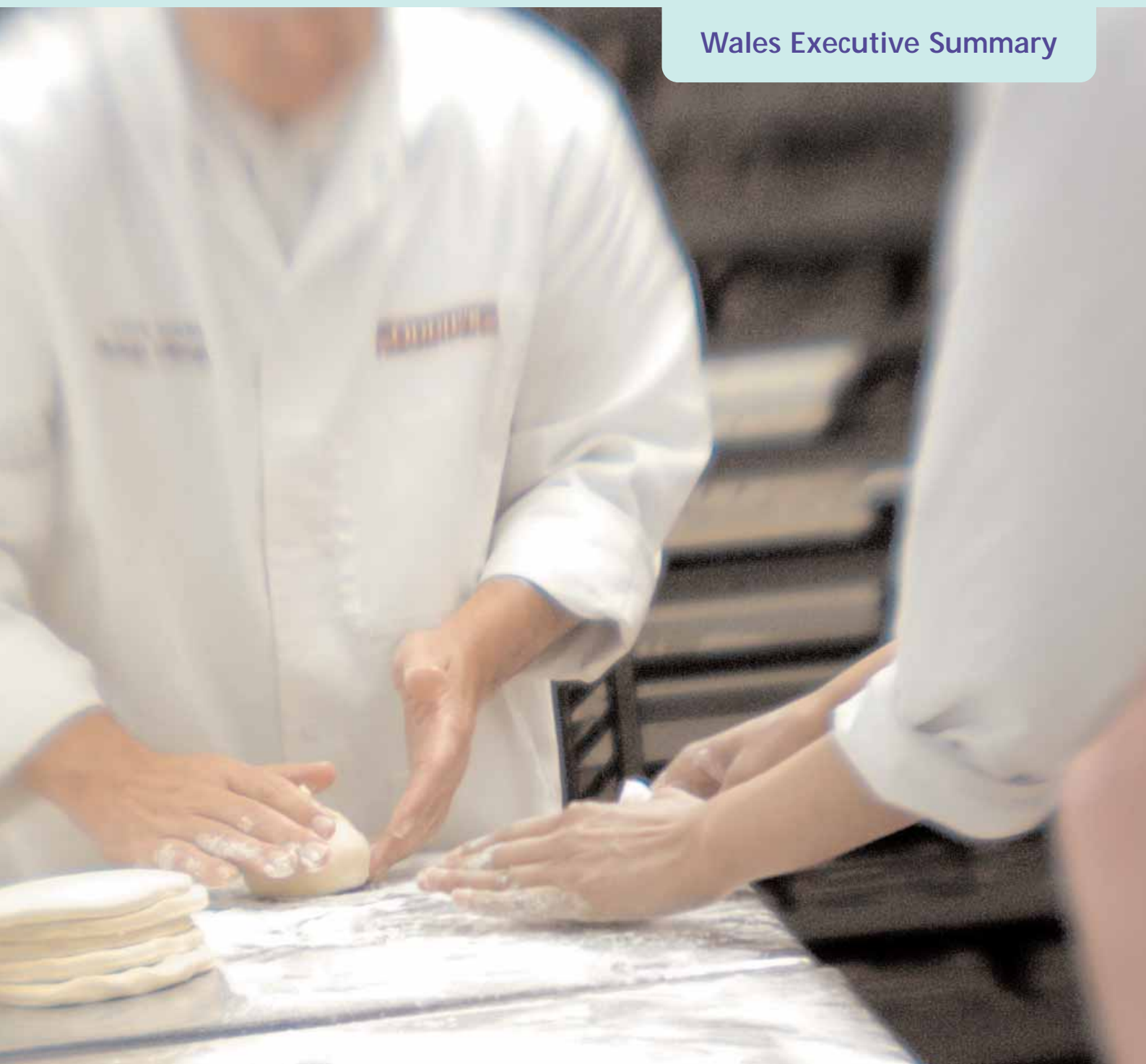


Sector Skills Agreement Food and Drink Manufacturing Sector

Wales Executive Summary



Executive Summary

Introduction

The Sector Skills Agreement (SSA) in Wales is a compact between Welsh employers, partner and stakeholder organisations and providers/funders of training. SSAs have been developed to deliver the Skills for Business Network's strategic objectives of increasing productivity, addressing skills shortages and gaps, widening opportunities and making skills provision more responsive to employer needs.

The creation of this Sector Skills Agreement has involved five key stages:

1. The Skills Needs Assessment
2. Understanding Supply
3. Gap Analysis & Market Testing
4. Action with Employers
5. Action Planning

However the SSA process is continuous and agreements will continue to be developed, renewed and updated.

Demand and Supply-side Evidence

Wales' Food and Drink Manufacturing industry is vital to the economy:

- It provides jobs for more than 16,000 people accounting for approximately 5% of the UK's food and drink manufacturing employment;

- There are approximately 400 businesses in the Welsh sector representing 7% of all Welsh manufacturing companies;
- The industry generates a turnover of approximately £600 million per annum;
- Gross Value Added (GVA) for the Welsh sector is approximately £679 million;
- Wales is home to some major Food and Drink Manufacturing companies, including Unilever (Best Foods), RF Brooks, Princes, Memory Lane Cakes, Allied Bakeries, SA Brain & Co., Wynnstay Group, Dairy Farmers of Britain, Welsh Country Foods, Dunbia, Dawn Meats and Grampian to name but a few.

However Wales faces a major skills challenge if we are to maintain or improve this position:

- Total employment in the Welsh Food and Drink Manufacturing sector is forecast to remain stable between 2004 and 2014, in contrast to the UK sector average which is forecast to decline by around 10% 2004 and 2014.
- The majority of Wales' sector workforce (54%) has level 2 or lower qualifications. 21% of workers do not have any qualifications at all.

- The age structure of the Welsh sector presents an issue that needs to be tackled. The UK has an ageing population and this will have a significant impact on the age structure of the future workforce.
- Demographic trends highlight that the number of young people entering the workforce each year is falling.
- Employers are facing significant skills deficiencies in areas such as supervisors/managers, technical roles (including food scientists), machine operators and craft skills.
- The food and drink industry retains a negative image as a place of work.

Overall the Welsh industry needs to recruit an estimated 8,000 people between 2004 and 2014 to meet sector demand.

There are a number of key forces that drive the food and drink manufacturing industry - and therefore reflect and represent the pressures for change on an individual food and/or drink business. These include:

- **Consumer change** - the changes in intermediate and final demand caused by changing incomes, population, tastes and lifestyles.
- **Changing technology** - the search for and adoption of new products, new processes, new distribution methods, storage systems etc.

- **Market power** - the changing scope and direction of competition as globalisation and retail concentration occurs. This leads to market developments, including own-label versus brands, and the internet/web shopping vs. supermarkets or farmer's markets.
- **Continuing regulation** - the changes in farming, processing, distribution and new product development are constrained or encouraged by new dictates be these on health and nutrition, the environment, international trade preferences or new labour regulation.

Conclusion

If the industry is to attract the people and talent it requires to meet skills demands and increase productivity then it must raise its awareness, increase its attractiveness and improve accessibility to the majority of the population e.g. female, ethnic and younger sections of the workforce.

There is a shortage of technical (food scientists and technologists, engineers, electricians) and skilled (especially craft) workers (bakers, butchers). These problems are evident across the food and drink manufacturing industry. If the food and drink manufacturing sector is to boost its productivity and competitiveness, management and supervisory skills must be raised and

improved and the quality and supply of technical, practical and craft skills must be increased.

One of the current mechanisms used to fill today's vacancies is the use of Overseas Nationals (OSN) at all levels within food and drink manufacturing. Official figures show just over 5% of employees in the UK food and drink manufacturing sector are non-UK nationals. However, employer anecdotes suggest this proportion is much higher i.e. 15% to 20%. If the industry is to maximise the skills within this group, then there needs to be increased access to language and communication skills for OSNs together with parallel work on improving supervisory/management skills within the current workforce. This will enable employers to make the most of the OSN skills whilst also ensuring that cultural differences are managed to enable all employees to work well together.

In terms of supply issues facing the food and drink industry;

- Employers, training providers, and public sector stakeholders, have a good grasp of the key training issues; a clear understanding of the problems; and a reasonably strong infrastructure to support and build upon training initiatives.
- There is a lack of understanding of what is available in terms of support from the public sector and there is frustration that some funding opportunities are missing their target

audience. Much of the existing training is driven by legislative and regulatory requirements rather than by innovation, new technology and value-added opportunities.

- There is a low level of take up of publicly funded training even though there are initiatives targeted at those with low or no qualifications levels
- The level of training carried out by the workforce needs to move from basic to higher level provision, in order to meet the skills demand now and in the future.
- The case for increasing skills needs to be emphasised to Financial Directors and Chief Executives. The senior board members in the UK view training and skills as a cost rather than an investment. A concerted effort needs to be made to alter this mind-set if a real change is to be delivered.

Key Issues

Demand and Supply

The workforce of the future: employment in the sector will decrease over time, but replacement demand for workers will be relatively high. Elementary occupations will decrease through technology change though there will still be requirements for replacement plant and machine operatives, skilled trades occupations and managers in particular.

Problems in recruiting graduate scientists and engineers: the sector has difficulties in recruiting sufficient graduates for its needs now and in the future. In part this is due to reducing levels and quality of science teaching in schools and in part a reflection of the image of the industry. All the same, the sector is not one that is particularly highly regarded as a career path.

Overseas nationals: Since EU enlargement in May 2004, large numbers of overseas nationals have come to the UK to work. One of the sectors that has welcomed this labour source is the food and drink manufacturing sector. Survey evidence with employers shows that these workers are highly motivated, work well and are prepared to take on more responsible jobs in the sector. Issues arise over language and workforce development.

Changing market conditions: a number of non-skills related developments will have an impact on the sector over the coming years, as they have had an influence in the past. The combined impact of the demands from the major retailers and more diverse consumer demand, aligned with global sourcing of raw materials, tighter requirements for waste management and the need to control energy use and carbon emissions mean a more complex environment for managers.

The benefits of skills development and acquisition: much of the formal training activity that is going on is focussed on meeting legislation and regulatory requirements, with less being done in areas which will contribute to the productivity of the sector. At the same time, there is a lot of on the job and non-accredited training happening in an informal manner. This is reflected in the qualifications profile of the workforce of the sector, where nearly half of employees do not have a level 2 qualification at least. There is a question as to whether individual training budgets are sufficient for the needs of a business, and why, if the sector is one with high GVA, do employers use reducing margins as a barrier or excuse for not investing more in training.

Problems of time and space for training: this is a particular issue for food sector employers on a 24/7 regime, as the production line needs to be maintained and in an industry where margins are tight, releasing staff to undertake training can be an overhead expense too far. The evidence from the employer training pilot (ETP) models, that included wage subsidy to provide cover, showed that this did facilitate the take up of learning.

Limited planning and training planning in the sector: whilst overall the sector has a sound track record of business and training planning compared to the all sector average, its performance deteriorates as the size of the employer decreases. Also in common with other sectors, the incidence of planning and training budgets has reduced.

Finding and identifying providers and relevant provision: training provision is hard to identify among some public sector providers and often word of mouth within the sector is the best way of finding the appropriate provision.

The Qualifications regime: employers are largely indifferent as to whether training leads to a qualification or not and will purchase training depending on operational requirements. If there is an outside incentive for qualifications, (regulation, customer requirements) then they will be obtained. Some employers do recognise that employees may value the external accreditation and use this

The Skills Action Plan

for motivation, however small companies in particular fear that once qualified, an employee will move on to a competitor.

Similarly, providers will supply the required training, whether or not it leads to a qualification, according to the employers' needs. Where employers, employees and providers may lose out is that with some refinements, an accredited qualification programme could be delivered that may draw down some elements of public funding, and thus help to meet public sector targets as well. It is public funding regimes and the priorities of government and other stakeholders that may drive the qualifications imperative.

The Cinderella Sector: food and drink is often a priority sector for different UK nations. However, the food manufacturing sector is not defined uniformly by stakeholders leading to confusion for employers and other stakeholders. Within this confusion of definition, the Improve footprint can be lost and therefore employers lose out on funding and support to other more attractive sectors.

1. Careers Development

The Issue:

Skills shortages are evident in a variety of areas within the food and drink manufacturing sector. For example:

- food scientists & technologists with the required skill-sets to drive innovation in the sector are in short supply. The demand for these roles is increasing and their skills are needed in a wide variety of areas e.g. quality assurance; new product development.
- engineers with the required skill-sets are in short supply; these skills are vital to be able to harness and take advantage of new technology innovation and to implement and maintain these technologies effectively.
- language, communication and basic skills have been highlighted as an issue and barrier to entry and progression for both non-UK nationals (migrant workers) and UK nationals.

The Solution:

A series of programmes designed to address skills shortages from a number of disciplines to aid entry into and progression within the sector. For example; developing graduate conversion training schemes with industry employers; attracting more science graduates into the sector; producing more accessible and relevant learning programmes to meet the skills needs of the industry and expanding media efforts to promote the careers opportunities and progression routes within the sector.

2. Promoting Productivity

The Issue:

Global sourcing of raw materials, tighter requirements for waste management and the need to control energy use and carbon emissions mean a more complex environment for food and drink manufacturing and the decision makers working within it. Skills deficiencies are reported in management functions, and employment projections indicate a high demand for more senior managers and professionals in the future. Lean Manufacturing has to become a reality for the sector to maintain competitive advantage and increase productivity so the skills in this area need to be developed.

The Solution:

A programme to enable the effective adoption of continuous improvement and lean manufacturing skills that are right for the company. The programme will establish a 'gold standard' for companies seeking to implement lean manufacturing into the business processes. It draws on existing employer best practice and experiences of exemplars in the sector from agencies and bodies specialising in the sustainability agenda such as the Carbon Trust, Envirowise and similar regionally based initiatives.

The Skills Action Plan

3. Pick and Mix

The Issue:

Food and drink manufacturing employers are divided in their views on whether current qualifications are fit for purpose and are indifferent as to whether training leads to a qualification or not. While some are happy with existing qualifications, others prefer to purchase bespoke training targeted at the needs of the company. N/SVQs are generally viewed as too broad and generic and employers are therefore reluctant to release staff to do modules that are not directly relevant to the company.

The Solution:

A strategy to help employers recognise the achievement of employees, through the use of units which lead to customised qualifications that suit the skills needs of the individual and the employer's business.

This solution builds upon the work currently being undertaken by Improve through its Sector Qualifications Strategy (SQS) which will ensure a consistent standard of learning between competency based and vocational qualifications, reducing repetition and duplication of training across NVQs, VLQs, Apprenticeships, etc.

4. Training

The Issue:

There is a lot of on-the-job and non-accredited training going on in the food and drink manufacturing sector. This training is often without a structured approach or ability to measure the benefits, so employers are unaware of its quality or effectiveness and find it difficult to link to the overall business strategy.

The Solution:

An approach to support and encourage structured approaches to training and development in the workplace. This will enable employers to measure the effectiveness of training provision, ensuring that skills development is fit for purpose e.g. implementation of records of achievement, appraisals and training plans linked to overall business strategy. Programmes will include; promotion of training for in-house trainers (including migrant workers) to gain qualifications; key workers to achieve Assessor Awards;

The scheme will ensure that employers have greater confidence in the quality of in-house training provision and employees are better motivated.

5. Connecting the Industry

The Issue:

Relevant learning provision for employers in the sector is hard to identify and often word of mouth is the best way of finding relevant provision. Those seeking training with a specific food and drink manufacturing emphasis (rather than management or general engineering) are most affected and employers often find they have to pay more or work with private companies to access the required training.

The Solution:

A solution focused on embedding specialist food and drink manufacturing knowledge and information into existing skills brokerage arrangements to ensure they can fully meet the sector's needs.

The approach will ensure that information on learning providers and training is available on all major databases of learning opportunities; a learning programme to help generic skills brokers develop a deeper appreciation of the sector and the issues employers face.

The Skills Action Plan

6. Sweet Success

The Issue:

Much of the training activity which goes on in the sector is driven by legislation and regulatory requirements, with less being done in areas which will contribute to the productivity of the sector. At the same time, there is a lot of on-the-job and non-accredited training going on. This is reflected in the qualifications profile of the sector, where more than half of the workforce (54%) is qualified to level 2 or below.

The Solution:

An approach to enhance industry's strategic view of skills as a means of raising productivity and not merely as a minimum legal requirement. It will ensure that skills are seen as THE success factor.

The strategy will involve a well-crafted promotional programme emphasising 'bottom-line benefits' to business of skills and learning; accumulation of evidence refuting common training myths; targeted on-line tools to help businesses create quality business & training plans.

7. A Future in Food

The Issue:

The food and drink manufacturing sector is not one that is regarded particularly highly as a career path. It is difficult to attract motivated and talented people into the industry, whether they are skilled crafts people or managers and professionals. There is also a low awareness of career opportunities available in the sector.

The Solution:

A programme to promote career opportunities, entry and progression routes to potential and existing employees to demonstrate the value of a career in the sector and ensure that skills deficiencies are met. Elements of this include; high quality work experience placements; teacher placements; career events & sponsorship; production of high quality case study and promotional materials; Media PR engagement.

8. Learning Together

The Issue:

Food and Drink manufacturing employers face problems with finding the time and space for training their staff. In an industry where margins are tight, releasing staff to undertake training is often an overhead expense too far. This is particularly the case for smaller employers who are less likely to have the facilities on-site and the flexibility in the workforce to train.

The Solution:

This approach will promote regional and sub-regional collaboration and co-operation on skills issues amongst small and medium enterprises (SMEs). Making better use of existing, or developing new, groups of employers willing to collaborate on workforce development and training; encouraging the development of shared facilities; exploring the potential for e-learning facilities are elements of the solution which together would help overcome barriers to training and problems relating to lack of space for learning through economies of scale.

How you can get involved

If you would like to be part of the SSA, please contact Improve and ask to speak to your Operations Manager for Wales.

Improve, on behalf of the sector, will continue to visit employers, stakeholders and partners to discuss how these agreements can be developed to ensure commitment.

While eight proposed solutions are presented here it is anticipated that each partner or stakeholder will focus on the areas where they can make the biggest impact. This may result in each agreement focusing on 2 or 3 solutions.

Improve would like to thank all employers, stakeholders and industry partners who engaged with the SSA development and consultation process. A full list of all organisations who contributed to this document is listed in the full research reports.

Copies of the SSA reports are available to download from the Improve website www.improveltd.co.uk

Improve Ltd
Ground Floor
Providence House
2 Innovation Close
Heslington
York
YO10 5ZF

Tel. 0845 644 0448
Fax. 0845 644 0449
Email. info@improveltd.co.uk
Web. www.improveltd.co.uk

improve
food & drink sector skills council

skills
FOR BUSINESS

For more information on Improve and our products and services visit our fully interactive website www.improveltd.co.uk
To receive all the latest news and developments from Improve and the food and drink sector, sign up for our free monthly e-newsletter, Food for Thought. Email: improve@improveltd.co.uk