in agriculture and horticulture. Other sub-sectors received too few responses to be representative.

⁴⁹ Based on 49 respondents who indicated average length of service in their business between 0 and 5 years in the FDSC: Future Workforce and Skills Survey. 'Service length' is used interchangeably with 'average length of service' here.

⁵⁰ Note that number of respondents with 'high' and 'low' service length differed, and therefore

caution should be exercised in comparing proportions. Low service length refers to 49 respondents with a reported average between 0-5 years, and high refers to 84 respondents with a reported average of 6 or higher.

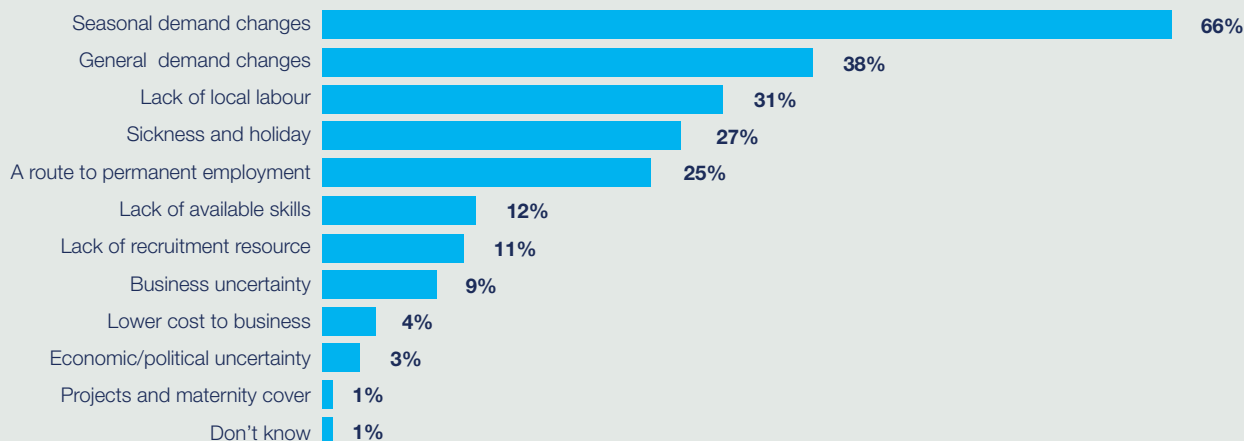
⁵¹ ONS: Labour Force Survey (2018). Estimated figure for Oct-Dec 2018.

6. SURVEY FINDINGS

To understand the extent to which businesses used temporary workers, we asked respondents to report on the proportion of hours worked by temporary workers within their business. In our sample, almost one third of businesses reported a peak proportion exceeding 30% of hours. In line with anecdotal evidence around reliance on temporary workers (especially

seasonal), businesses in the agricultural and horticultural sector had the highest average use⁵² of temporary agency workers (on average and at peak). 53% of agriculture and horticulture businesses reported that more than half of hours (at peak) worked in their business were by temporary staff, compared with less than 15% in other sub-sectors.

Drivers of temporary workers usage



Proportion of respondents (%)

Figure 24: What are your key reasons for using temporary agency workers? Source: FDF analysis of Food and Drink Sector Council: Future Workforce and Skills Survey. Notes: Based on 100 respondents. Respondents were asked to select their top 3 reasons.

Temporary agency workers are often cited as a (short-term) solution to recruitment issues, which is demonstrated by our survey findings. For instance, businesses with higher reported usage of temporary workers⁵³ (over 30% of hours) were more likely to state that their vacancies now take longer to fill than three years ago.

In addition to the proportion of hours worked by these staff, businesses were asked why they use temporary agency workers; our findings are highlighted in Figure 24. Seasonal demand change was by far the most prevalent factor across all business sizes, followed by general demand change and a lack of local labour.

It is important to note that a lower cost to their business was only reported as a motivator for the recruitment of temporary workers by 4% of respondents. This is a significant finding in

terms of dispelling the perception that the food and drink sector is one where temporary agency workers are recruited as a form of 'cheap labour'.

When broken down by business size, general demand change appeared to be more of a prominent issue among medium and large businesses (43% compared with 12% of small and micro businesses), while a lack of available skills was selected by approximately three times as many large businesses than SMEs.

Looking at the different sub-sectors, a lack of available skills was most commonly reported by food and drink service businesses, followed by a lack of recruitment resource (42% and 33% respectively⁵⁴). This contrasts with agriculture and horticulture, as well as manufacturing, where these reasons were reported by 10% or fewer respondents.

INTERVIEW FINDINGS

These findings were supported by our interview data, which suggested that the reliance upon seasonal workers is due to both supply (growing and harvesting) and demand (variations due to Christmas, Easter and summer) factors.

"there are peaks and troughs, seasonal crops and foods, like it's started to warm up so people will be buying salad again, so there's huge peaks, we've got seasonal peaks with Christmas and then summer and we have all sorts of launches and stuff, and if there's a royal wedding or something there's another peak." [Trade Association]

In addition, food and drink manufacturers need to be able to sufficiently flex their workforce to meet retail marketing promotions that are often rapid and frequent. By bringing in temporary workers, businesses can rapidly increase their production to meet just-in-time requirements.

"Yes, unless you've got a spike in demand because we've got [a] promotion on...you know, there'll be some more requirements for ad hoc temporary labour but any big programmes it's about seasonal work." [Manufacturing]

⁵² Average usage of temporary staff is calculated as the weighted average number of hours worked by temporary agency workers within respondents' businesses.

⁵³ Based on 28 respondents who indicated the peak proportion of hours worked by temporary staff as being 31% or greater in the FDSC: Future Workforce and Skills Survey.

⁵⁴ Based on 12 food and drink service businesses who responded to this question. Note that despite the low number, given their employment counts, these businesses represent a large proportion of their industries, as outlined in the Survey Background section.

6. SURVEY FINDINGS

6.1.5. EU WORKERS

At 12%, the proportion of EU nationals in the food and drink sector is almost twice that of EU nationals in the wider economy. Among temporary agency workers, this proportion is likely to be even greater. When asked about the nationality breakdown of their temporary workforce, 25% of respondents reported that EU nationals constitute over one fifth of their businesses' temporary staff.

Seafood processing case study: “We would struggle to fill the vacancies left by EU citizens”⁵⁵

UK seafood processors are heavily reliant on non-UK workers, particularly EU nationals who are currently able to come to the UK to work under EU free movement rights. More than half of the seafood processing workforce sampled in 2018 consisted of EU nationals (see Figure 25).

Many EU nationals who work in the seafood processing sector are agency workers. Seafood processors report using agency workers because they find it difficult to recruit British employees, and also to meet seasonal demand for seafood. In contrast, almost all British workers are employed directly by the companies.

Seafood processors in Scotland are especially reliant on EU workers. More than 60% of employees in the Scottish seafood processing sector are EU nationals. In England and Northern Ireland, EU nationals make up around one third of the seafood processing workforce.⁵⁷

The regional dependence on EU labour is also very varied. Grampian-based seafood processors employ the largest proportion of EU workers – the workforce there is nearly two thirds EU nationals. On the other hand, North England has the largest proportion of British workers - nearly all employees there are British.

Reliance on EU labour also varies by business size. In general, the workforce of large seafood processors is likely to consist of a large proportion of EU nationals, and small companies are likely to employ mostly British workers.

EU workers in UK seafood processors fill roles at all skill levels, though the proportion is higher in lower-skilled roles. Seafood processors say that EU nationals fill more than half of unskilled, low-skilled and semi-skilled job roles, third of skilled job roles, and nearly a tenth of high-skilled jobs roles.

Many seafood processors are concerned with the consequences a change in immigration policy might have on recruitment and labour availability, especially for lower-skilled workers:

“Like other businesses in fish processing and food manufacturing in general, we are worried and disappointed about government's lack of concern about the food industry as a whole. They have said they will make concessions for lower skilled migrant workers for the agricultural sector, but seem to have ignored all the information being put in front of them from the food industry.” – Seafood processor

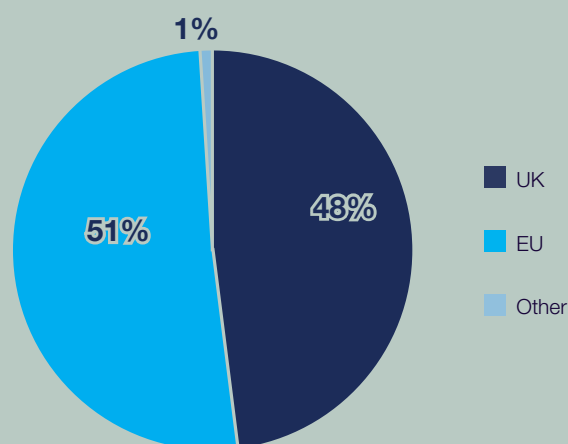


Figure 25: Nationality of workers in a sample of 10,730 people employed in the seafood processing sector across 119 sites in 2018. Source: Seafish⁵⁶.

“We would struggle to fill any vacancies left by the EU citizens.” – Seafood processor

Many seafood processors report that the prospect of the UK leaving the EU is already affecting recruitment, which was more difficult at the end of 2018 than it was a year before.

“The uncertainty over Brexit makes it much harder to attract and retain EU/EEA workers. The weak pound also means the EU workers are sending less Euros home. Our business is highly dependent on EU/EEA labour. The end of free movement of labour and the emphasis on ‘skilled’ workers is a big concern for the future. It would be very helpful if some jobs within the fish processing sector (filleters, for example) could be designated as ‘skilled’.” – Seafood processor

Seafood processors emphasise that they are struggling to recruit for skilled roles as well. Seafood processors consistently report that a shortage of suitably-skilled candidates is a main barrier to recruitment. Investing in machinery or automation is a possible solution to recruitment issues for them, especially automation of production or processing lines, but many are concerned that it will increase the need for high-skilled labour, for example engineers. The initial cost of automation is also prohibitive for many.

⁵⁵ Authored by Rannvá Danielsen, Economist at Seafish

⁵⁶ L. Cowie et al, 2019. UK Seafood Processing Sector Labour Report 2018: Annual report 2. Edinburgh: Seafish Industry Authority. Available at: <https://www.seafish.org/article/processing-labour-and-recruitment>

⁵⁷ No processors from Wales participated in the 2018 survey.

6. SURVEY FINDINGS

6.2. PRODUCTIVITY

Official data (using total factor productivity) indicate that the sector has seen an improvement in productivity over the last ten years, with growth of 3.1% since 2008⁵⁸. However, this is slower than the preceding decade, and slower than the UK economy as a whole⁵⁹. This section outlines the productivity measures used by companies within the supply chain, as well as perceptions around productivity performance relative to competitors.

6.2.1. MONITORING PRODUCTIVITY

The overwhelming majority of businesses (85% of respondents) across the sector reported measuring productivity. When broken down by sub-sector (as shown in Figure 27), a higher proportion of agriculture, horticulture and manufacturing businesses were monitoring productivity compared with service-based businesses. This could be linked to the difficulty of measuring productivity for service providers. Notably, of those who said they do not measure productivity, none said that they intend to⁶⁰.

Respondents were also asked to outline the way in which productivity is measured within their business, with results showing that a wide range of metrics are being used (see Figure 26). However, businesses tended to use margins as opposed to traditional 'Blue Book' methods such as output per hour to gauge productivity.



Figure 26: How do you measure productivity? Source: FDF analysis of Food and Drink Sector Council: Future Workforce and Skills Survey. Notes: Based on 78 respondents who gave open-ended responses which were then coded.

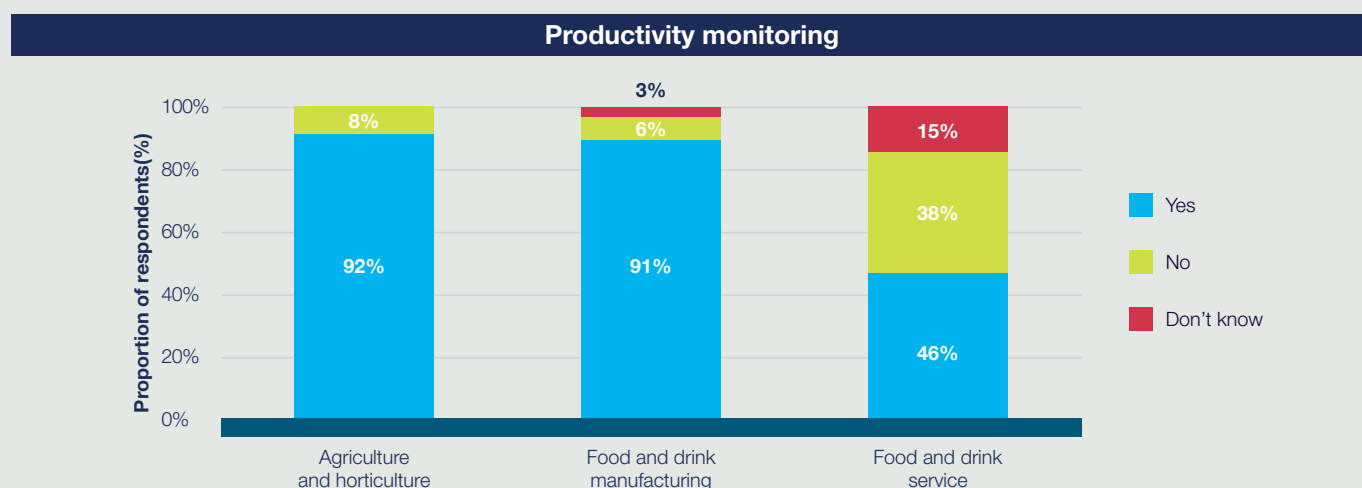


Figure 27: Do you monitor productivity in your business? Source: FDF analysis of Food and Drink Sector Council: Future Workforce and Skills Survey. Notes: Based on 101 respondents; 24 were agriculture and horticulture businesses, 64 were food manufacturers, and 13 were food and drink service. Note that respondents were given the option 'no, but intend to', which was not selected by any businesses.

INTERVIEW FINDINGS

The interviews shed further light on productivity measures within food and drink businesses. Typically, productivity was examined and interpreted through product margins. For production-based firms, there was a recognition that margins are driven by capacities and efficiencies within their plants, as well as the need to reduce unit costs. In the service-based sectors, capacities and efficiencies were interpreted through the labour force and the need to carefully balance the levels of service on offer with the related costs of providing the service. As one respondent noted:

"Profitability is clearly a mix of volume, price and cost, productivity is really driven by flexibility of our colleagues." [Hospitality]

Consequently, there is a need to understand the drivers of productivity and the goals being set out from the point of view of businesses; a single broad interpretation of productivity for the whole sector may not be useful.

⁵⁸ Figure refers to the food supply chain excluding Agriculture, since these estimates are calculated separately by Defra.

⁵⁹ Defra: Total Factor Productivity of the UK Food Chain (2017). Total Factor Productivity (TFP) figures are calculated by Defra using a range of ONS data. Agricultural industry TFP figures are calculated using Defra Farm Accounts data, and are therefore not included in the 'Food

chain' figures, due to differing methodologies.

⁶⁰ Note that of the 11 businesses who reported not measuring productivity, 45% were food and drink services businesses, with the remainder being a mixture of agriculture, horticulture and manufacturing businesses.

6. SURVEY FINDINGS

To gauge opinions on perceived productivity, respondents were asked how they would describe their performance in relation to competitors⁶¹. Interestingly, only 8% of respondents believed that they had lower productivity than their competitors (see Figure 28).

6.2.2. BARRIERS TO PRODUCTIVITY IMPROVEMENT

To further understand productivity challenges in the sector, businesses were asked about their main barriers to improving productivity (results are outlined in Figure 29).

Among those that were already measuring productivity, the top stated reasons included investment in machinery, a lack of available skills, and seasonal demand changes. This highlights the need for further investment in skills in the sector.

There was a contrast between the issues faced in improving productivity by those who were not measuring productivity, and those who were (although it is noteworthy that the sample size for businesses not measuring productivity is comparatively low). The barriers that these businesses (mainly hospitality service businesses) stated included a lack of benchmark data, seasonal demand changes, and business uncertainty.

Interestingly in its recent report on solving the 'productivity puzzle', the Confederation of British Industry (CBI) found that businesses who benchmark their performance are better at improving their practices, and identifying areas for improvement or development. For instance, 25% of UK managers in this report said their business improved its people practices (how they lead, engage and develop their people) because they were compared to those of other businesses⁶².

6.3. VACANCIES AND RECRUITMENT

6.3.1. GRADUATE RECRUITMENT

The following section outlines the role that university graduates play within the food and drink sector, which varies both by sub-sector and business size.

Respondents were asked whether their business targets university graduates as part of their recruitment, to which over half reported that they do not. Among the 61% who stated that they do not target graduates, the need for industry experience, and no current requirement for graduates were noted as key reasons.

Figure 30 breaks responses down by business size. As expected, a higher proportion of large businesses reported targeting university graduates than smaller ones⁶³. Many large businesses noted that graduates are good targets for succession planning and offer fresh ideas for the business. Reasons given for not targeting graduates are outlined below.

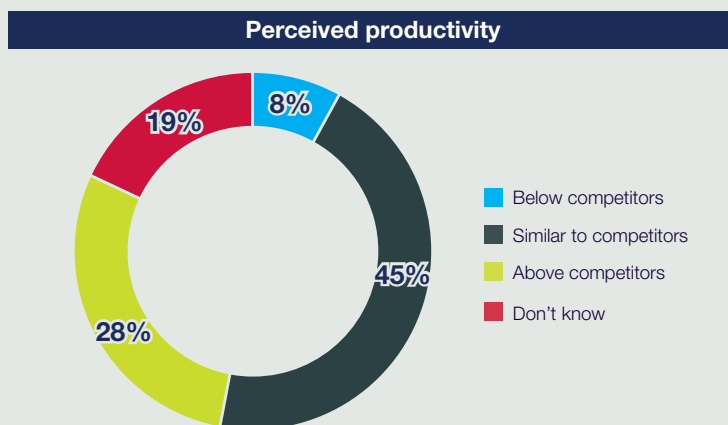


Figure 28: How would you describe the productivity (output per unit of input) in your business? Source: FDF analysis of Food and Drink Sector Council: Future Workforce and Skills Survey. Notes: Based on 102 respondents.

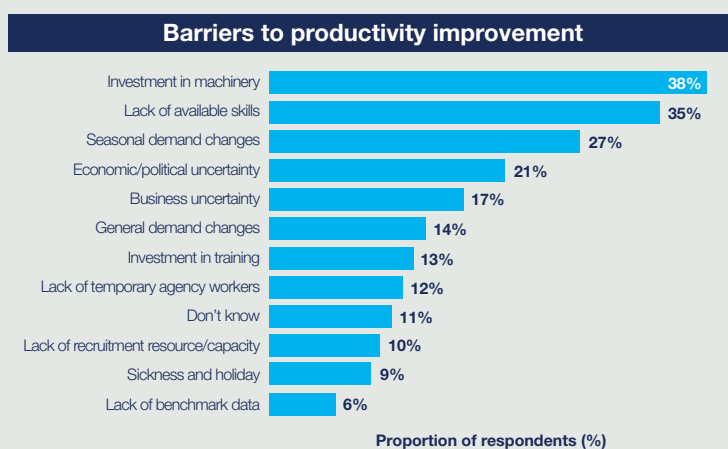


Figure 29: What is your business' main barrier to improving productivity? Source: FDF analysis of Food and Drink Sector Council: Future Workforce and Skills Survey. Notes: Based on 108 respondents. Respondents were asked to select the top 3 barriers relevant to their business. Respondents were also given an 'other' option, which was selected by 11% of respondents. Responses here included issues around workforce engagement, and lack of space/technology.

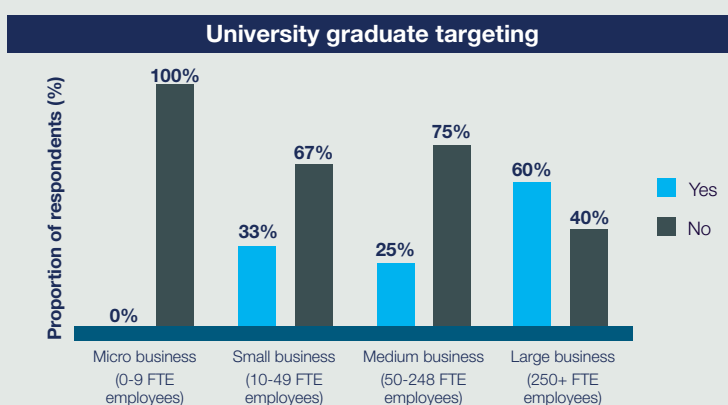


Figure 30: Do you target university graduates as part of your recruitment? Source: FDF analysis of Food and Drink Sector Council: Future Workforce and Skills Survey. Notes: Based on 122 respondents: 14 micro, 21 small, 32 medium, and 55 large businesses.

⁶¹ Respondents were asked to describe their businesses' productivity (output per unit of input) on a 3-point scale from 'below competitors' to 'above competitors'. Respondents were also given a 'don't know' option.

⁶² CBI: 'Great job—solving the productivity puzzle through the power of people' report (May 2019).

⁶³ Sample size differs according to business size, see notes in Figure 30 for a detailed breakdown.

6. SURVEY FINDINGS

REASONS WHY BUSINESSES DO NOT TARGET UNIVERSITY GRADUATES AS PART OF THEIR RECRUITMENT

Verbatim comments from Food and Drink Sector Council: Future Workforce and Skills Survey respondents (between 26 November 2018 and 28 February 2019)

Need for experienced hires

"[Degrees are] rarely a requirement for most jobs, experience [is] more relevant." (Manufacturing)

No requirement for degree-level training in vacant positions

"For operational roles in the UK we prefer to train and develop internally and develop critical industry skills." (Agriculture and horticulture)

Lack of applicable or transferable skills⁶⁴

"[Despite being] clever academically, [graduates] lack transferable skills." (Hospitality)

INTERVIEW FINDINGS

One important factor that came across in the interviews was the competition that the sector faces when recruiting graduates. Graduate positions tend to focus on mid-to-high-skilled areas such as engineering, data analysis, management, accountancy, and software development; all of which are areas where there is significant competition. This is summed up by the following response:

"we're in the same space recruiting software engineers as Google and that makes it [a] challenge, we're in the same place as recruiting accountants in London as KPMG or PWC and we need the right calibre of colleague, so it does become quite a challenge in certain areas." [Retail]

However, this has not put off larger businesses from offering graduate training schemes; in fact, across the food and drink sector, some businesses are still successfully targeting graduates:

"We run a graduate management training scheme and...it's an amazing programme, we pay really well, it is fantastic training, it's an international programme, when the people are on it they absolutely love it but trying to attract people on it is becoming more and more difficult and in fact this year we just haven't found anybody good enough yet and we're just continuing to keep looking." [Agriculture and horticulture]

In response to tightness in the graduate recruitment market, other interviewees stated that they were taking alternative routes for developing their workforce. For example, one manufacturer outlined their management training programme which aims to instil graduate-level competencies:

"certainly, when we started the chartered manager [course], it was very much about recruiting university-calibre talent and bringing them into the business and putting them on that chartered management degree route. We've continued to do that. We like what that programme delivers to us in terms of a commercial individual and we've done very well at retaining a considerable majority of those individuals within the business." [Manufacturing]

When asked about the volume of graduates in their business, 42% of respondents said that 1-10% of staff recruited over the last three years were recent graduates⁶⁵, while over one quarter said 0%. According to the ONS, 40% of graduates in the UK are employed within public administration, education, and health, while this proportion is less than 10% within the hotels and restaurants, manufacturing, agriculture and 'other services' industries⁶⁶. These findings highlight the food and drink sector as one which relies less on graduates overall (including those who have recently left university), due to the range of skills and experience that make up its workforce.

6.3.2. VACANCIES

As outlined previously, finding the right people for job vacancies is an economy-wide issue, and the food and drink sector is no exception. When asked how long vacancies take to fill, relative to three years ago, almost half (46%) of respondents reported 'more' or 'far more' time being taken. Conversely, less than 15% of respondents felt that they were filling vacancies at a faster rate; this highlights the difficulties businesses are facing as labour supply continues to reduce.

Difficulty in filling vacancies was found to be an issue across the supply chain, especially for agriculture and horticulture businesses of whom almost two thirds felt that vacancies are now taking more time to fill. This result is supported by a recent NFU member survey, in which 67% of businesses who have recruited in the last two years reported facing difficulties in doing so⁶⁷.

⁶⁴ Note: a small number of businesses also indicated that wage expectations (relative to the knowledge level) of university graduates are unrealistic for their company.

⁶⁵ Recent graduates were defined in our survey as graduates recruited within a year of graduating.

⁶⁶ ONS: Graduates in the UK Labour Market (2017). Hotels and restaurants are classified under 'distribution, hotels and restaurants', manufacturing includes all manufacturing sectors, and

agriculture is classified under 'energy and water, agriculture, forestry and fishing'. Percentages are indicative only, and do not represent food and drink-specific businesses.

⁶⁷ NFU: Agriculture and Horticulture Permanent Labour Supply survey (May 2019). Figures represents 273 farm businesses that attempted to recruit in the last 2 years, of 635 farmer and grower members in England and Wales interviewed between 9 April and 16 May 2019.

6. SURVEY FINDINGS

Figure 31 displays our survey responses by sub-sector. As shown, the majority of agriculture and horticulture businesses have seen an increase in time taken to fill posts, while none felt that they are now filling vacancies at a faster rate than three

years ago. Among food and drink manufacturers, the proportion who felt that their vacancies are now taking longer to fill was more than double those reporting less time taken.

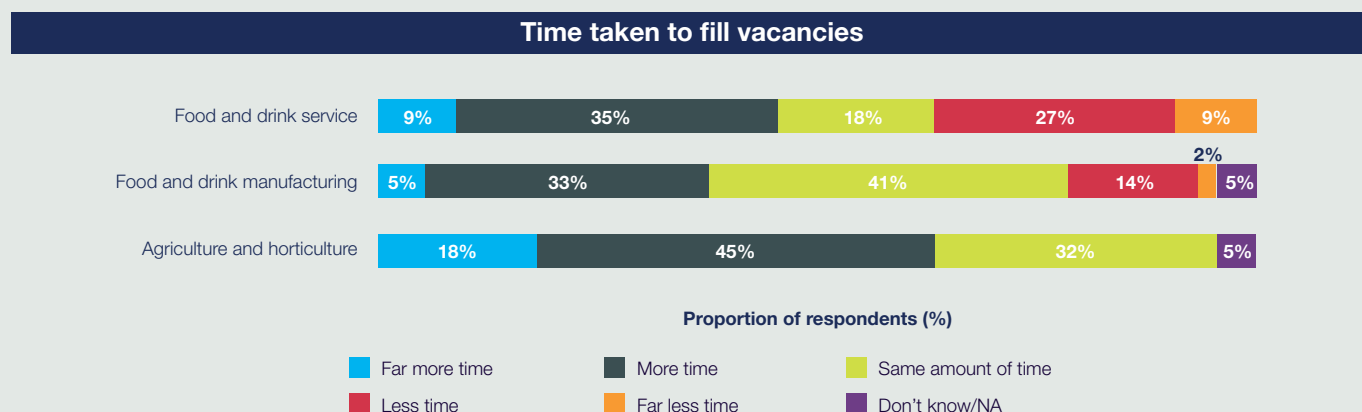


Figure 31: How long do your vacancies take to fill, relative to 3 years ago? Source: FDF analysis of Food and Drink Sector Council: Future Workforce and Skills Survey. Notes: Based on 96 respondents: 22 agricultural and horticultural, 63 were manufacturing, and 11 were food and drink service businesses. Other sub-sectors received too few responses to be representative.

6.3.3. HARD-TO-RECRUIT ROLES

To understand which roles food and drink businesses find difficult to recruit for, respondents were asked to choose from a wide range of occupational areas⁶⁸; the results are outlined in Table 5. Interestingly, across the whole supply chain, management and leadership was consistently noted as a difficult-to-fill vacancy; this was also identified as a key skills gap in the interviews. It was notable from our survey that large businesses were more likely to report difficulties recruiting managers and directors, while 40% of SMEs reported that this was not a requirement for them.

A lack of skilled managers is an economy-wide problem, which is estimated by the CMI to cost the UK economy £84bn a year⁶⁹. Their research shows that over two thirds of UK managers fall into the category of ‘accidental managers’,

whereby workers are promoted into a management role due to high technical capability, but may not have had the right training or guidance to support them in this role.

However, it is not just management roles that the sector struggles with when recruiting. Sub-sectoral analysis of the survey results showed that manufacturers found engineering and technology to be the most difficult-to-fill vacancy, followed by lower-skilled roles such as process technicians and operatives. This is in line with shortages that have been highlighted by food and drink businesses previously; mechanical, electrical, and packaging engineers were all noted in the Food Chain Immigration Policy Group’s Shortage Occupation List Consultation submission (late 2018).

WHICH TYPES OF VACANCIES ARE DIFFICULT TO FILL IN YOUR BUSINESS?		
	Required by business: easy to recruit	Required by business: difficult to recruit
Agriculture and horticulture (23)	1. Administration (43%) 2. Sales (22%) 3. Operatives (19%)	1. Elementary occupations (81%) 2. Skilled trades: agricultural (70%) 3. Management (55%) 4. Operatives (50%) 5. Technicians (47%)
Food and drink manufacturing (61)	1. Administration (61%) 2. Operatives (38%) 3. Sales (38%)	1. Engineering (73%) 2. Quality and regulatory (70%) 3. Management (61%) 4. Technicians (57%) 5. Operatives (49%)
Food and drink services (11)	1. Media/marketing (78%) 2. Sales (78%) 3. Administration (56%) 4. IT (44%) 5. Management (33%)	1. Food preparation (70%) 2. Skilled trades: hospitality (64%) 3. Elementary occupations (38%) 4. Management (33%) 5. Quality/regulatory (33%)

Table 5: Which types of vacancies are difficult to fill in your business? Source: FDF analysis of Food and Drink Sector Council: Future Workforce and Skills Survey. Notes: Based on 95 respondents, broken down as outlined in the brackets above. Not all respondents to this question expressed a view on each skills area. ‘IT’ represents ‘IT and telecommunications’, ‘Management’ represents ‘Management and directorship’, ‘Food preparation’ represents ‘Skilled trades: food preparation’, ‘Operatives’ represents ‘Process, plant, and machine operatives’, ‘Technicians’ represents ‘Process, plant, and machine technicians’, ‘Engineering’ represents ‘Engineering and technology’, and ‘Sales’ represents ‘Sales and customer service’.

⁶⁸ Occupational areas here refer to Standard Occupational Classification (SOC), further details of which can be found in Section 7.2. Glossary.

⁶⁹ CMI: Leadership for Change Management Manifesto (June 2017).

6. SURVEY FINDINGS

INTERVIEW FINDINGS

Another factor contributing to the sector's recruitment difficulty is the existence of (less attractive) roles that are recognised as being 'jobs' rather than careers (such as manual work or the harvesting of crops). These appear to be particularly unattractive to younger people.

Therefore, the issues faced by the food and drink sector may be resolved by focussing on attracting younger workers into hard-to-fill roles. As one respondent suggested,

"[making the food and drink industry] an area of choice for school leavers or college leavers ... is going to be a key challenge for the overall industry." [Manufacturing]

In addition, as evidenced in Chapter 6.6., the perception of unsociable hours or working environment has been highlighted as a barrier to recruitment right across the sector. In a recent survey of its members, the NFU found that among farm businesses who reported recruitment difficulty, 42% noted that this was due to negative perceptions around working environment⁷⁰.

FURTHER DETAIL: HARD-TO-FILL VACANCIES AND TEMPORARY WORKERS⁷¹

As outlined previously, temporary staff are often used as a short-term solution to hard-to-fill roles. This was reflected by the fact that average hours worked⁷² by temporary staff was above 30% in businesses who reported recruitment difficulties (while this was below 30% for the remainder of respondents).

These businesses were also more likely⁷³ to report recruitment-related issues when asked why they were using temporary staff, including 'a route to permanent employment' (31%), and 'lack of recruitment resource' (17%).

6.4. SKILLS AND TRAINING

The following section outlines our findings around businesses' skills and training requirements. The evidence in this section highlights opportunities in the sector across a wide range of skills areas and levels. Often, jobs in the sector are perceived as low-skilled, but this is a misconception as demonstrated by both our survey and interview findings.

Over the last few years, there have been changes to the delivery of food-related qualifications within schools and colleges,

following an Ofqual review⁷⁴ of GCSE and A Level subjects in 2014/15. As part of the reforms recommended by this review, several food and drink-related courses were phased out, including: GCSE Manufacturing, GCSE Hospitality and GCSE and A Level Home Economics: Food and Nutrition. This has led to a steady decline in the uptake of food-related qualifications. The Food Technology GCSE has also been replaced with a Food Preparation and Nutrition GCSE (see Annex 6 for further detail).

INTERVIEW FINDINGS

In the interviews, difficulty in attracting candidates with the right skills was reported:

"we've got a skills shortage both in terms of numbers of people [and]...in terms of qualifications, education in certain categories." [Agriculture and horticulture]

"I think it's a mixture of the rapidly changing nature of the workforce and particularly the skills required... meaning we're having to move very quickly and very fast to attract the right skills at the right time in a competitive market. [Retail]"

⁷⁰ NFU: Agriculture and Horticulture Permanent Labour Supply survey (May 2019). Figures represents 183 farm businesses that have faced difficulties recruiting in the last 2 years, of 635 farmer and grower members in England and Wales interviewed between 9 April and 16 May 2019.

⁷¹ Based on 48 respondents who indicated that vacancies are taking more, or far more time to fill as compared to 3 years ago in the Food and Drink Sector Council: Future Workforce and Skills Survey.

⁷² Average refers to weighted averages across all respondents, who were asked to select the hours worked by temporary staff (at peak) amongst various brackets (0%, 1-10%, 11-20%, etc.).

⁷³ These figures are as compared with the average proportions amongst all respondents.

⁷⁴ Department for Education (DfE) (2018): [GCSE, AS and A level reforms](#).

6. SURVEY FINDINGS

6.4.1. SKILLS

6.4.1.1. SKILLS REQUIREMENTS

Figure 32 highlights the skills that businesses are looking to fill through training of their existing staff. The types of skills required vary across the sector, from more specialised skills such as engineering, and quality and regulatory to more generic skills such as sales, customer service, and administration. These results largely coincide with the vacancies businesses reported as difficult-to-fill, and reinforce the fact that there are career opportunities across all skill areas in the sector.

Management was highlighted as a skills requirement by 52% of respondents overall, who represented businesses of all sizes and across all parts of the sector. This was followed by more technical skills such as quality and regulatory, and process, plant

and machine operatives. Management training requirements were increasingly prevalent as business size increased. For instance, these were noted by 66% of large businesses, compared with 28% and 36% of micro and small businesses respectively.

Different skills needs were identified when analysing the results by sub-sector, though management was consistently identified as being among the top three skills businesses were looking to fill. Retail businesses skills needs were most varied, ranging from training in data, science and research (60%) to IT and telecommunications (40%).

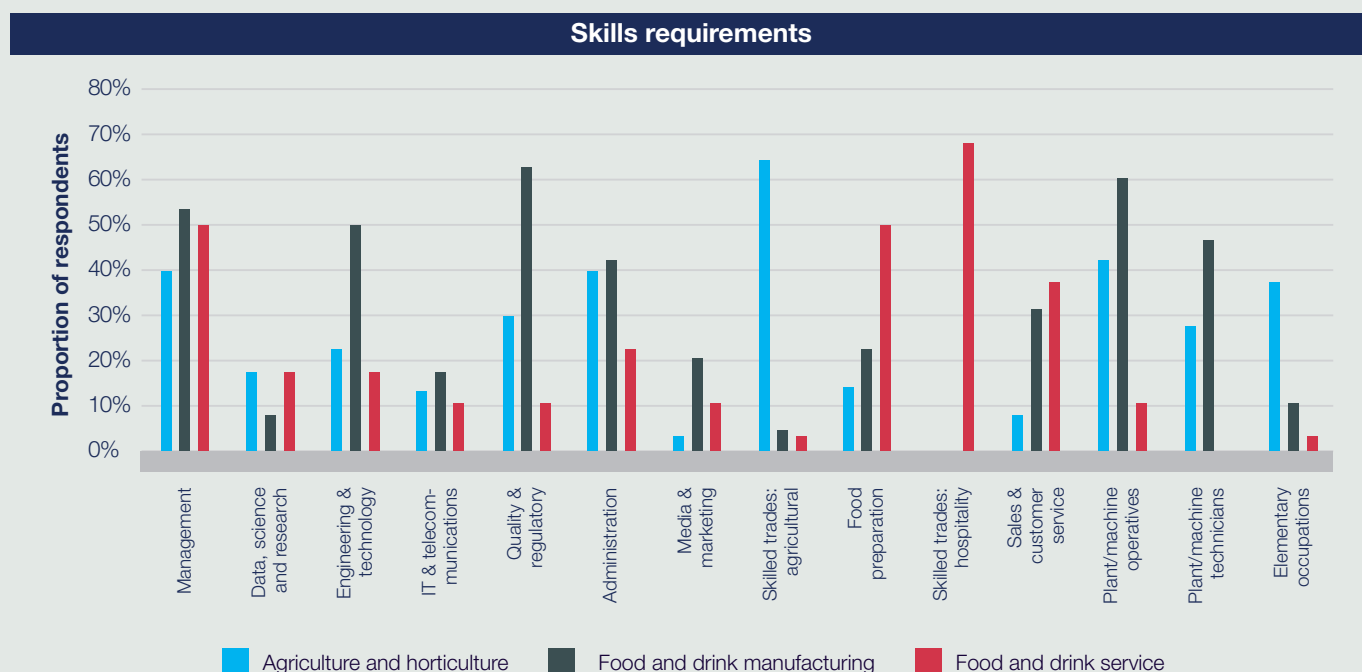


Figure 32: Which of the following skills needs is your business looking to fill through training (of existing staff)? Source: FDF analysis of Food and Drink Sector Council: Future Workforce and Skills Survey. Notes: Based on 126 respondents: 32 agriculture and horticulture, 78 manufacturing, and 16 food and drink service businesses. Respondents were asked to select all that apply to their business. Skilled trades: agricultural, skilled trades: hospitality, and 'other' have been omitted. 'Management' represents 'Management and directorship', 'Food preparation' represents 'Skilled trades: food preparation', and 'Process, plant, and machine' have been abbreviated to 'Plant/machine'.

6.4.1.2. SKILLS LEVELS

Respondents were asked what level of training is required across the various skills areas. The key results are summarised below; results have been classified using Regulated Qualification Framework (RQF) levels, which allow for comparison of vocational, and traditional academic qualifications⁷⁵.

Table 6 reinforces the need for a wide range of skills in the food and drink sector, across all qualification levels. Over half of

respondents had higher qualification requirements (RQF level 6+) for management, and data, science and research roles. The majority of skills were required at the 'mid-skill' level (RQF levels 3-5), including: engineering, IT, and media and marketing. Skilled trades and operative roles, on the other hand, were required at RQF Levels 1-2.

⁷⁵ See Section 7.2. Glossary for further information on RQF levels.

6. SURVEY FINDINGS

LEVEL OF QUALIFICATION REQUIRED ACROSS SKILLS AREAS⁷⁶

	RQF Levels 1-2	RQF Levels 3-5	RQF Level 6+
Management and directorship	9%	36%	52%
Data, science and research	13%	31%	88%
Engineering and technology	24%	60%	31%
IT and telecommunications (incl. programmers, web designers)	20%	60%	35%
Quality and regulatory (incl. food-related legislation)	23%	47%	44%
Administration (incl. finance, human resources, accountancy)	31%	53%	37%
Media and marketing	22%	52%	52%
Skilled trades: agricultural	37%	30%	15%
Skilled trades: food preparation	68%	26%	6%
Skilled trades: hospitality	85%	31%	8%
Sales and customer service	43%	51%	20%
Process, plant and machine operatives	56%	19%	2%
Process, plant and machine technicians	42%	56%	2%
Elementary occupations (incl. farm workers, packers, shelf fillers, waiters/waitresses)	32%	9%	0%

Table 6: What level of training does your business require in these skills? Source: FDF analysis of Food and Drink Sector Council: Future Workforce and Skills Survey. Notes: Based on 124 respondents. Respondents were asked to indicate their requirements in terms of 'traditional' academic levels, i.e. GCSE, A-Level, Foundation Degree, etc. These were then re-classified using the Regulated Qualifications Framework (RQF). Respondents were asked to select all options that apply.

INTERVIEW FINDINGS

The range of jobs at different skills levels was also highlighted in the interviews.

Labour-intensive parts of the sector also require higher-skilled workers. Respondents within retail and hospitality businesses spoke about the specific skills required to work in their sector. For example:

"you require great people skills whether you're dealing with customers or colleagues, you require a certain degree of commercial savviness, it's quite a commercial job running a pub, and you've got to have great service skills and the ability to handle a lot of stuff all at once" [Hospitality].

FURTHER DETAIL: BUSINESS-SPECIFIC/-GENERIC SKILLS

Given the prevalence and requirement for a wide range of skills within the sector, businesses were asked how specific or generic their requirements are. Overall, 52% of respondents⁷⁷ felt that the skills their business requires are either specific or extremely specific.

Food and drink service businesses largely reported their needs to be focused on generic skills, whereas almost two thirds of agriculture and horticulture businesses stated that their skills needs were specific to their sector.

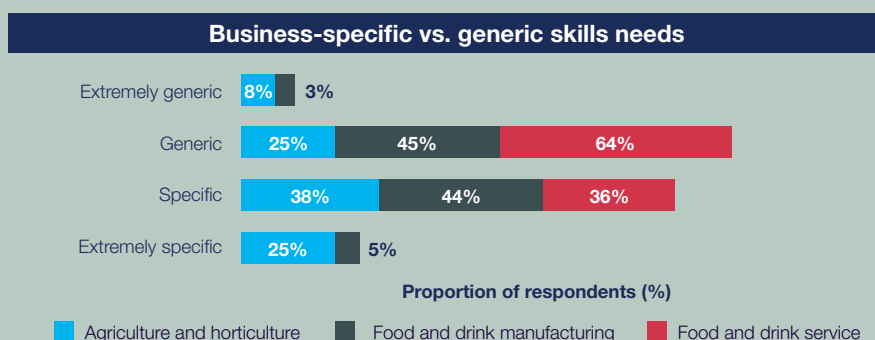


Figure 33: How business-specific or generic are your skills needs? Source: FDF analysis of Food and Drink Sector Council: Future Workforce and Skills Survey. Notes: Based on 99 respondents; 24 were agricultural and horticultural businesses, 64 were manufacturers, and 11 were food and drink service businesses. Percentages correspond to the proportion of respondents within each sub-sector that selected the respective options. Percentages may not sum to 100, due to rounding, and the omission of 'Don't know' responses (3 businesses of 99).

6.4.2. TRAINING

To gain further insight into how businesses are conducting their training, respondents were also asked what proportion of training hours were undertaken internally and externally. On the whole, a higher number of respondents spent more of their training hours on internally-provided in-house training than external training⁷⁸. For instance, 51% of respondents were spending 1-10% of their training hours on external training, whereas 61% of respondents reported spending over 30% on in-house training⁷⁹. This indicates that businesses tend to spend more time upskilling their staff internally, rather than through external providers.

⁷⁶ The levels set out below correspond to the 'low', 'mid', and 'high-skill' levels, in line with government classification set out in its immigration policy. <https://www.gov.uk/what-different-qualification-levels-mean/list-of-qualification-levels>.

⁷⁷ This proportion refers to overall respondents (before being split by sub-sector), and hence

differs slightly to the proportions indicated in the chart.

⁷⁸ Mean usage of in-house (both internally and externally-provided) training was higher than external training across all respondents (n=106); this was significant at p<0.0000.

⁷⁹ Internally-provided, rather than by an external provider.

6. SURVEY FINDINGS

6.4.2.1. TRAINING DELIVERY

INTERVIEW FINDINGS

From the interviews, the respondents indicated a preference towards undertaking the training themselves as they were able to control the process and ensure it was tailored to their needs. However, there was a recognition that third party providers were useful when external expertise is required and where the trainer provided added value:

"From a skills perspective it's mainly in-house, we also have from an apprenticeship perspective third party providers, we would rather do it in-house if we can" [Retail].

In the interviews, apprenticeships were reported as being delivered through a mixture of in-house training and external providers. The respondents stated that for specialist roles they tend to focus on providing the training in-house as it can be difficult to access particular food and drink expertise externally. In terms of in-house training, the respondents noted both advantages and disadvantages:

"you can use experienced people, you've got flexibility around when they work to cover shift working, it's probably cheaper and you can do groups. It is difficult getting people off shift to do training sessions so if you've got someone who can interact with different shifts and different small or large groups of people then it's a lot easier" [Manufacturing].

Therefore, in-house training is not necessarily an easier method to use due to the logistics of setting it up within the business and the risk of errors being passed on from existing workers to new ones. Consequently, there was a significant commitment to the use of external training providers. This is typically motivated by the need to find specialist knowledge and expertise (such as management training). Here the key appeared to be the development of a close working relationship with the provider so that they understand the needs of the business and the focus of the training required.

"we obviously work with official providers on things like apprenticeships, we would also use more specialist agencies for, if we were providing finance training for example, finance qualifications, we'd work with specialist providers, and clearly as relevant we also utilise relevant experts who might have the specific legal or health and safety qualifications that we require" [Retail].

Both colleges and universities were also viewed as important partners in the training process. While differences were noted in terms of the commitment of various institutions to developing close working relationships, businesses were on the whole able to identify a particular college or university partner with the required knowledge and expertise.

6.4.2.2. TRAINING PROVIDERS

Across the sector, the range of skills required is exceptionally varied, with different sub-sectors requiring different skill sets. The sector also cuts across all regions and nations of the UK. However, when dealing with training providers, this creates a number of challenges.

There is vast range of skills required throughout the sector ranging from low-skilled to high-skilled and niche roles. This disparity makes it hard to ring-fence training that relates specifically to the food and drink sector, and therefore even harder to quantify the numbers of providers offering relevant training opportunities. The geographical spread of the sector also creates complications with providers, as it can be difficult to create the economies of scale needed to make many niche skills financially viable.

Annex 5 outlines food manufacturing standards and their respective providers, and highlights the regional disparities in provision. For instance, the table shows that there are no providers of food manufacturing apprenticeship standards in the North East and South East regions. The agricultural and horticultural sector faces a similar challenge, particularly given that many of its apprenticeship standards are still under development or awaiting approval.

Food and drink service-based businesses do not typically face difficulties in accessing training providers across the UK. Training courses delivering generic retail skills are not necessarily specific to food and drink, meaning there is a higher demand and thus a higher provision.

6.4.2.3. TRAINING EXPENDITURE

In addition to the types of training being delivered, respondents were asked about their training expenditure over the last three years. It was found that most respondents (58%) reported an increase in their training spend.

This time period coincides with the introduction of the Government's Apprenticeship Levy in April 2017. Figure 34 differentiates between change in training spend among self-reported levy-payers and non-levy-payers. Almost half of non-levy-payers reported unchanged expenditure, and a similar proportion reported increased training spend over the last three years. This is in contrast to levy-paying businesses, of whom over two thirds indicated either increased or significantly increased training expenditure. These findings suggest that the Apprenticeship Levy has resulted in increased investment in training across the sector.

85% of food and drink service businesses reported increased training spend, whereas agriculture and horticulture had the highest proportion indicating no change to their training spend. Barriers to apprenticeship take up have been reflected in NFU surveys (from 2016), including: red tape, health and safety concerns, and time required for supervision and mentoring.

6. SURVEY FINDINGS

Training expenditure over the last 3 years

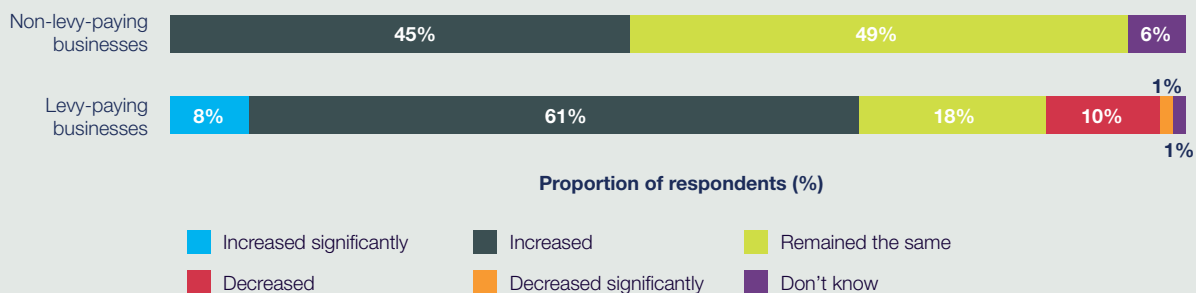


Figure 34: How has your training spend changed over the last 3 years? Source: FDF analysis of Food and Drink Sector Council: Future Workforce and Skills Survey. Notes: Based on 124 respondents; 71 self-reported as being Apprenticeship Levy payers, and 53 self-reported as not paying the Levy. Respondents were asked specifically about training expenditure per FTE, outside of statutory training (such as health and safety), and including levy expenditure (if applicable).

6.4.2.4. EMPLOYEE DEVELOPMENT

The food and drink sector is often perceived as one in which employees' development is not necessarily well-supported, and jobs are predominantly low-skilled with little progression opportunity. To understand how businesses are providing their employees with opportunities to develop, respondents were presented with a list of development areas, from which they could select all that applied⁸⁰ (see Figure 35).

The majority of businesses across our sample reported that their business provides adequate or above necessary support to their employees in relation to internal opportunities (e.g. on-the-job training, opportunities within the role and business, formal training,

and mentoring). In particular, almost half of respondents reported providing above necessary support for on-the-job, informal training. This emphasises the importance of developing staff, for food and drink businesses, even if this cannot be formalised.

Widening the types of development activities undertaken could be beneficial, particularly by giving staff the opportunity to learn from others in the sector. As can be seen in Figure 35, many businesses were not using opportunities within the wider sector or secondments as a tool to develop staff (indicated by at least 25% of respondents). This was particularly true for manufacturers.

Supporting employees' development needs

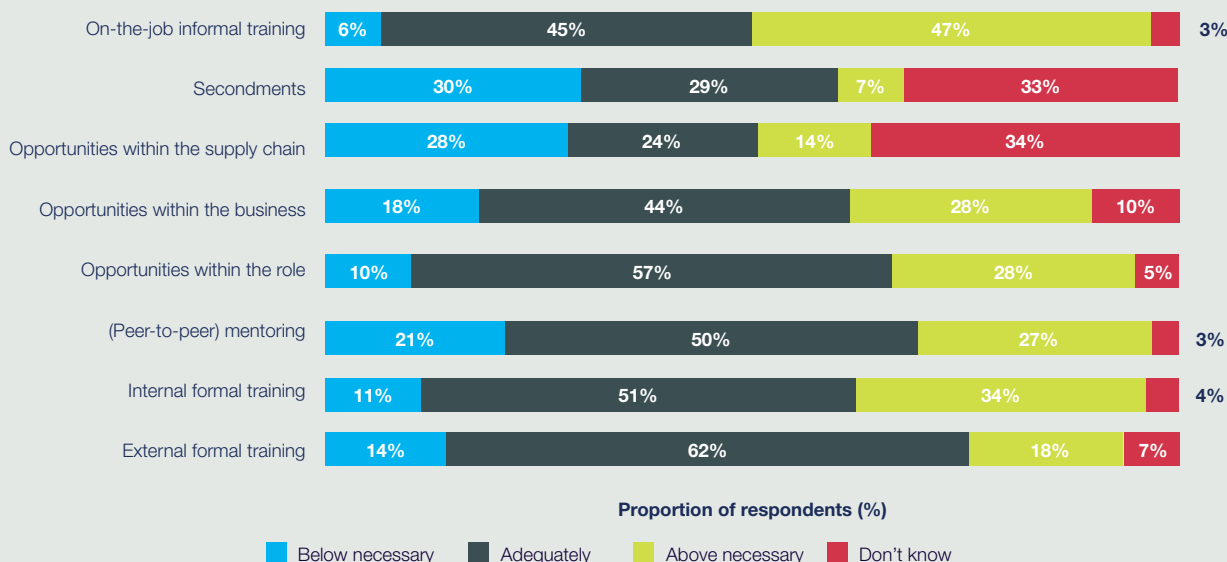


Figure 35: How is your business supporting your employees' development needs in the following areas? Source: FDF analysis of Food and Drink Sector Council: Future Workforce and Skills Survey. Notes: Based on 108 respondents. Respondents were asked how their business is supporting employees' development needs in the areas outlined above, and could respond using a 5-point scale from 'far below necessary' to 'far above necessary'. 'Below necessary' on the chart represents 'far below necessary' and 'below necessary', and the same applies to 'Above necessary'. Not all respondents to the question expressed a view on each of the areas outlined.

⁸⁰ Respondents were asked how their business is supporting employees' development needs in the areas outlined in Figure 35, and could respond using a 5-point scale from 'far below necessary' to 'far above necessary'.

6. SURVEY FINDINGS

6.5. APPRENTICESHIPS

6.5.1. BACKGROUND

Apprenticeships are a key part of improving skills and providing training opportunities, whether this is training new recruits, upskilling existing staff in their current role, or re-training existing staff for a new role.

In 2017, the Apprenticeship Levy scheme was introduced by the UK Government as part of their commitment to boosting productivity through investment in human capital, particularly in vocational skills. This section outlines how businesses have benefitted from the scheme, as well as the challenges in delivering skills improvement through apprenticeships.

Despite the introduction of the Levy, government data shows that apprenticeship starts across the sector have declined over recent years, falling from almost 50,000 in 2015-16 to just over 30,000 in 2017-18. A fall in apprenticeship starts has

been experienced across many different sectors, including food and drink. While this decline is now stabilising, there have been many factors at play: employers and training providers adjusting to the new system; the phasing-out of pre-existing frameworks and the phasing-in of newly-developed standards; and employers focussing on higher level, higher quality apprenticeships, which has resulted in less volume but more value and expense.

In our survey, respondents were asked whether their business is currently paying the Apprenticeship Levy⁸¹, and 57% stated that they do⁸². A higher proportion of medium-to-large businesses said they pay the Levy (see Table 7), which is as expected given that employers with an annual wage bill of more than £3 million are eligible.

APPRENTICESHIP LEVY-PAYING RESPONDENTS				
	YES		NO	
Micro business (0-9 full-time equivalent (FTE) employees)	7%	1	93%	14
Small business (10-49 FTE employees)	10%	2	90%	19
Medium business (50-249 FTE employees)	47%	16	53%	18
Large business (250+ FTE employees)	95%	54	5%	3

Table 7: Does your company pay The Apprenticeship Levy? Source: FDF analysis of Food and Drink Sector Council: Future Workforce and Skills Survey. Notes: Based on 127 respondents.

Businesses that are not eligible to pay the Levy are still able to receive funding, through the Government's co-investment scheme, whereby up to 95% (as of 1 April 2019) of the cost of apprenticeship training is paid for by the Government. Despite this, our survey showed that more than two thirds of non-levy-payers were not co-investing in apprenticeships. To understand why businesses were not using the co-investment scheme, respondents were asked to give reasons. These are outlined below:

REASONS WHY BUSINESSES ARE NOT CO-INVESTING

Verbatim comments from Food and Drink Sector Council: Future Workforce and Skills Survey respondents (between 26 November 2018 and 28 February 2019)

Lack of demand and/or supply

"[We are experiencing] current difficulty in sourcing candidates." (Agriculture and horticulture)

"[We] do not need to recruit permanent employees." (Agriculture and horticulture)

Lack of awareness of the scheme

"[We] didn't know about it until now." (Agriculture and horticulture)

"We haven't looked at it...[and] would like more details." (Manufacturing)

Lack of apprenticeships relevant to the business

"Agronomy (technical) students are like hens' teeth and no HE or FE establishment in Scotland, and very few [elsewhere] provide this sort of training...far less sign up to the apprentice scheme." (Agriculture and horticulture)

Lack of funding

"Funds are tight. Non-levy payers should be able to attract apprentices with funds from unused levy pots." (Manufacturing)

A small proportion of respondents also stated that they do not currently require apprentices, though over half of these businesses were micro or small businesses, which may mean that apprenticeships are not appropriate for their needs.

⁸¹ See Section 7.2. Glossary for further information on levy-eligibility.

⁸² Based on 127 of the 170 respondents to our survey, or 75% of our survey sample.

6. SURVEY FINDINGS

6.5.2. APPRENTICESHIP USAGE

Looking at the sector as a whole, training new recruits and upskilling existing staff were cited as the top reasons for apprenticeship usage (by 48% and 43% of respondents respectively). Less than 5% of businesses reported using apprenticeships to replace existing graduate schemes, which indicates that businesses use both academic and vocational routes to attract talent.

Figure 36 outlines how respondents are using apprenticeships to train staff, with results broken down to demonstrate differences across the sector.

Analysing the results by business size, around two thirds of micro and small businesses alike reported not currently using apprenticeships. This reinforces the relatively low uptake and usage of the Government's co-investment scheme.

Interestingly, less than 2% of respondents reported sharing their levy funds within the supply chain. The transfer of levy funds allows large employers to help support smaller supply chain partners recruit and train apprentices of their own. From April 2019, levy payers can share up to 25% of their levy (up from 10%). Larger companies have been cited to be struggling to spend all of their levy pot, and would like to be able to share

more of their funds with smaller businesses. However, there are concerns from levy payers about how this would work in practice. For example, being able to identify a willing supply chain partner, managing the process and determining responsibility, and liability for the funds and learner could prove difficult.

As outlined in Figure 36, more than half of agriculture and horticulture businesses reported not currently using apprenticeships, though it is noteworthy that almost all of these businesses were non-levy-payers. In the agricultural sector, there are many micro businesses, and almost 50% employ less than two people⁸³. This means that they will not always have the need to employ an apprentice or be able to employ them all year round. Barriers to take-up have been reflected in NFU surveys, and include: red tape, health and safety concerns, time required for supervision, and mentoring.

In addition, among food and drink service providers, more respondents than in other sub-sectors reported using apprenticeships to re-train existing staff for a new job, and as a recruitment tool; this suggests more varied uses of apprenticeships.

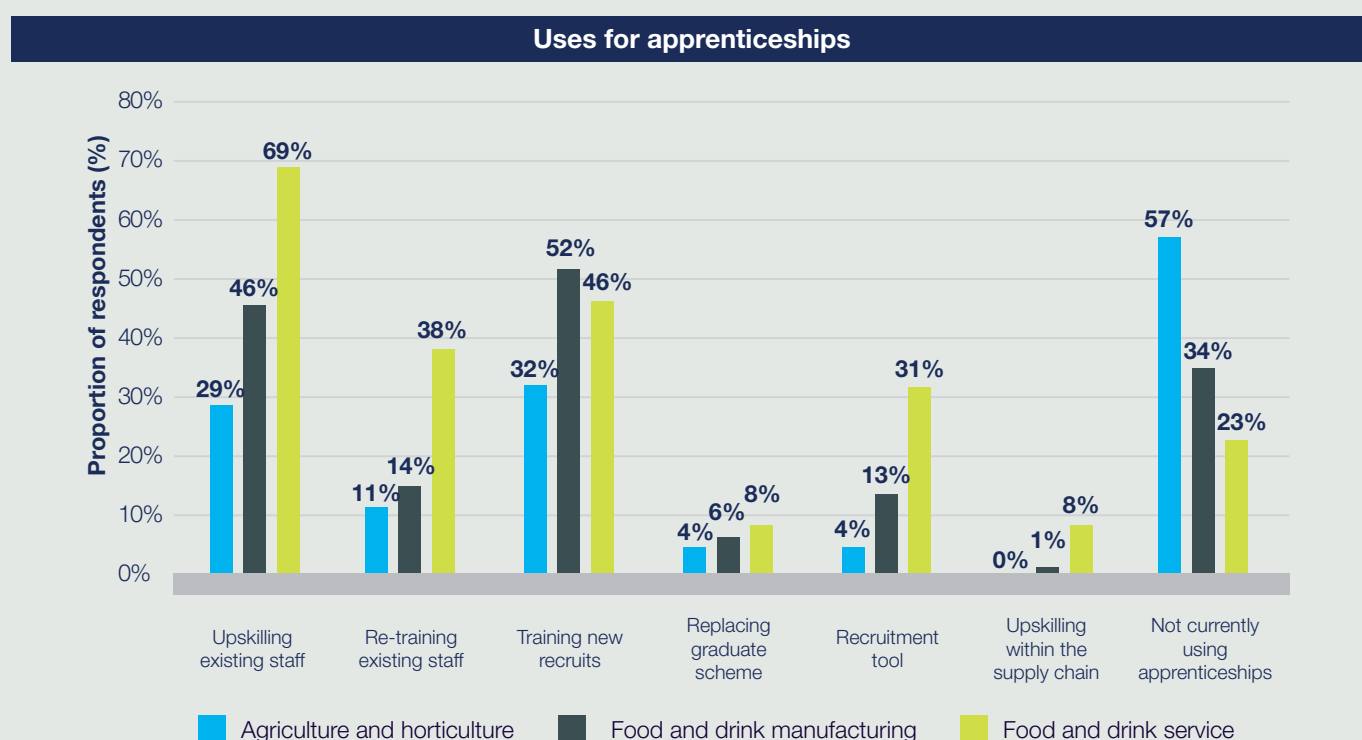


Figure 36: What is your business currently using apprenticeships for? Source: FDF analysis of Food and Drink Sector Council: Future Workforce and Skills Survey. Notes: Based on 112 respondents; 28 of these were agriculture and horticulture businesses, 71 were manufacturers, and 13 were food and drink service businesses. Respondents were asked to select all uses that apply to their business. 'Don't know', and 'Other' responses have been omitted from this chart, due to being expressed by only 2% and 4% of respondents respectively.

⁸³ NFU: Permanent Labour Survey (May 2019). Based on 635 farmer and grower members in England and Wales.

6. SURVEY FINDINGS

INTERVIEW FINDINGS

The interviews conducted suggested that, overall, apprenticeships are well supported and are viewed as a positive process for businesses to engage in. Larger firms have significant numbers of employees enrolled on these schemes and regard them as an important route for recruiting and training staff. The apprenticeships offered by food and drink firms are also diverse and cover areas such as management, finance, IT, HR, leadership, engineering and technicians. In addition, respondents saw them as key means of upskilling and retaining their existing workforce.

"we've got a very strong history of delivering apprenticeships. So, we've taken time to properly understand the levy and then have worked hard to be able to continue our investment in apprenticeships in conjunction with the principles of the levy" [Retail]

"We have got the sector leading apprenticeship programme so we've got about 2500 people start an apprenticeship with us each year as a way of trying to ensure we can help them develop a career and we see better retention rates and engagement rates among our apprentices versus our non-apprentices" [Hospitality].

However, there is evidence that using the apprenticeship scheme to tackle skill shortages can be rather time-consuming and is not always straightforward. For example:

"trying to find an A level student who's got science but likes people, likes food, has a logical mind and can develop into a food technologist has been really difficult. We've created an apprenticeship around that and it's been the hardest recruitment piece I think I've ever done, they just don't exist" [Retail].

"I'd love to be able to offer apprenticeships but I'm not sure where I would send them to do anything that even remotely relates to our business, unless it was office-based" [Agriculture and horticulture].

As such, apprenticeships do not offer a quick fix to recruitment issues and potential skill shortages as they must be set up properly. However, once this is done they can be a valuable source of new employees. As one respondent noted:

"it's one of the few industries you can come into without any qualifications and you can actually progress through the ranks and so being able to come and grow." [Trade Association]

To assess whether the Apprenticeship Levy and the introduction of the new co-investment rates has had a positive impact on training expenditure in the sector, respondents were asked to state how this has evolved over the last three years. Over a third (35%)⁸⁴ stated that their apprenticeship training spend has risen in recent years, although this was driven by levy-payers. Among levy-payers, almost half said that their spending on apprenticeship training has increased (or significantly increased) over the last three years (see Figure 37).

6.5.3. APPRENTICESHIP LEVY USAGE

In addition to seeking evidence on how apprenticeships are being used in the sector, the survey sought to understand whether businesses are spending their levy funds and whether there are any barriers to its use.

Figure 38 outlines how levy-payers are spending their levy money. Positively, over half (44 respondents) said that they are using 'some' of their available funds, with around one fifth of these respondents spending over half of the available levy money. However, 31% reported 'writing the levy off' as an additional tax, stating: a lack of training providers, limited demand from their existing workforce, and uncertainty over how best to use the Levy as key reasons for this.

Apprenticeship training expenditure over the last 3 years

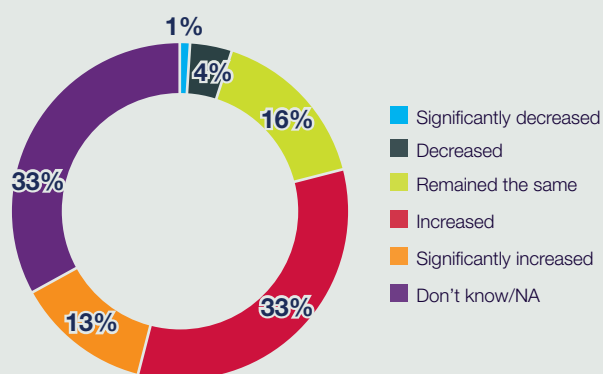


Figure 37: How has your apprenticeship training expenditure (per FTE) changed over the last 3 years? Source: FDF analysis of Food and Drink Sector Council: Future Workforce and Skills Survey. Notes: Based on 94 respondents who self-reported as being levy-payers and responded to this question.

Apprenticeship Levy expenditure

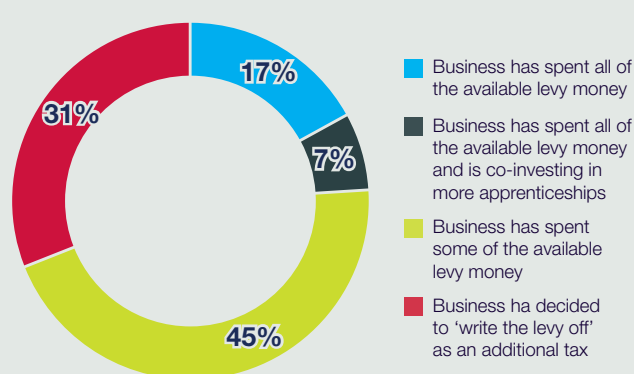


Figure 38: Which of the following best applies to levy funds in your business? Source: FDF analysis of Food and Drink Sector Council Future Workforce and Skills Survey. Notes: Based on 98 respondents who self-reported as being levy-payers and responded to this question.

⁸⁴ Based on 145 respondents; 94 self-reported as being levy-payers, while 51 were self-reported non-levy-payers.

6. SURVEY FINDINGS

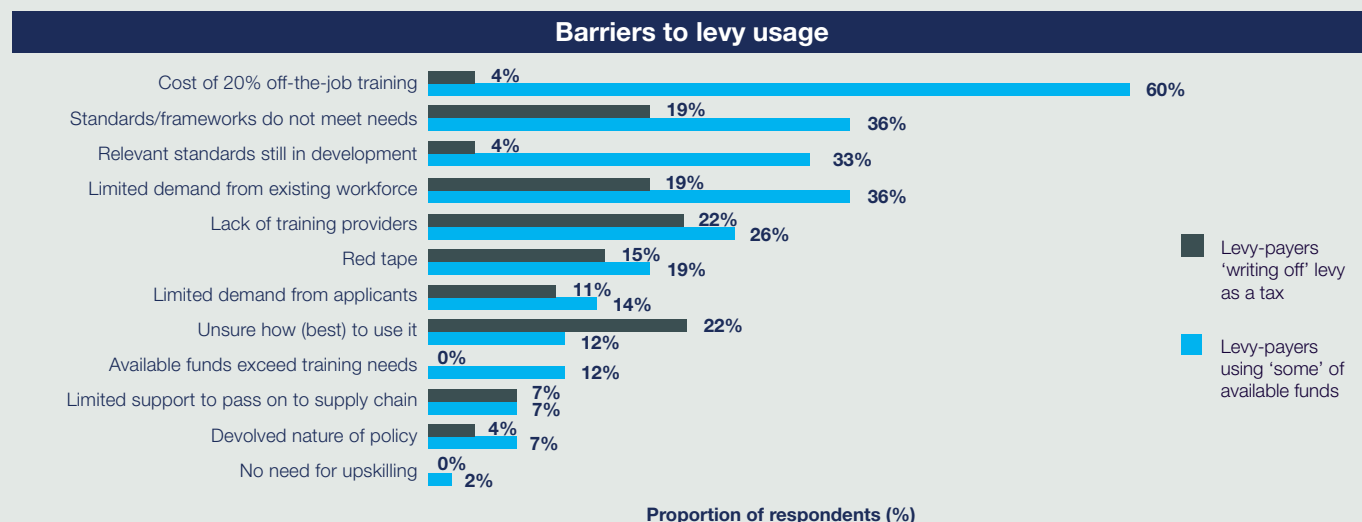


Figure 39: Which of the following have been the key barriers stopping you from spending all of your levy funds? Source: FDF analysis of Food and Drink Sector Council: Future Workforce and Skills Survey. Notes: Based on 69 respondents (of 73 who self-reported as being levy-payers); 42 were self-reported levy-payers who have spent 'some' of the available funds, and 27 were self-reported levy-payers who have 'written off' the levy as an additional tax. Respondents were asked to select all barriers that apply to their business. 'Don't know' and 'other' responses have been omitted from this chart.

As shown in Figure 39, the majority of those who have spent 'some' of the available levy funds reported that the cost of the 20% off-the-job training requirement is a key barrier; research conducted by the Institute of Grocery Distribution (IGD) supports this finding⁸⁵. Other commonly noted reasons (all reported by 20-30% of respondents) included: limited demand from their existing workforce, and issues around apprenticeship standards or frameworks not meeting business needs or still being in development. Notably, the lack of need for upskilling was stated by less than 2% of businesses, highlighting the fact that businesses are aware of the need to train their workforce.

Finally, survey respondents were asked to indicate the types of apprenticeships used⁸⁶, with the results outlined in Figure 40. On the whole, businesses appeared to be using apprenticeships to address skills needs outlined in the previous section. For instance, around one third of respondents reported using levy money to fund management and leadership training.

In the manufacturing sub-sector, our sample was large enough to obtain meaningful results, key findings showed that a high proportion of businesses are funding engineering and technology, process, plant and machine operative and technician, and management apprenticeships (all which have been highlighted as either hard-to-fill roles or skills requiring training).

Respondents were also asked to select the level of apprenticeships used by their business (results are outlined in Table 8). Across the sector, a higher proportion of respondents were running Intermediate apprenticeships than those at Level 3 and above.

When comparing sub-sectors, service-based businesses tended to use a wider range of apprenticeship levels than others. For instance, over 50% of businesses in the service sub-sectors reported using Higher apprenticeships⁸⁷, compared with less than one third in other sub-sectors. In contrast, across Levels 2-7, agricultural and horticultural businesses had the lowest usage and tended not to use apprenticeships that were at Advanced or Higher level.

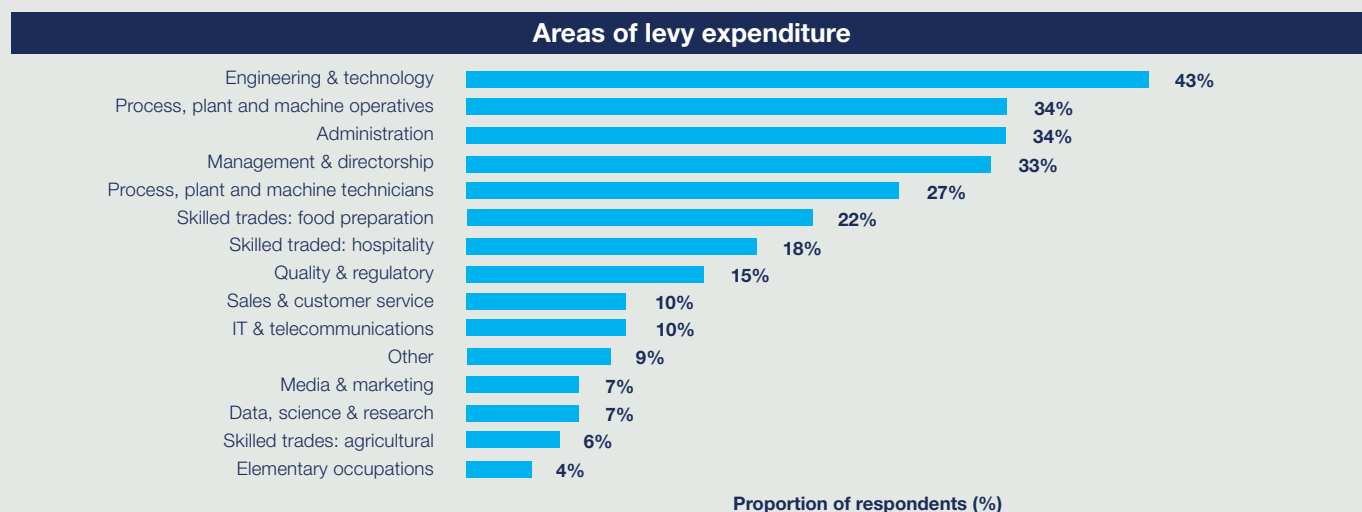


Figure 40: Which skills areas are you spending the levy money on in your business? Source: FDF analysis of Food and Drink Sector Council: Future Workforce and Skills Survey. Notes: Based on 67 respondents (of 73 respondents who self-reported as being levy-payers).

⁸⁵ IGD: [Apprenticeship Survey \(2018\)](#).

⁸⁶ Note that given the breakdown of responses within the food chain, these results are likely to

be more representative of the skills needs of food and drink manufacturers, and agriculture and horticulture businesses.

6. SURVEY FINDINGS

APPRENTICESHIP LEVELS				
	Intermediate (Level 2)	Advanced (Level 3)	Higher (Level 4/5)	Degree or above (Level 6/7)
Agriculture and horticulture	30% currently run	63% don't currently run	53% don't currently run or plan to	50% don't currently run or plan to
Food and drink manufacturing	56% currently run	55% currently run	45% don't currently run	54% don't currently run
Food and drink services	69% currently run	62% currently run	54% currently run	54% don't currently run

Table 8: Which of the following best apply to the use of apprenticeships in your business? Source: FDF analysis of Food and Drink Sector Council: Future Workforce and Skills Survey. Notes: Based on 89 respondents; 56 were food and drink manufacturers, 20 were agricultural and horticultural businesses, and 13 were food and drink service businesses. Respondents were asked to select all uses that apply within their business, and were given the following options: currently run, don't currently but plan to run, don't currently run or plan to run.

6.6. IMAGE

WHAT DO YOU THINK YOUR BUSINESS/INDUSTRY COULD DO TO IMPROVE ITS IMAGE IN ATTRACTING TALENT?

Verbatim comments from Food and Drink Sector Council: Future Workforce and Skills Survey respondents (between 26 November 2018 and 28 February 2019)

Raise awareness of career paths and variety of roles on offer

"Respect the role higher level knowledge and research capability can add to the food production process." (Agriculture and horticulture)

"Factory recruitment requires a better presence on social media to gain attraction. There is also a requirement to show a longer-term career focus - not just the role they are applying [for] but to show the scope for progression, particularly within levelled but also frontline recruitment..." (Manufacturing)

"The industry has a negative review - typically food manufacture is seen as hard, dirty work, with long hours and little reward - we need to work to open up new opportunities to schools and universities to showcase success stories." (Manufacturing)

"Demonstrate long term career opportunities, particularly with young people (and their families) - promote the speed of progression, [and] salaries etc. that are attainable, not just a stop gap job." (Hospitality)

"I think it's going to be about making us an employment area of choice. What we've seen and experienced is, in our NPD technical areas, we're not just getting people that did home economics in school. We're getting people with BSc honours degrees in food science or food innovation." (Agriculture and horticulture)

Improve benefits and support for employees

"Offer housing, apprenticeships, courses for middle management, more perks. Improve press and media coverage and attitude towards farmers in general." (Agriculture and horticulture)

"...Improve Rewards. Share talent across the industry to support career development." (Manufacturing)

"[Provide] flexible working hours, interest in developing careers, improved management skills, and promote transferable skills." (Hospitality)

Target educational institutions directly

"Sell the diversity of the industry more...it's not all about low-skilled workers. Work more with schools, colleges and universities to promote the industry." (Agriculture and horticulture)

"More intervention at school, college and university to 'educate' on the breadth of opportunities in our industry..." (Manufacturing)

"I think trying to make us an area of choice for school leavers or college leavers, the young talent coming through, is going to be a key challenge for the overall industry." (Manufacturing)

⁶⁷ Response samples from the remaining sub-sectors within the food and drink supply chain were not large enough to be representative.

6. SURVEY FINDINGS

6.7. FUTURE CHALLENGES

WHAT ARE YOUR BIGGEST CHALLENGES GOING FORWARD IN RELATION TO WORKFORCE AND SKILLS AND HOW COULD THESE BE TACKLED?

Verbatim comments from Food and Drink Sector Council: Future Workforce and Skills Survey respondents (between 26 November 2018 and 28 February 2019)

CHALLENGES

Issues surrounding the availability of EU workers

"End to free movement of EU nationals. Reduced availability of EU-migrants even with free movement." (Agriculture and horticulture)

"More than half the workforce is from Eastern Europe... due to the future planned restrictions we see the numbers available reducing very rapidly. Due to the unemployment within our area being less than 1%, recruitment from the indigenous population is impossible... Going forward we urgently [need] to encourage the continuation of immigrant workers." (Manufacturing)

"Large proportion of workforce are EU Nationals, so Brexit is the biggest challenge we are facing." (Manufacturing)

Labour availability and ageing workforce

"An ageing workforce, that becomes less productive and more susceptible to absence." (Manufacturing)

"Key staff approaching retirement age, can we afford to have a younger person employed before they leave." (Agriculture and horticulture)

"Low local unemployment - now bottom fishing and competing with other manufacturers for good staff." (Manufacturing)

Skills shortages (especially sector-specific)

"Finding good poultry managers. Training program needs setting up to attract and train the next generation of managers." (Agriculture and horticulture)

"Availability of suitably qualified candidates. Need to encourage and support land-based training organisations across all sectors in the rural economy." (Agriculture and horticulture)

"More representation and diversity required. Seeking out people who can think more laterally and creatively problem solve. Essential for a fast-growing business." (Manufacturing)

Talent retention

"Ensuring we engage, grow and develop our people, so that the majority of vacancies are filled internally." (Agriculture and horticulture)

"Generational differences - millennials expectation not to stay in the same organisation for their entire career, therefore a challenge to build a leadership pipeline." (Manufacturing)

"Recruitment and retention of skilled kitchen team, and employee turnover." (Hospitality)

SOLUTIONS

Improve attraction and retention strategies

"Retention - increasing benefit package and development opportunities." (Manufacturing)

"We are investing in graduate schemes, placements, and hiring abroad. But the new skills-based criteria post-Brexit must have targeted quotas that meet micro needs upstream in the industry

with simple, accessible admin and government support where required on worker rights." (Manufacturing)

Invest in vocational training, apprenticeships and internal development programmes

"Working with schools, colleges [to address the] labour shortage, lobbying government, changing pay structures... [The] right training being available [through] working with skills councils, apprenticeship providers etc." (Agriculture and horticulture)

"As a business, we have an ageing staff and will lose skills quickly. We are training on the job a number of staff in mentoring roles to make sure the knowledge gets passed along." (Manufacturing)

"Apprentice schemes, [and] working with people to develop longer term careers." (Hospitality)

Improve sector culture

"Building soft skills and EQ [emotional quotient] to enable adapting to change and managing others. Culture of a business drives this. Need to keep up with technology while keeping the business running; this unknown and speed of change is not to be underestimated." (Manufacturing)

"Trying to overcome cultural shift around the value of learning and enabling people in development through the use of evaluating effectiveness of learning vs. a tick box for completion - a focus on learning journeys." (Manufacturing)

"Making the hours more attractive (shorter week, commitment to days/evenings off on regular basis to promote better work-life balance)." (Hospitality)

Future UK immigration policy

Verbatim comments from interview analysis

The policies in the immigration white paper come in for criticism from the respondents. The focus on skilled immigration and the £30,000 salary threshold for skilled visas were regarded as particular barriers to recruitment. This, coupled with the end of freedom of movement, means the respondents were particularly concerned about their future ability to fill roles that don't meet the threshold.

"Assuming Brexit goes ahead and we come out of Europe and immigration doesn't go up, we're going to have some serious shortages of people working in factories and we can't just automate overnight" [Trade Association].

In addition, there was also the belief that a low salary does not necessarily mean a job is low-skilled.

"Well obviously the idea that we only admit skilled labour into the UK and defining that as a £30,000 threshold, I don't think we're particularly happy with that as a proposition, it rather ignores the fact that even though somebody is on a lower wage doesn't mean to say they're unskilled" [Agriculture and horticulture]

Finally, the 'political' nature of immigration policy was commented upon in terms of the fact that this policy is subject to frequent changes in direction based on the whims of politicians.

7. SWOT ANALYSIS

7.1. STRENGTHS

Food and drink is a diverse sector with a broad range of employment opportunities

The main strength of the food and drink sector is the wide range of jobs and opportunities available. Opportunities range from lower skill roles such as picking, packing, assembly and distribution to higher skilled roles in software design, process and product engineering, accountancy and legal services as well as data analysis.

Commitment to training and broad use of apprenticeships to upskill workforce

Within the food and drink sector, businesses are committed to training and upskilling their workforce. There is a broad commitment to providing apprenticeships for a variety of reasons, from attracting new talent to developing new skills among new and existing workers. There is a wide recognition of the ever-changing nature of the sector which requires development of staff and the need to continuously improve skills of the workforce.

7.2. WEAKNESSES

Proactive skills and training planning can be difficult in a fast-moving commercial environment

As a fast-moving consumer goods industry, the food and drink sector has complex supply chains, high volume, lower value products (and services) and often shorter-term supply contracts which can make proactive planning and investment in skills and training quite difficult. This in turn can hinder improvements in productivity. Productivity is based on controlling costs and ensuring margins are maintained, meaning that gains could be made through science and technology improvements.

The food and drink sector's reliance on migrant workers

Of the more than 2 million EU nationals working in the UK economy, approximately one fifth of these are working in the food sector. Many respondents highlighted their company's reliance upon migrant labour which exposes them, with the current uncertainty surrounding the UK's decision to leave the European Union. While the food and drink sector also requires seasonal workers due to its inherent characteristics and changes in seasonal demand, the uncertainty as to where they may be able to source seasonal workers from in the longer term could pose a barrier to the continued development of the sector.

7.3. OPPORTUNITIES

Presenting a united pitch on the broad opportunities available in the food and drink sector

Respondents were all very clear on the advantages of a single voice advocating the food and drink sector. Therefore, there is an excellent opportunity for businesses across the sector to join together to highlight the range of job opportunities, career progression and apprenticeships and training schemes, that exist within the sector across all parts of the UK. Through collaboration, the food industry's ability to attract talent and compete against other sectors for the limited pool of skilled workers will be strengthened.

Highly skilled job opportunities are increasing in the food and drink sector

Demand for higher skilled workers in areas such as programming, engineering, data analysis, accounting, and legal services is increasing and will become ever more important to the sector in the future. These are the skills required to maintain productivity and ensure that it continues to expand and develop successfully. The food and drink industry recognises the importance of embracing digitalisation and transformational technologies for improving productivity and delivering higher skilled and better jobs. To take advantage of these opportunities, businesses need to be able to recruit individuals with the required knowledge, expertise and skills through apprenticeships and graduate training schemes as well as providing training opportunities to their existing workforce.

7.4. THREATS

The competition for skills

There is a clear perception that the more severe threat to the food and drink sector is the competition for highly skilled workers. Businesses feel that they are losing out to employers in other sectors which may be perceived as more attractive. There is a pressing need to combat this threat and work together to highlight the benefits available to potential employees at all skill levels through a more targeted approach to graduates and through apprenticeships and other training schemes.

Potential labour shortages as a result of ending free movement within the EU

The perception among businesses is that they face being cut off from their traditional sources of labour across the European Union due to the UK's imminent departure. In addition, the unemployment ratio in the UK has declined significantly over the last decade, meaning that filling vacancies in the wider economy is becoming increasingly difficult. Therefore, there is a perceived threat to the capacity of the sector to satisfy demand for its goods and services in the future.

8. ANNEXES AND RESEARCH METHODOLOGY

8.1. METHOD

- 170 businesses, across the food and drink sector, were surveyed anonymously between November 2018 and February 2019. Survey data were analysed between January and May 2019.
- 21 businesses, across the food and drink sector, were interviewed by FDF and SHU between January and May 2019. The interviews took between 30 and 90 minutes each, with an average of 45 minutes per interview, and interview data were analysed between March and June 2019.
- Response rates varied from question to question.
- Overall base and subset figures (i.e. the total number of businesses represented by percentages) are included in the footnotes of charts and tables throughout the report.
- Some aggregated figures may not sum to 100% due to rounding.
- Weighted averages are used to compare answers where respondents were asked to select answers within a range, i.e. 0%, 1-10%, 11-20% etc. These are calculated based on the assumption that responses were evenly distributed within these ranges.
- Statistical significance is reported where possible. Comparisons of means were calculated by conducting two sample t-tests.

8.2. SUPPLEMENTARY DATA⁸⁸

8.2.1. ANNEX 1: TRENDS AMONG BUSINESSES WITH VARYING STAFF TURNOVER RATES

Low to average staff turnover⁸⁹

Among businesses with low-to-average staff turnover rates, 70% were SMEs, and 30% were large businesses. **61% reported using temporary agency workers.** The top reasons for using temporary agency workers were:

1. Seasonal demand changes (76%)
2. General demand changes (41%)
3. Sickness and holiday (34%)

Average to high staff turnover⁹⁰

Among businesses with average-to-high staff turnover rates, 61% were large businesses, and 39% were SMEs. **79% reported using temporary agency workers.** The top reasons for using temporary agency workers were:

1. Seasonal demand changes (60%)
2. General demand changes (37%)
3. A route to permanent employment (33%)

Very high staff turnover⁹¹ (>50%)

Among businesses with very high staff turnover rates, all businesses except one were either hospitality service, or agriculture and horticulture businesses. 54% were large businesses. **Businesses were split on usage of temporary agency workers.** The top reasons for using temporary agency workers were:

1. General demand changes (57%)
2. Lack of local labour (43%)

8.2.2. ANNEX 2: BUSINESSES WITH LOW/HIGH USAGE OF TEMPORARY AGENCY WORKERS

Among businesses with **low usage of temporary workers**⁹² (up to 20% of total hours worked):

- 47% stated that their vacancies are taking the same amount of time to fill as they were three years ago;
- 61% (who were Apprenticeship Levy payers) reported increased apprenticeship training expenditure over the last three years (compared with 43% of those with high temporary staff usage).

Among businesses with **high usage of temporary workers**⁹³:

- 57% stated that their vacancies now take longer, or far longer, to fill than they did three years ago⁹⁴.

⁸⁸ Data in this section are from both the FDSC Future Workforce and Skills Survey and official data sources.

⁸⁹ Based on 67 respondents with reported staff turnover between 0-10% inclusive.

⁹⁰ Based on 56 respondents with reported staff turnover between 11-50% inclusive.

⁹¹ Based on 13 respondents with reported staff turnover above 50%.

⁹² Based on 37 respondents with reported peak proportions of hours worked by temporary staff up to 20%.

⁹³ Based on 39 respondents with reported peak proportions of hours worked by temporary staff above 20%.

⁹⁴ Businesses with reported high usage of temporary workers were more likely to report taking longer to fill vacancies than 3 years ago, which was significant at $p \leq 0.0419$.

8. ANNEXES AND RESEARCH METHODOLOGY

8.2.3. ANNEX 3: EMPLOYEE DEVELOPMENT IN SMES AND LARGE BUSINESSES

EMPLOYEE DEVELOPMENT IN SMES AND LARGE BUSINESSES						
	Below necessary		Adequately		Above necessary	
	SMEs	Large	SMEs	Large	SMEs	Large
External formal training	16%	11%	55%	70%	20%	15%
Internal formal training	9%	13%	53%	50%	31%	38%
(Peer-to-peer) mentoring	18%	25%	47%	52%	32%	21%
Opportunities within the role	9%	13%	63%	50%	21%	35%
Opportunities within the wider business	18%	19%	45%	43%	21%	36%
Opportunities within the supply chain	25%	33%	25%	24%	14%	13%
Secondments	27%	35%	23%	37%	5%	9%
On-the-job informal training	4%	8%	42%	48%	49%	44%

Table 9: How is your business supporting your employees' development needs in the following areas? Source: FDF analysis of Food and Drink Sector Council: Future Workforce and Skills Survey. Notes: Based on 108 respondents. Respondents were asked how their business is supporting employees' development needs in the areas outlined above, and could respond using a 5-point scale from 'far below necessary' to 'far above necessary'. 'Below necessary' on the chart represents 'far below necessary' and 'below necessary, and the same applies to 'Above necessary'. Not all respondents to the question expressed a view on every training type and so total response rates vary for each training option.

8.2.4. ANNEX 4: FOOD MANUFACTURING STANDARDS AND PROVIDERS

FOOD MANUFACTURING STANDARDS AND PROVIDERS										
	National	North West	North East	Yorkshire	East Midlands	West Midlands	South East	South West	London & home counties	East Anglia
L3 Food Technology	Lincoln (B)			Wakefield college (D)						
	NTU (B)									
L6 Food Technical Degree	Lincoln (B)									
	NTU (B)									
	Sheffield Hallam									
	Seetec (B,S)									
L2 Food Operator & L3 Advanced food ops	Lincoln (B)			Selby				Wiltshire college (D)		
	Reaseheath College (S)	x		Kirklees						
	Blackpool and the Fylde (B,S)	x		Develop U						
	Linden (S)			CQM						
	Remit (S)									
	Poultec (S)									x
	GLP (S)			Wakefield college (D)	Leicester college (S)					
L3 Food & Drink Maintenance Engineer				Selby (D)	Leicester (D)					
		NWTC		Kirklees	Derby College	Bmet			Oaklands	COWA
		MGTS/ R'heath			Peterborough Regional					
L6 Food and Drink Advanced (Degree) Engineer	Lincoln (B)									
L2 Baker	People Plus	Reaseheath				UCB				
	Remit									
L3 Advanced Baker		Reaseheath				UCB				
L2 Fishmonger	People Plus (S)									
	Remit (S)									
	Blackpool and the Fylde (B,S)									
L3 Supply Chain Practitioner				Kirklees						

Table 10: Food manufacturing standards and providers. Source: National Skills Academy for Food and Drink (2018).

8. ANNEXES AND RESEARCH METHODOLOGY

8.2.5. ANNEX 5: SKILL LEVELS WITHIN THE SECTOR

9A: AGRICULTURE			
Highest qualification	Industry	Estimate	Share of total workers in industry (%)
Degree or equivalent	Agriculture	39	13%
Higher education	Agriculture	30	10%
GCE A Level or equivalent	Agriculture	69	22%
GCSE grades A-C or equivalent	Agriculture	72	23%
Other qualifications	Agriculture	44	14%
No qualification	Agriculture	52	17%
9B: MANUFACTURING			
Highest qualification	Industry	Estimate	Share of total workers in industry (%)
Degree or equivalent	Food and Drink Manufacturing	77	20%
Higher education	Food and Drink Manufacturing	34	9%
GCE A Level or equivalent	Food and Drink Manufacturing	70	19%
GCSE grades A-C or equivalent	Food and Drink Manufacturing	75	20%
Other qualifications	Food and Drink Manufacturing	79	21%
No qualification	Food and Drink Manufacturing	36	10%
9C: WHOLESALING			
Highest qualification	Industry	Estimate	Share of total workers in industry (%)
Degree or equivalent	Food Wholesaling	35	18%
Higher education	Food Wholesaling	18	9%
GCE A Level or equivalent	Food Wholesaling	37	19%
GCSE grades A-C or equivalent	Food Wholesaling	45	23%
Other qualifications	Food Wholesaling	40	20%
No qualification	Food Wholesaling	18	9%
9D: RETAILING			
Highest qualification	Industry	Estimate	Share of total workers in industry (%)
Degree or equivalent	Food Retailing	154	13%
Higher education	Food Retailing	73	6%
GCE A Level or equivalent	Food Retailing	288	24%
GCSE grades A-C or equivalent	Food Retailing	382	31%
Other qualifications	Food Retailing	152	13%
No qualification	Food Retailing	136	11%
9E: SERVICES			
Highest qualification	Industry	Estimate	Share of total workers in industry (%)
Degree or equivalent	Food and Beverage Services	207	15%
Higher education	Food and Beverage Services	82	6%
GCE A Level or equivalent	Food and Beverage Services	375	28%
GCSE grades A-C or equivalent	Food and Beverage Services	375	28%
Other qualifications	Food and Beverage Services	179	13%
No qualification	Food and Beverage Services	116	9%

Table 11: Number of workers (in 000s) in food chain sectors by nationality group and highest qualification level achieved. Source: ONS Annual Population Estimates (2017). Notes: Estimates are rounded to the nearest thousand. Totals may not sum due to rounding. Estimates are for the individual population aged 16+ and in employment. In employment consists of employees, self-employed, those on government training schemes and unpaid family workers. Row totals include UK, EU27 (including Republic of Ireland), Non-EU and missing data. Sector categories have been grouped using the current Standard Industrial Classification (SIC 2007), which classifies business establishments and other statistical units by the type of economic activity in which they are engaged.

8. ANNEXES AND RESEARCH METHODOLOGY

8.2.6. ANNEX 6: QUALIFICATIONS IN THE SECTOR

TOTAL GCSE ENTRIES										
Year	Manufacturing		Hospitality and Catering		Home Economics		D&T: Food Technology		Food Preparation and Nutrition	
2009/2010	-	-	985	-	29,350	-	62,104	-	-	
2010/2011	172	-	854	-13%	28,444	-3%	54,049	-13%	-	
2011/2012	139	-19%	1,196	40%	27,382	-4%	49,524	-8%	-	
2012/2013	99	-29%	2,037	70%	26,250	-4%	43,426	-12%	-	
2013/2014	136	37%	2,238	10%	28,177	7%	40,590	-7%	-	
2014/2015	134	-1%	2,449	9%	27,154	-4%	38,423	-5%	-	
2015/2016	130	-3%	2,543	4%	24,287	-11%	33,448	-13%	-	
2016/2017	145	12%	2,007	-21%	20,486	-16%	29,791	-11%	-	
2017/2018	52	-64%	2,478	23%	8,928	-56%	-		46,307	-

Table 12: Food and Drink GCSE uptake. Source: DfE Statistics: GCSEs (2018). Notes: Coverage: England. '-' denotes no entries for this subject. Percentages represent change in up-take from year to year.

TOTAL A LEVEL ENTRIES		
Year	Home Economics	
2009/2010	358	-
2010/2011	368	3%
2011/2012	317	-14%
2012/2013	331	4%
2013/2014	309	-7%
2014/2015	292	-6%
2015/2016	236	-19%
2016/2017	221	-6%
2017/18	148	-33%

Table 13: Food and Drink A level uptake. Source: DfE Statistics: 16-19 attainment (2018). Notes: Home Economics includes Home Economics, and Nutrition and Food Science. Coverage: England. Percentages represent change in up-take from year to year.

BTEC SUBJECT (LEVEL 3)					
	2013	2014	2015	2016	2017
Agriculture (General)	562	428	413	504	380
Farm Machinery: Operation / Maintenance / Repair	164	154	49	130	119
Fish Farming	100	81	32	84	107
Horticulture (General)	127	104	77	77	75
Hospitality / Catering Studies	958	1,298	111	191	1,371
Manufacturing Engineering	475	392	388	471	368
Retailing	1	8	8	7	11
Food Hygiene	0	0	0	0	5
Food Preparation (General)	0	14	0	0	12
Animal Husbandry: Specific Animals	3,021	3,132	3,111	3,461	2,962

Table 14: Food and Drink BTEC uptake. Source: [DfE, Schools Data \(2017\)](#). Notes: Coverage: England.

APPRENTICESHIP STARTS				
	2015-16	2016-17	2017-18	2018-19
Agriculture	1,719	1,423	1,234	676
Hospitality	33,087	28,128	18,915	7,206
Manufacturing	3,497	2,252	993	486
Retail	11,240	9,520	9,310	6,170
Food Chain total	49,543	41,323	30,452	14,538

Table 15: Sector apprenticeship starts. Source: DfE (2019). Notes: Coverage: England. Estimates include industry-specific apprenticeships. 2018-2019 numbers only include the starts through January 2019.

I. The Apprenticeship Levy

The Apprenticeship Levy is a levy on UK employers (which came into effect on and after 6 April 2017) to fund new apprenticeships. In England, control of apprenticeship funding will be put in the hands of employers through the Digital Apprenticeship Service. The levy will be charged at a rate of 0.5% of an employer's pay bill above £3m a year. Each employer will receive an allowance of £15,000 to offset against their levy payment.

II. Basic digital skills

The five Basic Digital Skills framework is broken down into the areas outlined below. Those who are able to do at least one task in each of the skills categories are classified as having the full Basic Digital Skills.

- 1. Managing information** (using a search engine to look for information, finding a website visited before, or downloading/saving photos found online),
- 2. Communicating** (sending a personal message via email/online messaging, or carefully making comments and sharing information online)
- 3. Transacting** (buying items/services from a website, or buying and installing apps on a device),
- 4. Problem solving** (verifying source of information found online, or solving a problem with a device/digital service using online help), and
- 5. Creating** (completing online application forms including personal details, or creating something new from existing online images/music/video).

III. Business size:

- **Small-and-medium enterprises ('SMEs')**
Companies whose employee numbers fall below 250.
- **Large enterprises**
Companies with 250 or more employees.

IV. Co-investment

Non-levy paying employers will share the cost of training and assessing their apprentices with government - this is called '[co-investment](#)'. At present, businesses are required to pay 5% towards the cost of apprenticeship training. The Government will pay the rest (95%) up to the [funding band maximum](#).

V. Education and Skills Funding Agency (ESFA)

The Education and Skills Funding Agency is an executive agency, sponsored by the Department for Education. The Agency is accountable for funding education and skills for children, young people and adults.

VI. EU27

Used to denote the European Union outside the UK (in the period 2007–2013 when it had 27 countries), and the countries that were members then.

VII. EU-A2 citizens

A2 nationals are nationals of Bulgaria and Romania, who joined the EU on 1 January 2007.

VIII. EU-A8 citizens

A8 nationals are nationals of Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia, who joined the EU in 2004.

IX. Food and drink supply chain ("the sector"):

a. Agriculture and horticulture

An agriculture supply chain system comprises organisations/cooperatives that are responsible for the production and distribution of vegetable/fruits/cereals/pulses or animal-based products. Horticulture has been defined as the culture of plants, mainly for food, materials, comfort and beauty.

b. Food and drink manufacturing

Food and drink manufacturing takes place in factories ranging from small units with few workers to large factories.

c. Food and drink wholesale

Wholesaling or distributing is the sale of food and drink-related goods or merchandise to retailers; to industrial, commercial, institutional, or other professional business users; or to other wholesalers.

d. Food and drink retail

Retail is the process of selling consumers food and drink-related goods or services through multiple channels of distribution to earn a profit.

e. Food and drink hospitality service

The hospitality sector is a category of fields within the service industry that includes food and drink service.

f. Food and drink logistics

Logistics is the management of the flow of goods between the point of origin and the point of consumption in order to meet requirements of customers or corporations.

X. Industry

a. Production

Broadly, the production industries are responsible for output of industrial goods in the economy; this includes manufacturing, wholesaling, mining, and utilities. In our analysis, we use production to refer to agriculture, horticulture and manufacturing within the sector.

b. Services

This involves businesses who provide services to other businesses as well as final consumers. This can include tradesmanship, restaurants, tourism, supermarkets. In our analysis, we use food and drink service to refer to hospitality service and retail within the sector.

XI. Job tenure

Job tenure is a labour market statistic which is typically measured by the length of time workers have been in their current job or with their current employer.

XII. Labour market activity:

a. Employment

i. Employee

Employees are those who are in employment and paid a wage by an employer for the work that they do; this category may be further sub-divided into permanent and temporary employees.

ii. Part-time employment

A part-time contract is a form of employment that carries fewer hours per week than a full-time job. Workers are commonly considered to be part-time if they work fewer than 30 hours per week.

iii. Full-time employment

Full-time employment is employment in which a person works a minimum number of hours defined as such by their employer. Full-time employment often comes with benefits that are not typically offered to part-time, temporary, or flexible workers, such as annual leave, sick leave, and health insurance.

b. Unemployment

People who are jobless, actively seeking work, and available to take a job.

c. Activity

People that are either employed (part-time or full-time) or unemployed and seeking work.

d. Inactivity

People not in employment who have not been seeking work within the last 4 weeks and/or are unable to start work within the next 2 weeks (this includes those in full-time education).

e. Workforce/working age population

The total population in an area that is considered able and likely to work based on the number of people in a predetermined age-range. The working-age population measure is used to give an estimate of the total number of potential workers within an economy.

XIII. National Food Strategy (NFS)

In June 2019 the Department for Environment, Food and Rural Affairs announced the creation of a [National Food Strategy](#) led by Henry Dimbleby. This independent review will look at the entire food chain, from field to fork. This includes production, marketing, processing, sale and purchase of food (for consumption in the home and out of it). It will also look at the consumer practices, resources and institutions involved in these processes.

XIV. Old-age dependency ratio

This indicator is the ratio between those who are generally economically inactive and those of working age. The value is expressed as people aged 65 and over per 100 people of working age (15-64).

XV. ONS SOC codes

ONS Standard Occupational Classification (SOC) Hierarchy - within the context of the classification, jobs are classified in terms of their skill level and skill content. It is used for career information to labour market entrants, job matching by employment agencies and the development of labour market policies.

XVI. Productivity

An assessment of the efficiency of a worker or group of workers. Productivity may be evaluated in terms of the output of an employee in a specific period of time.

a. Total Factor Productivity ('TFP')

The TFP of the UK food chain is examined within the four main food sectors and compared to the wider economy. TFP relates the volume of output to the volume of labour, capital and purchases, and so can provide a measure of efficiency.

XVII. RQF Levels

Regulated Qualifications Framework (RQF). All qualifications regulated by Ofqual (in England) are within this framework. Examples of qualifications categorised under each level can be found [here](#).

a. Low-skilled workers

Government terminology referring to workers in roles classified as requiring below RQF Level 3 qualifications or equivalent experience.

b. Mid-skilled workers

Government terminology referring to workers in roles classified as requiring RQF Level 3 -5 qualifications or equivalent experience.

c. High-skilled workers

Government terminology referring to workers in roles classified as requiring RQF Level 6 or above qualifications or equivalent experience.

XVIII. Re-training

Teaching a current employee new skills to enable them to do a different job.

XIX. Seasonal demand

Consumer interest in purchasing particular products only during a specific period within the calendar year.

XX. Staff turnover ('turnover')

The proportion of employees who leave an organisation over a set period, often on a year-on-year basis - expressed as a percentage of total employees.

XXI. Temporary agency workers

An agency worker is someone who has a contract with an agency but works temporarily for an employer. When an agency worker is on assignment, they are temporarily under the supervision or direction of the 'hiring organisation' but still employed by their 'agency'.

XXII. Training:

a. Internally-provided

Internally-provided training is the transferral of skills facilitated between employees of the same organisation, rather than using an external provider of skills or knowledge.

b. In-house

In-house training is a training program for learning opportunities developed by the organisation in which they are used. Training may be required to be provided to employees as part of legislative requirements for industry performance and safety standards or continuing education requirements.

c. Externally-provided

External training is training provided from outside an organisation, using external consultants, specialists or organisations, training through membership of external organisations or associations.

XXIII. Unemployment to vacancy ratio

The ratio of the total number of vacancies to the unemployment level. This is normally considered a measure of labour market tightness.

XXIV. Upskilling

Upskilling refers to the process of teaching new skills to current employees.

XXV. Weighted average

Mean in which each item being averaged is multiplied by a number (weight) based on the item's relative importance. The result is summed and the total is divided by the sum of the weights.

REPORT AUTHORS

This report was produced by the Food and Drink Federation with input from members of the Food and Drink Sector Council Workforce and Skills Group.

REPORT AUTHORS



Food and Drink Federation (FDF)

The voice of the UK food and drink industry, the largest manufacturing sector in the country. The UK food and drink industry accounts for 19% of the total manufacturing sector by turnover and employs over 450,000 people in the UK across 7,000 businesses. We are an incredibly diverse sector, speaking on behalf of global brands and thriving small businesses. We help our members operate in an appropriately regulated marketplace to maximise their competitiveness.



Sheffield Hallam University (SHU)

The 10th largest university in the UK, with 30,729 students and a turnover of £276.6 million. Sheffield Hallam is in the top five of all UK modern universities for research quality.

REPORT CONTRIBUTORS



Agriculture & Horticulture Development Board

The Agriculture and Horticulture Development Board (AHDB) is a statutory levy board, funded by farmers, growers and others in the supply chain to help the industry succeed in a rapidly changing world.



Associated British Foods (ABF)

Associated British Foods is a diversified international food, ingredients and retail group with sales of £15.6bn, 137,000 employees and operations in 50 countries across Europe, southern Africa, the Americas, Asia and Australia.



Association of Labour Providers (ALP)

A trade association promoting responsible recruitment in the UK consumer goods supply chain.



British Beer & Pub Association (BBPA)

The UK's leading organisation representing the brewing and pub sector. Our members are responsible for 90% of the beer brewed in Britain today and we represent around 20,000 of the country's pubs. They include international companies, family brewers, managed locals and the nation's largest tenanted pub estates.



British Growers Association Ltd (BGA)

An umbrella group comprising a range of organisations operating in the UK horticulture industry and fresh produce sector. The membership includes Crop Associations, Producer Organisations and marketing groups. British Growers also offers a focal point for UK horticulture.



British Retail Consortium (BRC)

Retail is an exciting, diverse and dynamic industry undergoing transformational change. The BRC is at the forefront – enhancing, assisting, informing and shaping. Our mission is to make a positive difference to the industry and to the customers it serves. Our broad range of stakeholders demonstrates how retailing touches almost every aspect of our culture. The BRC leads the industry and work with our members to shape debates and influence issues and opportunities that will help make that positive difference.



Fresh Produce Consortium (FPC)

The UK's trade association for the fresh fruit, vegetable and cut flower industry, representing 600 members.



National Farmers Union (NFU)

A representative body championing British agriculture and horticulture, campaigning for a stable and sustainable future for British farmers and securing the best possible deal for our members. The NFU represents 55,000 members in England and Wales involved in 46,000 farming businesses.



National Skills Academy for Food & Drink (NSAFD)

We are the industry experts on skills for the food & drink industry and the industry's voice on everything from promoting careers in the industry to new talent, offering apprenticeship advice to businesses and supporting providers with procurement & CPD.



Premier Foods

As one of Britain's biggest listed food companies we're committed to the UK, employing over 4,000 dedicated colleagues at 15 manufacturing sites and offices up and down the country. Around 96% of what we sell is made in the UK from quality ingredients, wherever we can source sustainably from British suppliers and farmers.



Recruitment and Employment Confederation (REC)

The REC is all about brilliant recruitment, which drives our economy and delivers opportunity to millions. As the voice of the recruitment industry, we champion high standards, speak up for great recruiters, and help them grow.

Sainsbury's

Sainsbury's

The second largest chain of supermarkets in the United Kingdom, with a 15.3% share of the supermarket sector, who employ over 178,000 colleagues.



Seafish - The public body that supports the £10bn UK seafood industry. It covers the seafood industry from catch to plate providing facts, stats, research, a range of business and industry support tools, and has a big focus on promoting seafood to consumers.



UK Hospitality (UKH)

UKHospitality is the trade body representing the UK's hospitality sector. The authoritative voice for over 700 companies, operating around 65,000 venues in a sector that employs 3.2 million people, UKH speaks on behalf of a wide range of leisure and 'out-of-home' businesses, from FTSE 100 enterprises to niche groups and independent single-site operators. The trade association brings together businesses from all aspects of hospitality; coffee shops, hotels, serviced apartments, pubs, restaurants, leisure parks, nightclubs, contract caterers, entertainment, stadia and visitor attractions.



University of Nottingham (UoN)

Internationally leading research and teaching University committed to the training and development of high quality graduates for the agri-food sector, harnessing the active and symbiotic collaboration with industry and policy makers.



Volac

A fast-growing, ambitious international dairy business. We are world leaders in dairy nutrition and our mission is to develop great products that advance the health and performance of consumers and farm animals.

Summary of Policy Recommendations

Building confidence in apprenticeships and T Level work placement participation within the sector:

1. Create a Food Sector pilot fund to optimise Apprenticeship Levy usage and ensure access for all, including SMEs
2. Industry pledge to deliver T Level work placements
3. Government to prioritise apprenticeships that drive productivity

Improving food and drink specific training provision:

4. Create a National Network of Providers leading on Food Engineering and technical skills

Skills for the future:

5. Professionalisation of leadership and management skills through third-party validation
6. Place skills at the heart of a Food Strategy to deliver well-paid jobs across the country
7. Create a lifelong learning culture through a network of food and drink businesses to enable coaching on management and leadership skills

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