The Welsh Food & Drink Skills Project

delivering skills for future growth

Report December 2014

Europe & Wales: Investing in your future

LANTRA
Raising skills, backing business
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The Welsh Food & Drink Skills Project
delivering skills for future growth

Report December 2014


LLAETH
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NATURAL

Assessing the supply and demand for vocational education and training across the Food and Drink Supply Chain in Wales

Future Skills... food for thought
Welsh Food and Drink Skills
LANTRA
Project activity
The Welsh Food and Drink Skills Project has been working in partnership with stakeholders across the sector to ensure that the future skills needs can be fully met.
The Project has commissioned independent labour market intelligence – surveying businesses across the food chain to understand future skills requirements and provide a strategic overview aligning skills provision with identified employer needs, crucial for future planning and targetted development.
The 'Future Skills... food for thought' campaign aims to encourage new entrants into the sector as well as increasing the skills development of those existing employees.
31,760
students undertaking training in food & drink related courses in Wales
Future Skills Needs
Number of people needing training between
105,000 or 15,000 per annum
Changes - Businesses
27,345
-1.57%
Key Facts
3%
6%
240,000 / 19%
53%
50,000

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Future Skills... food for thought

Welsh Food and Drink Skills

Future Skills Needs

Number of people needing **training** between **2015** & **2022** is **105,000** or **15,000** per annum

31,760 students undertaking training in food & drink related courses in Wales

Market Changes - Businesses

2014	2010	
26,915	27,345	-1.57%

-35 -5 -165 -235 -10

Market Changes - Employment

2014	2010	
240k	227k	+6%

+3% -0.04% +15% +6% -40%

Key Facts (2010-2014)

3% growth in turnover

6% growth in employment

FDSC employs **240,000 / 19%** of Welsh labour force

53% of businesses expect turnover to **increase** in 2015

Research findings highlight a need to **recruit** over **50,000** **new entrants** into the industry by 2022

Among the accredited training delivered:

- Grassland management
- Understanding National and International food markets
- Sustainability in food and drink
- Improving biosecurity
- Food labelling
- Digital marketing & social media
- Assessing farm animal health & welfare
- Running a food outlet
- Food hygiene

1 Executive summary

This report documents the findings of a skills needs study into the food and drink supply chain (FDSC) businesses in Wales. It is intended to provide an up to date evidence base regarding skills needs in the FDSC in the light of recent changing economic conditions. Although it builds on the findings of the original Welsh Food and Drink Skills Project research (2011),[1] it has been written as a stand alone document.

The FDSC is very important to the Welsh economy in terms of employment, income and the contribution it makes to tourism. Despite the effects of the recent recession and fluctuating prices for primary produce, almost 20% of all employment in Wales lies within the FDSC. This makes it the largest employment sector, collectively contributing approximately £6.8bn of sales revenue[2] (a 3% increase since 2010) and 240,000 jobs (a 6% increase since 2010).[3]

The FDSC appears to have performed well despite the recession. The research shows that between 2010 and 2013 employment grew 6% despite a 1.57% reduction in the number of businesses. At the same time, turnover has increased by 3%. In the 12 months prior to the 2010/2011 survey 38% of the sample saw an increase in turnover whereas 43% saw an increase in the 12 months prior to the 2014 research. Despite better performance across the FDSC, confidence levels for the coming 12 months are the same in 2014 as they were in 2010/11 (53% of the sample expect an increase in turnover). These sentiments echo the wider economy's sluggish growth out of recession.

Generally speaking, the most important skills in the FDSC remain largely unchanged in 2014 considering that there is little change in the top five or six skills needs. However, there has been some movement of the important skills within this group. Specifically, the most important skills need across the FDSC in 2014 was waste awareness whilst in 2010/11 operating and maintaining equipment was the most important. In 2014 it ranks as the third most important skills need in 2014 showing a two place fall, although it has still become more important (just less so than other skills). Environmental awareness, sales and merchandising and business and administration skils complete the top five skills needs of 2014. Importantly, skills that were considered the most important in 2011 were also those that were becoming more important in 2014. The most important skills by sector are noted below:

- **Primary production:** Business and administration skills
- **Hospitality:** Management of raw materials, and environmental awareness and practice
- **Manufacturing:** Sales and merchandising skills, and the management of raw materials
- **Retail:** Sales and merchandising skills

Skills gaps exist among 40% of the sample compared with 45% during 2011, suggesting a slight reduction, but nonetheless still significantly higher than the Wales national average of 16% (UKCES[4]). Significant skills gaps are most prevalent among lower skilled occupations. The largest significant skills gap was reported among semi and unskilled employees in primary production, where one in four had a significant skills need. Considering any type of skills gaps (significant to some), the spread was more even across the occupations with supervisory, junior or middle managers perceived to have a marginally higher skills need. More than half of hard to fill vacancies are the result of applicants not having the necessary skills which supports sentiments from research elsewhere that the sector still suffers from a poor image and lacks skilled people.

Employment demand is forecast to increase by over 50,000 by 2022. In total, there are some 19,000 forecast trainees needed by 2022. The greatest training need to meet labour demand lies at the lower or unskilled end of the labour force spectrum. In total, it is expected that approximately 6,750 people will need to be trained amongst the workers up to Level 1.

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[1] http://foodanddrinkskills.co.uk/research/report-2011/

[2] See economic contribution section in Section 2.

[3] 2012 figure.

[4] https://www.gov.uk/government/publications/ukces-employer-skills-survey-2013-wales

2 Introduction

The food and drink supply chain (FDSC) comprises four key industries: primary production, food and drink manufacturing, hospitality and retail. The term FDSC, used throughout this report, describes the ways in which the various elements of the supply chain – namely, food production, food processing, food retailing and hospitality and tourism industries – work together to ensure an adequate supply of food to consumers and drive growth across all its constituent parts.

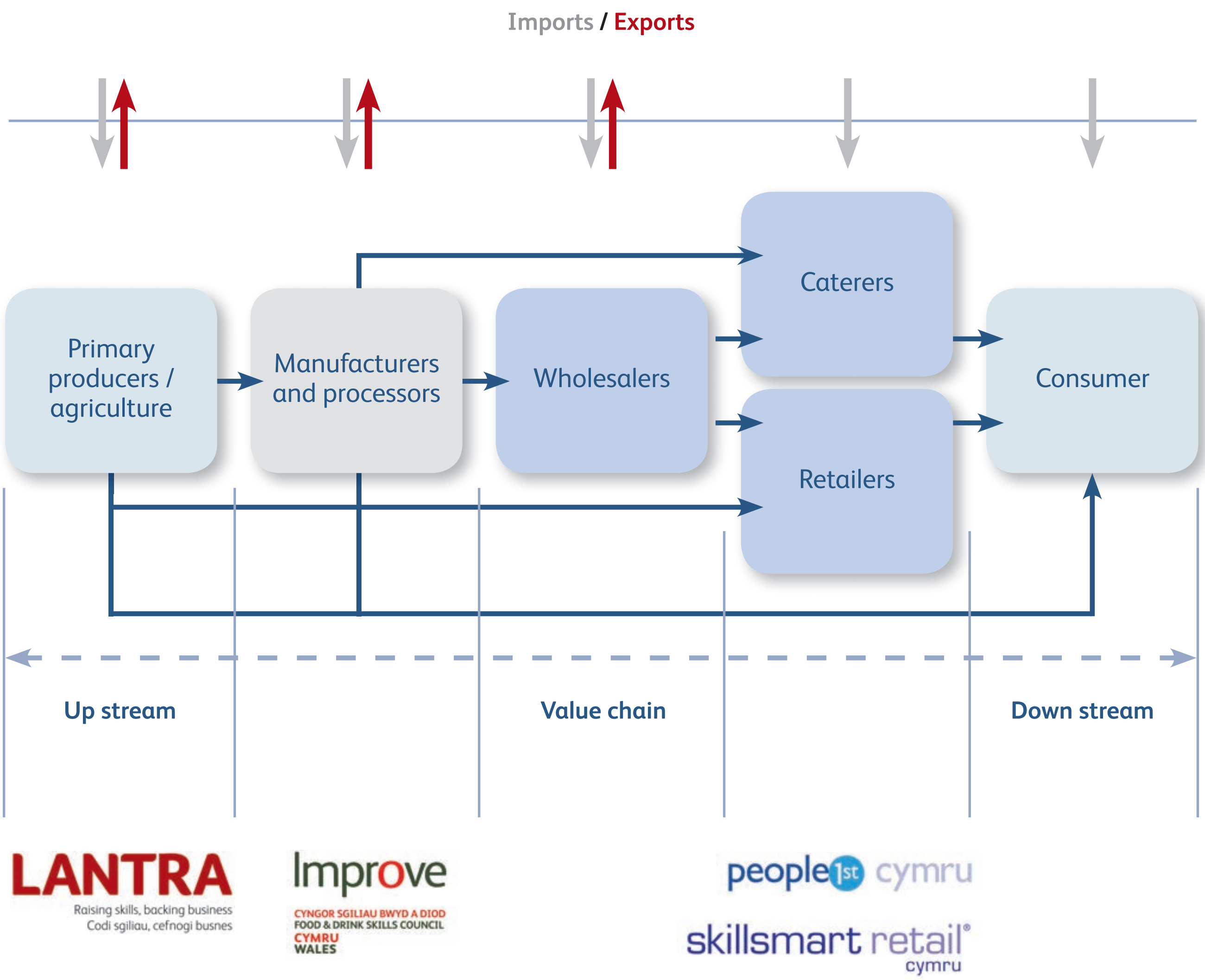
The term is widely recognised both by employers and their trade associations. What the term fails to capture, however, is that the relationships between the various partners are far more complex than the term 'chain' might imply. Taking food from 'farm to fork' is often not a linear process but relies on an effective network of relationships between some or all of the partners to ensure that customers and consumers receive the food they want.

The aim of this research project was to build upon the widely publicised 2010/11 assessment of the supply of, and demand for, skills and training across the FDSC in Wales, which formed part of the Food and Drink Skills Project. This report, which was commissioned by three Sector Skills Councils (SSCs) Lantra, Improve, and People 1st (now including Skillsmart Retail), documents the findings of a data refresh based on a revised employer survey of almost 600 FDSC businesses across Wales. The intention of the report is to provide updated market intelligence on skills needs to allow partners to plan ahead and advise both employers and public agencies on appropriate strategies and policies to ensure that the correct skills are in place so that the FDSC in Wales is successful.

2.1. Defining the food and drink supply chain in Wales

The FDSC comprises the value chain from primary producers to the end consumers - which includes food and drink production, processing, manufacture, wholesale, retail and hospitality / caterers (Figure 1).

Figure 1 **The food and drink supply chain**



Source: Miller Research (UK) Ltd

As noted in the 2010/11 report, the supply chain is both complex and constantly evolving, comprising very different activities within a common theme and numerous channels from producer to consumer. The supply chain is no longer a simple linear process from primary producer to consumer, and businesses have had to change the way they navigate it to achieve optimal returns. At the same time, there are common pressures acting on all businesses, such as those arising from traceability and consumer confidence, developing social media and web marketing and the growing need to understand effective approaches to waste management and energy efficiency.

Changes such as these have a profound effect on the demand for skills at many value points along the supply chain.

Food and drink and the Sector Skills Councils

There are three SSCs which collectively account for the food and drink supply chain as defined above. They are:

- Lantra, the SSC for land-based and environmental industries, which includes primary production (henceforth referred to as primary production);
- Improve, the SSC for the food and drink manufacturing industry (manufacturing), and
- People 1st, the SSC for hospitality, leisure, travel and tourism in the UK (hospitality) – incorporating the activities of Skillsmart retail, the former SSC for retail business.

At this point it should be noted that wholesale, which in the FDSC includes the storage and movement of products throughout the supply chain, primarily lies within the footprint of Skills for Logistics (who are not included in this research) although some aspects of food and drink wholesale lie within the footprints of either Improve or Skillsmart Retail.

Table 1 documents the areas of each SSC's footprint that are included in the FDSC definition adopted for this project.[5] Detailed definitions using Standard Industrial Classification codes (SIC codes) can be found in Appendix 1.

There are other sectoral definitions for aspects of the FDSC. The Welsh Government has identified 'Food and Farming' as one of its priorty sectors.[6] The definition of Food and Farming is far narrower than the FDSC, as it considers only food production and processing, whereas the FDSC also includes food retail, food tourism and hospitality. A detailed list of the Food and Farming SIC code definition can also be found in Appendix 1.

[5] Sourced from each SSC's Sector Skills Assessment (SSA).

[6] http://wales.gov.uk/topics/businessandeconomy/sector/?lang=en

Table 1 **FDSC definition**

Sector (SSC)	Food and drink sector footprint (using SIC code definitions)
Primary production (Lantra)	Agricultural crops
	Agricultural livestock
	Aquaculture
	Production horticulture
	Game and wildlife management
Manufacturing (Improve)	Manufacturing and processing of bakery products; meat; fish; drinks (distilled alcohol, beer, malt, wine, cider, mineral water and soft drinks); confectionery; dairy; fruit and vegetables; mill and starch products; oils and fats; animal feeds; and wholesale of other foods. n.b. wholesale of other foods includes: fish, crustaceans and molluscs, potato products, and feed for pets.
Retail (People 1st)	Retail sale in non-specialised stores with food, beverages or tobacco predominating
	Retail sale of food, beverages and tobacco in specialist stores
	Retail sale of fruit and vegetables in specialised stores
	Retail sale of meat and meat products in specialised stores
	Retail sale of fish, crustaceans and molluscs in specialised stores
	Retail sale of bread, cakes, flour confectionery and sugar confectionary in specialised stores
	Retail sale of beverages in specialised stores
	Other retail sale of food in specialised stores
	Retail sale via stalls and markets of food, beverages and tobacco products
Hospitality (People 1st)	Hotels and similar accommodation
	Holiday and other short stay accommodation
	Restaurants and mobile food service activities
	Event catering activities
	Other food service activities
	Beverage serving activities

Source: SSCs Noted

2.2. About the Food & Drink Skills Project 2010/2011

In 2010, Miller Research were commissioned by a consortia of four Sector Skills Councils (SSCs) – namely, Lantra, Improve, Skills Smart Retail and People 1st to undertake an analysis of the supply and demand for education and training across the food and drink supply chain in Wales. The research aimed to identify skills needs in each of the sectors which make up the supply chain, from primary production to retail and hospitality. In particular, the research aimed to identify cross-sectoral skills, i.e. skills that were common across several sectors.

The research included a large scale quantitative survey of nearly 2,000 businesses in Wales to identify skills needs, issues around training, and key drivers affecting skills provision in the supply chain. A series of in-depth qualitative workshops, focus groups and face-to-face interviews with industry stakeholders, employers, learners and training providers were also undertaken. In addition, a supply of learning provision analysis was carried out which identified gaps between existing provision and the current skills needs of the supply chain. Using the data gathered during the research, forecasts of expected demand for provision were established to inform future training provision. The findings were particularly important for the SSCs in determining actions to addressing skills needs in the supply chain.

An innovative feature of this research was that it related not to a single SSC, but to a partnership of four SSCs representing the food supply chain in Wales. The project was commissioned with a view to identifying common issues and transferable skills needs that could subsequently be addressed through a collaborative approach to learning provision.

The research was supported under the Sector Priorities Fund Pilot (SPFP) programme, which was intended to enable strategic activity amongst SSCs, ahead of the launch of the Sector Priorities Fund in 2011. The overall aim of the fund was to help ensure that the provision of learning at post-16 is more closely aligned to the identified needs of employers. In the medium-term, the outcomes of this project were expected to lead to funding through recurrent streams being ring-fenced to support those qualifications, courses or learning arrangements that were expected to be most effective in developing the skills of the current and future workforce.

2.3. Findings from the 2010/11 research

The findings from the research identified that the most important skills listed by businesses across the FDSC were: operating and maintaining equipment, waste awareness, environmental awareness and practice, sales and merchandising, and manual handling.

Within individual sectors, sales and merchandising skills were especially important for retail, waste awareness and environmental awareness for retail and hospitality, and management of raw materials for hospitality and manufacturing. In the primary production sector, operating and maintaining equipment and business and administration skills were particularly important. Analysis of future skills needs revealed that on the whole, sales and merchandising skills would be the most important over the next three years.

In terms of skills gaps, just over a fifth of survey respondents indicated that there had been an occasion when their workforce as a whole has not had the necessary skills to carry out the needs of the business. This equated to approximately 14,000 workers with skills deficiencies in the FDSC in Wales.

Training provision in the FDSC

The research identified that, at the time of the research, the food and drink supply chain in Wales was suffering from poor career perceptions, with participants in the research continually discussing a lack of progression and offered training within the sector.

In 2010, approximately 35,000 students were enrolled in FDSC related FE learning across Wales and a further 2,500 were enrolled in HE learning. During the qualitative research, numerous comments regarding the disjoint between industry needs and the FE sector were recorded. Several businesses commented that they felt the FE sector was not equipping students with the skills their business needed. A significant amount of training is known to have taken place in the FDSC through private providers, although a detailed understanding of the extent of such training is largely unknown.

The preferred method of training across the FDSC as a whole was 'on the job training with employers' and particularly so for semi and unskilled labour. Training with an external provider appears to be more suited to businesses in the primary production and manufacturing sectors. For the majority of businesses interviewed, the main reason for the preference of training was based on its cost and being able to minimise the loss of staff time.

Recommendations

Based on the research findings, the following five key recommendations were suggested:

- Co-ordinate information about FDSC related skills and labour market information
- Increase the profile and understanding of the FDSC as a potential career
- Develop a greater understanding of non-accredited training
- Improve links between education and industry
- Enhance conditions which enable cross-sectoral business to take place

2.4. Project progress since the research

Following on from the success of The Welsh Food & Drink Skills Project research phase in October 2011, a number of initiatives have been designed and implemented to take forward the research recommendations. The Delivering Skills for Future Growth project was launched in early 2012 and aims to work with employers and employees across the FDSC to help meet requirements identified within the 2011 research study, such as employer skills gaps and negative career perceptions of the industry. The project is built around delivering the following activities:

- Developing, with employers, bite-sized accredited training tailored to industry requirements. The project aims to put 500 individuals through 35 learning programmes during the project lifetime.
- Creating a Labour Market Intelligence (LMI) knowledge hub within the FDSC. The project aimed to keep up-to-date with LMI research so that the sector can adapt more responsively to changes in the economic environment so that it can still remain efficient and effective. In March 2012, Lantra produced LMI datasheets relevant to each sector.
- Supporting the Lantra Provider Network through:
    - Facilitated events that bring the views of employers closer to provider delivery;
    - Continual Professional Development (CPD) programmes for teaching staff and trainers, and
    - Innovative online learning solutions for learners.

Bespoke industry led training

The Delivering Skills for Future Growth project offers subsidised, tailored training to employers and individuals across the supply chain. Each training course is specifically designed to meet the needs and requirements of the business so that they are as efficient and effective as possible and equipped to meet future industry challenges. Training courses are extremely flexible and can range from learning skills in primary production such as animal health and welfare to food labelling and customer service in hospitality.

In addition to tailored training provision, the consortia of sector skills councils have also designed and organised a number of more generic training courses to help improve skills requirements and learning provision across the FDSC.

In 2014, The Food & Drink Skills Project organised a number of digital marketing and ICT courses to help companies embrace technology and social media to promote their business activities and enhance growth within their chosen sector. These courses are available to anyone who works within the supply chain, whether they are self employed or employed by a business, and are accessible at a reduced price of £18 per participant.

Events and master classes

As part of the Delivering Skills for Future Growth project the SSCs have also organised a number of events and master classes for businesses and individuals involved in the supply chain. Previous events have been both sector specific, focusing on particular elements of the food supply chain such as retail, as well as more general, with master classes applicable for the whole food and drink sector, such as branding and marking and quality, being held. In 2014, the project organised the following five events:

- Three separate Digital Marketing Master Classes in north, mid and south Wales.
- Six CPD events based in north and south Wales. Each event included elements of the following:
    - Dairy production – dairy farming presentation by a specialist producer
    - Red meat production – beef and lamb presentation by a specialist producer
    - Vegetable production – focus on a specialist grower and retailer and
    - A farm tour

Addressing negative career perceptions

The 2010/11 research highlighted that career perceptions of the food and drink supply chain were generally negative amongst learners. In an attempt to improve the perception of careers in the FDSC the SSCs, in partnership with Careers Wales, assembled the 'Spotlight on the Food and Drink in Wales: Growing it, Making it, Selling it, Serving it', a concise guide for learners and training providers about a career in the industry and the skills required to work in food and drink sector.

The document presented a detailed walk-through profile of the sector and the type of careers learners could potentially progress into. This information was complemented with 18 unique audio visual case studies from industry, ranging from primary production such as dairy farming, to retail and hospitality, showing learners how to access training and meet industry requirements needed for the position.

The Welsh Food & Drink Skills website also provides a range of more than 20 audio-visual case studies on entrants that have joined the industry over recent years. The material was commissioned by The Welsh Food & Drink Skills Project partners and developed by Careers Wales. In phase 2 of the project an additional 25 audio visual case studies have been developed creating a network of Careers Ambassadors across Wales. It is hoped that the tools, together with the ambassadors, will help inspire learners to take on a career and training within the food and drink supply chain, ultimately enhancing the quality and skill level of the future workforce.

2.5. Research rationale

This research project was designed to steer future progress on supporting the FDSC in Wales, by reviewing changes since the previous report to assess the market position and inform future activities. Specifically, it was designed to:

- Carry out a full refresh of the existing data gathered in 2010/2011 as well as focussing on how the FDSC has coped with the effect of the economic downturn and how skills needs and provision within the food sector has changed since 2010;
- Investigate how the key skills gaps identified in 2010/2011 research are being reduced by targeted intervention currently being undertaken by The Welsh Food & Drink Skills Project and other activities;
- Provide evidence to further overcome poor career perceptions of the FDSC and understand how the important sector can offer sustainable employment opportunities to the 132,000 unemployed people in Wales;
- Provide suggestions around data and information collated from the above research, and
- Identify any relevant best practice models or innovative solutions currently in use or being developed in other sectors or regions that could be adopted for future support and delivery.

Report structure

This report is organised into seven distinct chapters:

- Chapter one details an **executive summary** of the report
- Chapter two offers an **introduction** to the report
- Chapter three **sets the scene** for the research, discussing the approach and offering a synopsis of relevant policies and strategies affecting the food and drink sector in Wales
- Chapter four **describes the FDSC** in Wales, drawing on national data and the findings of this research. It illustrates the FDSC using a number of key economic indicators and discusses the extent of sector diversification as well as other issues that the suppy chain faces.
- Chapter five examines the **demand for skills** in the FDSC, drawing upon the research findings, and offers insight into future employment needs.
- Chapter six examines the **supply of learning**.
- Chapter seven sets out the **conclusions** of the research and provides **recommendations** on how to make use of the research findings.

3 Setting the scene

3.1. Methodology[7]

The approach to this project comprised a wide range of research and consultations across the supply chain, including:

- Desk-based review of latest strategy and policy
- Updated industry profile and economic assessment
- Scoping interviews with industry stakeholders
- Quantitative survey of 600 food and drink supply chain businesses
- Mapping of learning supply
- Qualitative interviews with employers and training providers
- Online survey of agriculture, food and drink and hospitality students

The following section documents the findings of this research using primarily quantitative research findings, supported with evidence from qualitative research.

3.2. About the survey sample

This section of the report documents the findings of the quantitative telephone survey[8] and offers a profile of businesses interviewed. The achieved interviews by business size (i.e. numbers of employees) are shown in Table 2.[9]

Table 2 **Business size sample breakdown**

Number of employees	Primary production %	Manufacturing %	Retail %	Hospitality %
1 to 10	98	78	73	73
11 to 50	2	19	25	26
51+	*	4	4	2

Source: Employer Survey
Note: Totals do not sum 100 % due to rounding

A small proportion of the total sample chose to carry out the survey in Welsh (4 %), which was the same proportion as during the original research. The majority of those choosing to carry out the survey in Welsh were located in north Wales (62 %) and the rest (38 %) were from south west and mid Wales. No respondents from south east Wales chose to undertake the survey in Welsh.

Two thirds (67 %) of Welsh language survey respondents were from businesses whose main activity was in the primary production sector (the figure was 71 % during the original research). This equated to 10 % of the total number of respondents whose main activity was in primary production.

[7] It should be remembered that all primary research does not include parts of the FDSC which lie within the footprint of Skills for Logistics. That is, it largely excludes wholesale and distribution (a small proportion is included in the footprints of Skillsmart Retail and Improve which are included in the primary research.

[8] The full survey questionnaire can be found in Appendix 2.

[9] A technical description of the survey sample can be found in Appendix 3.

3.3. Policy context

The demand for and supply of skills in the food and drink supply chain are governed by a number of Welsh Government and global policies, ranging from initiatives addressing more sustainable methods of production and consumption, to agri-tech solutions.

A number of the policies address the issue of improvements and enhancements to the current methods of monitoring the food and drink supply chain on a global scale, including articles such as 'The Future of Food and Farming' which was written by the UK Government Office for Science and explores the global challenges in meeting a growing demand for food. The report offers five key challenges for the future and if these are addressed, it believes the changes can be managed.

Action plans, such as the 2012 Driving Export Growth in the Farming, Food and Drink Sector by DEFRA, further this approach and outline the opportunity, challenge and plans needed for maximising the potential from overseas trade and driving export growth. Within the report it is recognised that there are **limits to the capacity for growth in sales within domestic and established agri-food and drink markets**. Yet, the action plan proposed by DEFRA is aimed at opening markets and removing trade barriers, positioning exploration as a key route to growth and emerging economies as having valuable future growth potential, encouraging SMEs to capitalise on overseas opportunities.

Others, such as 'Food 2030', outline the UK Government's vision and strategy for a future sustainable and secure food system, which is underpinned by a strong UK agriculture and food sector (ones which are themselves profitable and competitive, using highly skilled and resilient farming, fishing and businesses) and a low carbon food system which makes efficient, sustainable use of natural resources and promotes high standards of safety, animal health and welfare as well as ensuring food security and EU and global trades links. Reports such as the 'UK Strategy for Agricultural Technologies' assess the strengths, opportunities and visions for the 'agri-tech' sector, **claiming that the skills needed to support the sector are increasingly technological and require high level scientific and managerial skills in line with advances in technology.** The strategy seeks to integrate science and industry with Government support for trade, investment and international development.

The importance of the UK food industry in the economy reviewed in the 2011 industry report 'The UK Food Supply Chain (UK FSC)' also provides a primary reference source for skills needs, occupations and activities across the supply chain. The report emphasises the **significant gaps in skills deficits in each sector** within the UK FSC. The report provides a thorough insight into the sectoral skills needed of the UK FSC. Another important report is the 2010 progress document titled 'Building on Success: Fivefold Environmental Ambition', exploring the current condition of the food supply chain across the UK. The document is highly relevant to the current research as it provides an insight into the different aspects of the food supply chain, delving further into the issues that affect each particular sector from production to retail. It appreciates and **recognises the importance of skills development in improving profitability and productivity of the food supply chain**. It reviews the changing face of the food retail sector, addresses the future proofing and describes the rapidly changing requirements in skills needed for the food supply chain. Other strategies such as 'Feed Your Ambition' delve deeper into the complex task of improving performance and productivity by making the supply chain a more cohesive entity, promoting a concentrated effort towards increasing the number of new entrants into the food and supply sector, be that employment, education or training.

On a more local scale, the National Strategic Skills Audit for Wales 2012 provides a labour market insight into the short and long term skills supply and needs in Wales. **The report recognises the food and drink sectors as part of a wider selection exhibiting not only the greatest economic significance and large forecast growth potential,**

but also as those with the highest level of skills deficits. The report acknowledges (as many of the reports have) the importance of up-skilling to meet heightened customer expectations and improve standards of goods/services. 'Delivering Growth' is an action plan which suggests a number of practical ways of improving the food and drink supply chain in Wales. Recognising that **within Wales there are more low skilled workers in the food and drink sector than any other nation's workforce in the UK**, the plan highlights the current challenges and opportunities faced within the food and drink sector, as well as setting out a number of actions to address current issues such as food market growth, food culture and food safety. The action plan was informed by identifying a number of skills gaps across the supply chain and the detailed actions highlighted in this plan will be delivered in a sustainable and efficient fashion that will develop the food sector in the next six years.

Tackling these issues of up-skilling of the workforce, initiatives such as the Farming Food and Countryside document reinforces the Welsh Government's policy direction to secure a more sustainable future for the farming, food and land based production industries and the Welsh countryside environment through to 2020, highlighting the **challenge of attracting young entrants**. Its overarching objective is to contribute to the delivery of the 'One Wales' programme by stimulating a sustainable and profitable future of farming families and businesses. The plan addresses and confronts **the issue of farmers being ill equipped with the business, marketing and people management skills necessary to collectively market, produce and manage producer co-operatives successfully** - by assessing what skills are needed and where, as well as ensuring collaborative provision of learning is offered to facilitate such market development. Furthermore, it includes actions to strengthen education and lifelong learning in a number of food related skills.

Other initiatives such as 'Food for Wales, Food from Wales' address the **growing concerns about the security of Welsh food supply**. Its approach recognises a shift from the provision of bulk quality foods at a reasonable price to one focussed on sustainable development and the strategy's intention to build resilience in the food system by crosscutting issues such as health, food culture and education and environmental sustainability. Notably, the 'Food for Wales, Food from Wales' recommendations strike a close synergy with the evidence found in this research project and the proposed future direction of the strategy.

The Rural Development Plan 2014:2020 is based around the framework of European Common Agricultural Policy (CAP) support and its three broad objectives: the competitiveness of agriculture, sustainable management of natural resources and the balanced development of rural areas. Opportunities for Wales are identified as **broadening the skills base of the workforce in Wales, creating and promoting a cohesive programme of skills and career choices and building on existing relationships with FE and HE institutes**. More specifically, the report analyses the poor career perceptions of the agricultural, forestry and land management industries by proposing that schemes such as Farming Connect aim to create an integrated skills and training delivery network in order to become more responsive to needs, improve delivery and reduce costs.

The relationship between the Welsh Government and the tourism industry in Wales is addressed in the Food Tourism Action Plan (FTAP) produced in 2009 and recognises that food is an essential part of the tourism offer in Wales and acknowledges that many visitors are now seeking high quality, local food as a key driver when selecting a place to visit. Major areas of concern in Wales surround a changing public perception of Welsh food, with many visitors unaware of the high quality produce and restaurants available to them when visiting the country and the attraction and retention of skilled staff within the country. The FTAP sets out developments to address these problems, which include new diploma levels for young people and practical exams for professional chefs. Finally, the report **recognises the failures in the linkages between producer, hospitality and retail sector, which needs to be developed in order for food tourism to improve in Wales.**


SHARP'S
DOOM BAR
ROCK
CORNWALL
ALC. 4% VOL.

4 The FDSC in Wales: 2014

4.1. Economic contribution

The **FDSC** in Wales employs **240,000** people

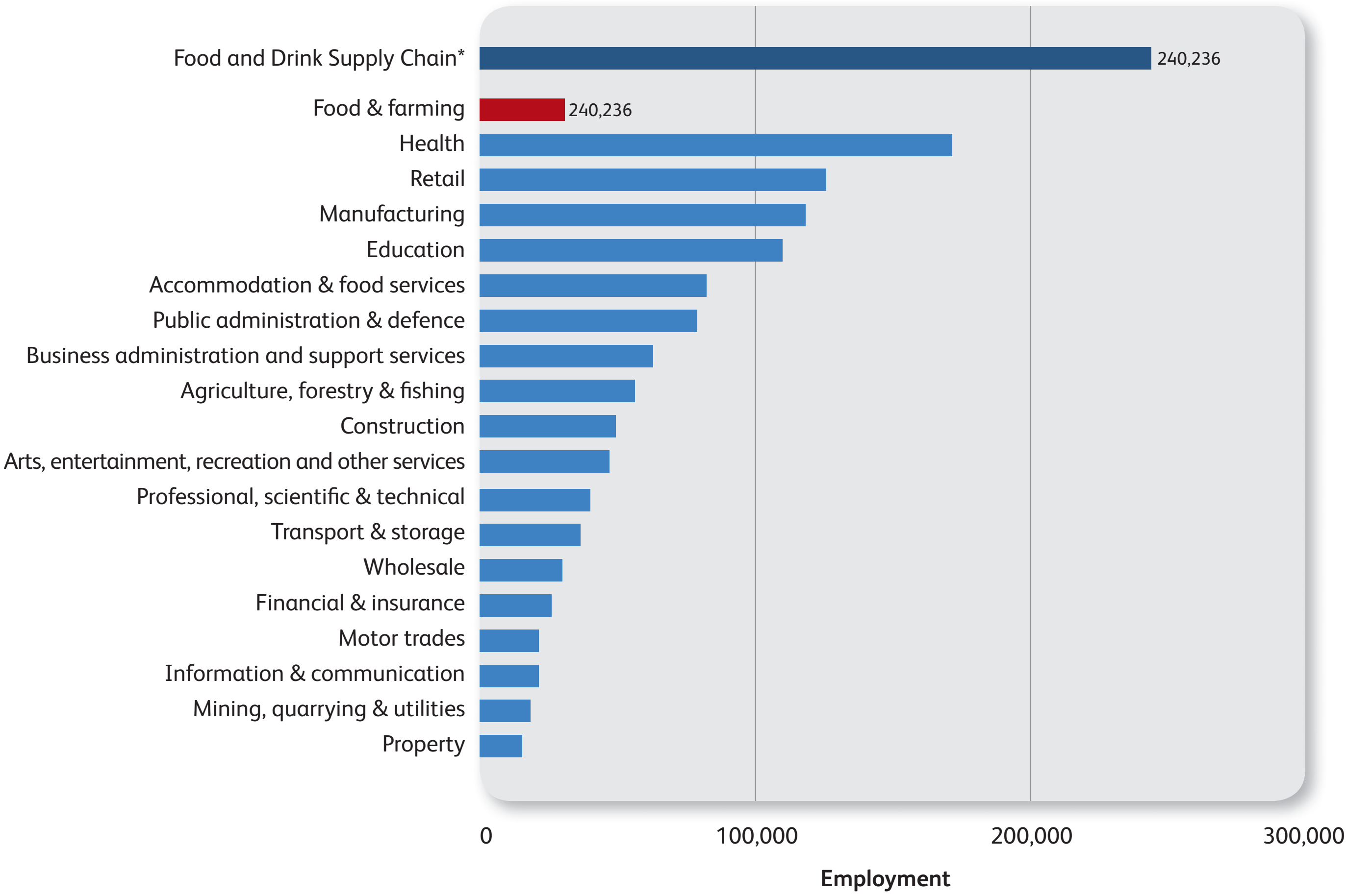
6% **increase** in **employment** between 2010 and 2013

3% **increase** in **turnover** between 2010 and 2013

1.57% **fall** in the number of **businesses** between 2010 and 2013

Having considered the current policy context and existing research from the individual SSAs, attention turns to the economic context of the FDSC. Using official data sources, a number of key industry characteristics have been considered. Where limitations in official data exist, alternative sources have been used and differences noted.[10]

Figure 2 **Employment levels across all Welsh industries**



Source: ONS 2014 Business Register and Employment Survey (2013)

* The FDSC comprises a proportion of employees from the following industries (proportion of which is included in the FDSC in parenthesis): Retail (44 %), Manufacturing (15 %), Wholesale (24 %), Accommodation and food services (87 %), Agriculture, forestry and fishing (90 %). Proportion of employees involved in the FDSC were calculated using estimates of employee numbers using SIC code definitions.

[10] See Appendix 4 for further details.

The FDSC in Wales employs more than 240,000 people, which accounts for approximately 19 % of the total Welsh workforce, making it the largest combined industry of employment across Wales (Figure 2). Of this, some 34,640 can be categorised by the Welsh Government's 'Food and Farming' sector definition, which differs greatly from the FDSC in that it focussed on just food production and manufacture.[11]

In terms of change in employment levels, the FDSC grew by 6 %, or more than 13,000 people between 2010 and 2013, despite a substantial reported fall (of 40 %) in employment in the wholesale sector.

As the information above shows, in terms of employment numbers the FDSC is very important to the Welsh economy. After health, the retail sector as a whole in Wales employs the third highest number of employees and 44 % of these are believed to be involved in the FDSC. Table 3 shows the proportion of employment in each sector that is considered part of the FDSC.

Table 3 **FDSC employment levels by sector**

Sector	2013 (no.)	2010 (no.)	Change (no.)	%
Primary production	58,400	56,600	1,800	3 %
Manufacturing	21,186	21,233	-47	0 %
Hospitality	89,257	77,845	11,412	15 %
Retail	66,126	62,526	3,600	6 %
Wholesale	5,267	8,834	-3,567	-40 %
FDSC	**240,236**	**227,038**	**13,198**	**6%**

Source: ONS 2014 Business Register and Employment Survey (2013)

4.1.1. Number of businesses

There were 26,915 local business units[12] in the FDSC in Wales in 2013 (Table 4), a fall of 1.57 % since 2010 despite increases in employment. Hospitality activities were especially affected, with a 4.35 % fall in the number of businesses. Primary production accounts for approximately half of all FDSC units in Wales, whilst retail accounts for approximately one third.

Table 4 **Number of businesses by sector, 2010 and 2013**

Sector	2013 (no.)	2010 (no.)	Change (no.)	%
Primary production	13,600	13,635	35	-0.26 %
Manufacturing	555	560	5	-0.89 %
Hospitality	3,625	3,790	165	-4.35 %
Retail	8,430	8,665	235	-2.71 %
Wholesale	705	695	-10	1.44 %
FDSC	**26,915**	**27,345**	**430**	**-1.57%**

Source: number of local units of vat and/or paye based enterprises in (IDBR 2010 to 2013)

[11] The 'Food and Farming' comprises food production and manufacture whereas the FDSC definition includes food retail and food tourism. Please refer to Section 2 for a detailed description of the FDSC definition. The Food and Farming definition can be found in the appendix.

[12] IDBR 2013/14 – Number of local business units was used instead of number of businesses because large businesses may have more than one business unit.

4.1.2. Business performance

Turnover

Despite the recent challenging economic conditions, the FDSC in Wales generated approximately £6.8bn[13] of sales revenue in 2013, up 3 % overall from 2010 (Table 5). The strongest growth has been in the primary production sector, which has seen an overall 16 % growth in turnover, most of which occurred between 2012 and 2013. Retail turnover was especially affected, falling by 8 % over the three year period.

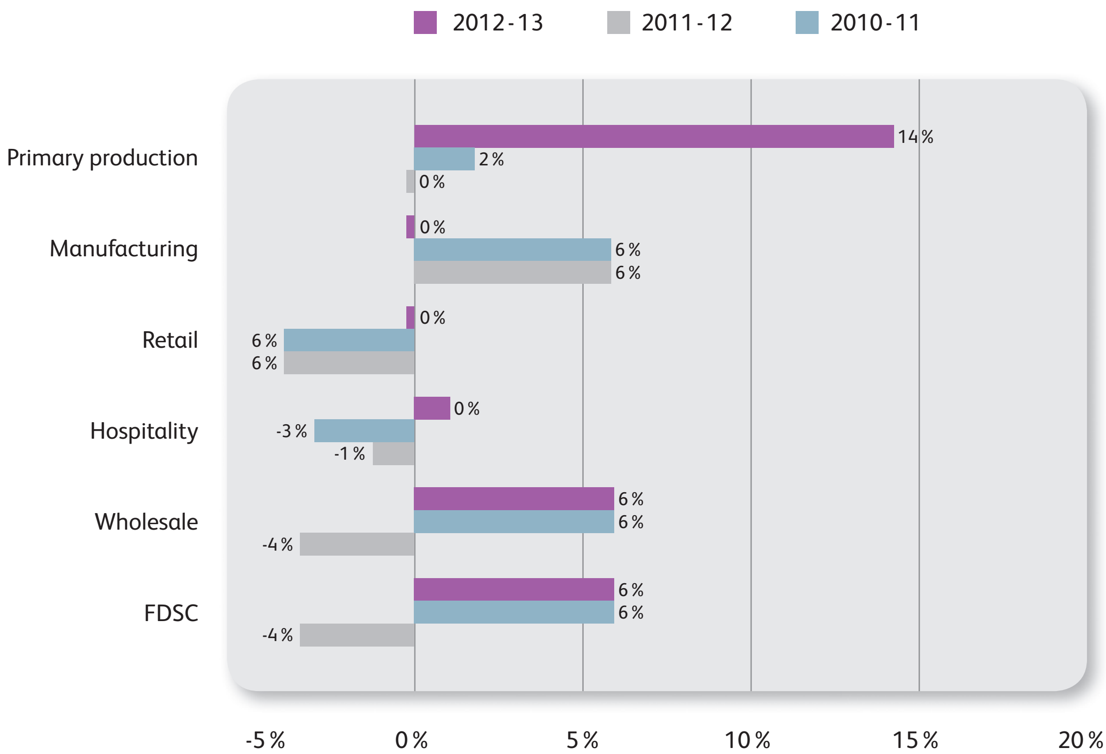
Table 5 **Turnover by sector, 2010 and 2013**

Sector	2013 (£millions)	2010 (£millions)	Change (£millions)	%
Primary production	2,065	1,780	285	16 %
Manufacturing	713	641	73	11 %
Retail	1,172	1,274	-102	-8 %
Hospitality	2,172	2,249	-77	-3 %
Wholesale	667	619	48	8 %
FDSC	**6,789**	**6,563**	**226**	**3%**

Source: IDBR 2012/13, mid-point turnover estimates using FDSC SIC (2007) codes

[13] Midpoint weighted turnover estimates, Inter Departmental Business Register 2013.

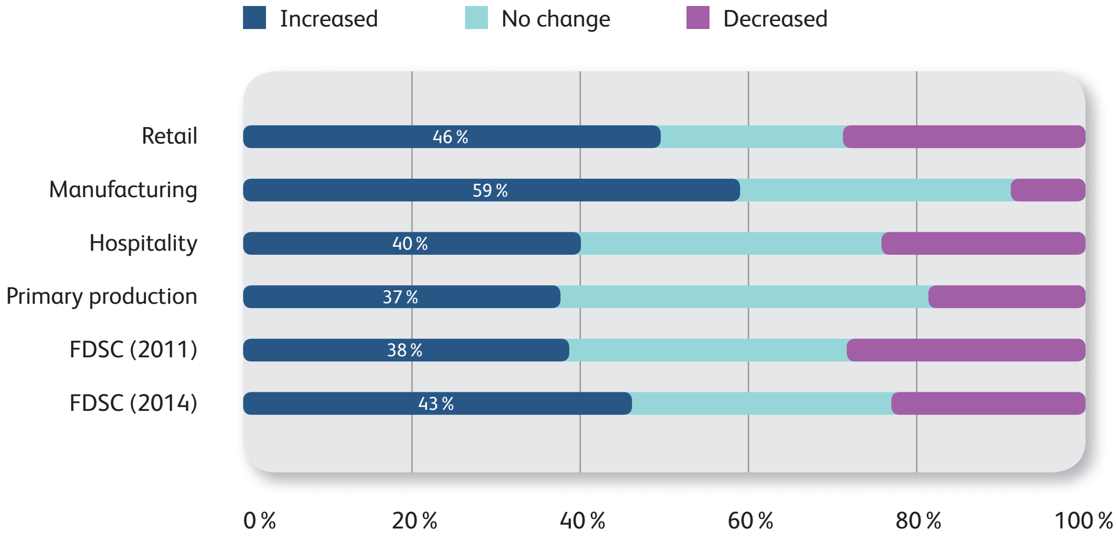
Figure 3 **Percentage change in turnover by sector betweeen 2010 and 2013**



Source: IDBR 2010 to 2013, mid-point turnover estimates using FDSC SIC (2007) codes

Turnover has increased in the past 12 months across the FDSC for 43 % of the sample, compared with 38 % in 2011. The sector with the greatest increase was the manufacturing sector with 59 % of respondents indicating turnover increased (Figure 4).

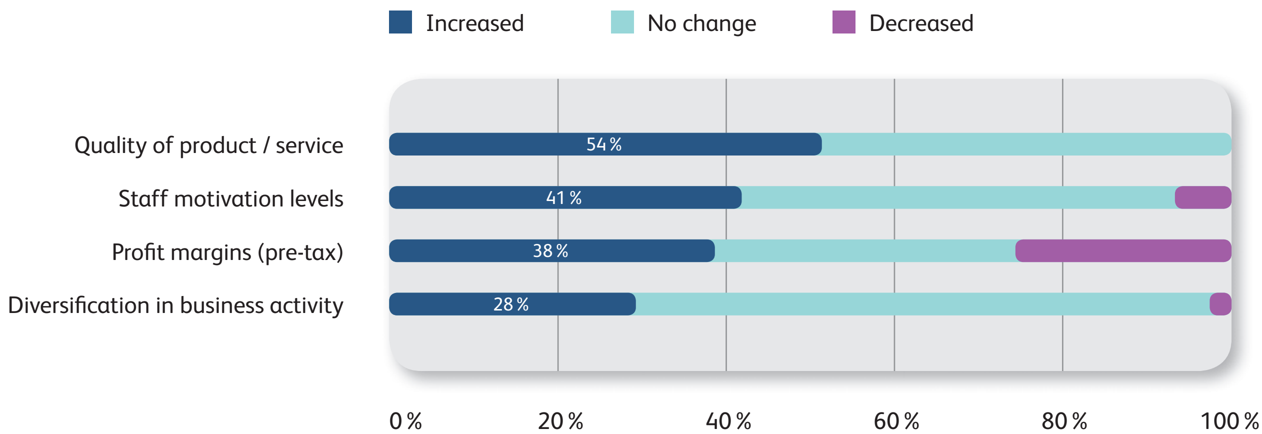
Figure 4 **Change in turnover in the past 12 months**



Source: IDBR 2010 to 2013, mid-point turnover estimates using FDSC SIC (2007) codes

More than half of the sample (54 %) indicated that they thought the quality of their product/service had improved (Figure 5). Notably, the South West and Mid region indicated improvement at only 48 % whilst 57 % of the North and South East businesses indicated improvements in the quality of product/service. Staff motivation levels had increased for 41 % of the sample and profit margins by a similar percentage (38 %). Again, the South West performed below the national average in terms of staff motivation, improving in only 33 % of the sample. Business diversification had improved the least, of the performance measures noted, with just more than one quarter (28 %) of the sample diversifying their activities.

Figure 5 **Business performance in the past 12 months**



Source: Employer Survey 2014 Q18

On reflection, the largest proportion of businesses found that their performance in the past 12 months was most influenced by something that is entirely beyond the control of businesses: the weather (Table 6). Respondents also claimed that the economy and financial climate is still impacting their business negatively.

Table 6 **Biggest impact on business performance in past 12 months**

Reason	Total[14]
Weather	13 %
Economy/ financial climate	8 %
Competition	6 %
Change in price of milk, lamb or beef	5 %
Reduced trade/ customers	5 %
Staff morale/ motivation	5 %
Advertising/ promotion/ word of mouth	4 %
Quality of product/ service	4 %

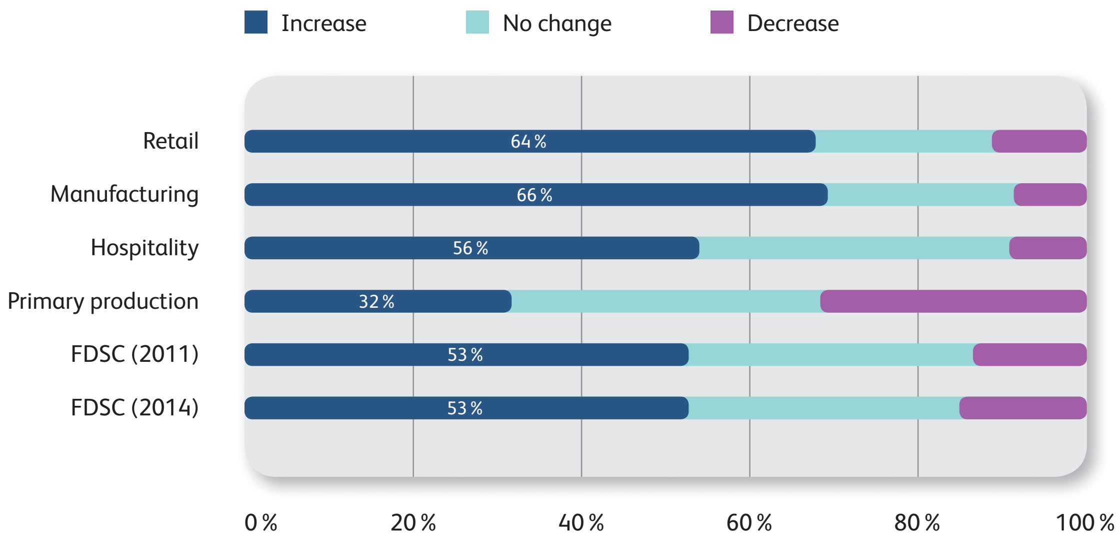
Source: Employer Survey 2014 Q18a

[14] Impact measures of less than 4 % are not shown.

4.1.3. Business confidence

The outlook for the coming 12 months was generally positive, with just more than half (53 %) of the sample expecting an increase in turnover (Figure 6). This was the same proportion as in 2011, illustrating that expectations have largely remained stable. The smallest proportion of busineses expecting to see increases in turnover were in the primary production sector, where only around one third had a positive outlook.

Figure 6 **Expected change in turnover over the coming 12 months**



Source: Employer Survey 2014 Q18 and 2011, Q15

The growth expectations for the industry varied from a growing emphasis on environmental knowledge (e.g. the 'green agenda') as well as a demand for skills in 'front of house' expertise so that skills can be more transferable.

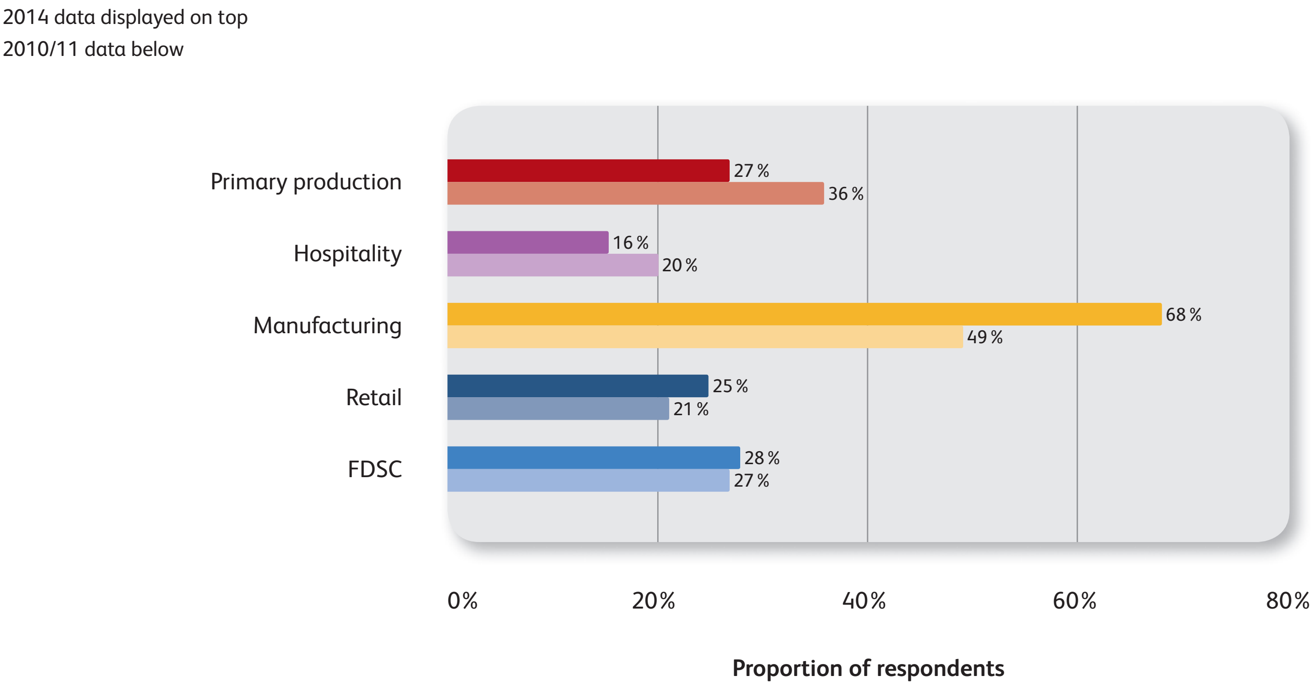
On the whole, training providers claimed a positive outlook for the future of the food and drink industry, with companies (notably SMEs) investing in new activities.

4.2. Sector diversification

This section of the report utilises the research findings from the quantitative telephone survey carried out as part of this research and shows the extent of cross-sectoral activity. The findings of this section highlight areas of commonality which with careful planning, enable the delivery of cross-sectoral actions to be implemented. This was a key aim of the research (see Research rationale in Section 1).

Figure 7 **More than one business activity**

Weighted Base: All respondents, PP (140), H (215), M (52), R (175), ALL (582)

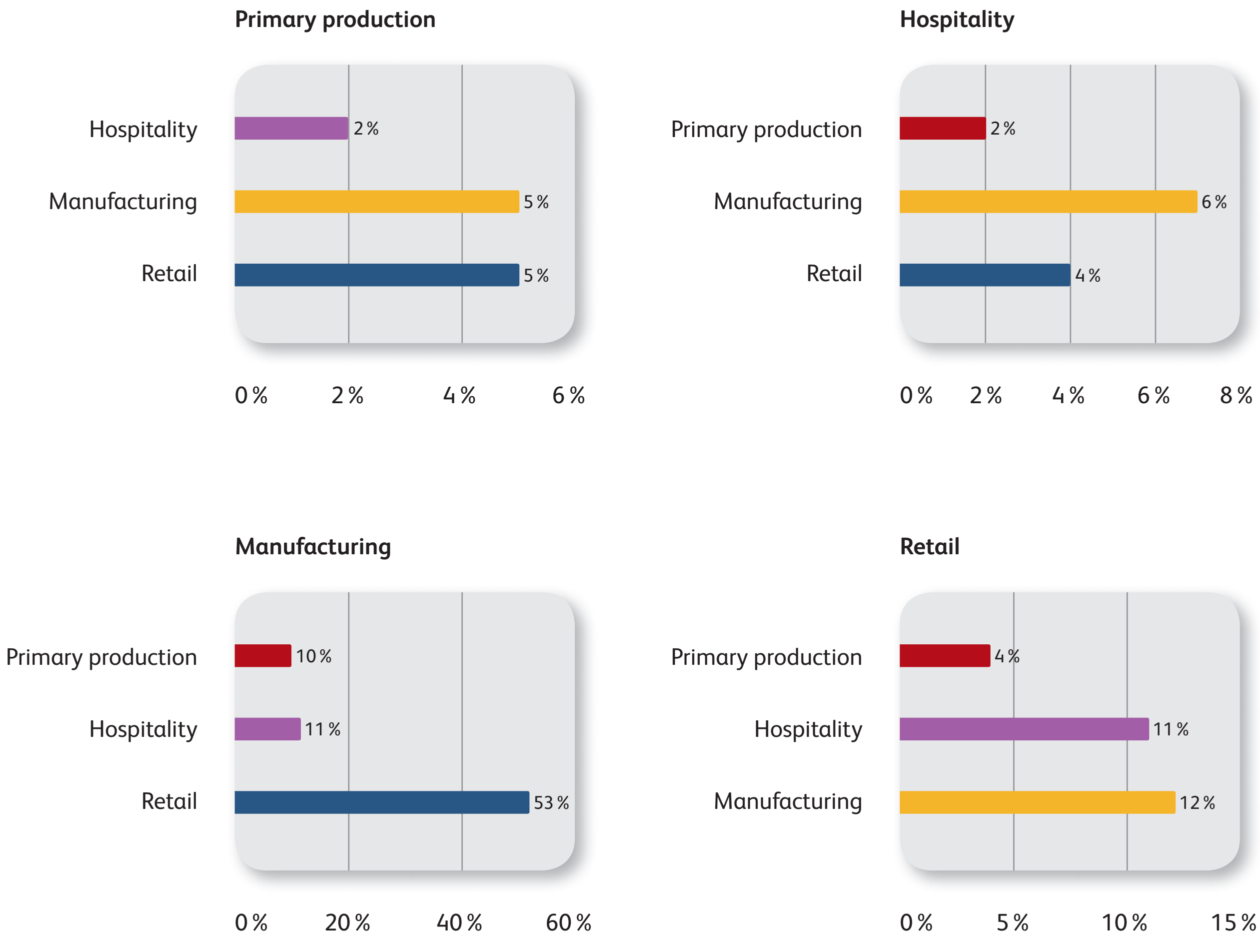


Source: Employer Survey Q3

More than one quarter of all businesses surveyed (28 % compared with 27 % in 2010/11) carried out some secondary business activity, with manufacturing businesses very much more likely than others to be engaged in other activities – mainly sales via retail shops (40 % of all manufacturing businesses) (Figure 7). Comparatively, the proportion of manufacturing businesses engaged in more than one business activity has increased from 49 % in 2010/11 to 68 %. Diversification also appears to have increased among retail businesses (by 4 %) but has decreased among primary production and hospitality businesses (by 9 % and 4 % respectively) (Figure 8).

Figure 8 **Diversification**

Weighted Base: All respondents, PP (140), H (215), M (52), R (175), ALL (582)



Source: Employer Survey Q3b

4.3 FDSC issues in Wales

Poor career perceptions persist

Uncertainty of skills funding is an issue

Production costs and sales volumes drive industry growth

Career perceptions

As noted in the review of policy earlier in the document, the FDSC has long suffered from poor career perceptions. In response, key industry stakeholders have responded with several initiatives aimed at improving perceptions; however, much of the negativity appears to remain. During this research, training providers note that despite there being a growing demand for graduates and skilled workers in the FDSC since 2011 (one provider claimed a need for doubling graduate numbers to 50 in the next few years), most providers found little or no improvement in perceptions of career opportunities in the sector.

Employers in the sector echoed these sentiments, indicating that industry suffers from a poor image; typified by long hours, cheap labour and ‘dead end’ employment. One respondent noted the ‘accidental entrants’ to the industry: with the majority of those working part-time only. The respondents all noted the importance of addressing this perception. Indeed, providers reiterated the negative perception of the industry being one where the career ceiling is low and qualifications are not needed. Employers recognised their role in changing this, indicating that they have the power to increase the standards of their staff and to encourage enterprising behaviours.

Nonetheless, providers noted a slight increase in the publicity of the career as a viable one: TV programmes and the work of People 1st have given a remarkable boost to the hospitality and catering sector. Some employers, however, felt that TV programmes were painting an unrealistic employment sphere. As well as this, from the perspective of the institution themselves, decisions to offer a more expansive and wider approach to careers, has resulted in a positive response from students. Overwhelmingly, the training providers painted a rather negative vision of the perceptions of employment within the FDSC.

Some providers claimed the FDSC isn’t a ‘glamorous’ employment option, being ‘masculine orientated’ in manufacturing, with issues regarding seasonal employment and a lack of awareness raising of the positive aspects of a career in the industry among 12-13 year olds and school leavers. As well as this, a lack of graduates means many institutions are unable to fulfil employers’ demands for graduates, with one institution claiming they are approached for ‘ten times the number of graduates he can supply’ (Cardiff Metropolitan University). Furthermore, the lack of appreciation of the sophistication of the agricultural operations is not always recognised, thus the industry’s rather negative perception continues. Alternatively, however, providers do recognise that slowly there is a growing awareness of the area’s specialisms, including popular subjects such as animal health and environmental issues.

Skills development funding

The uncertainty of future funding was an issue for all training providers. Funding was also an issue for employers who were offering the training: perceptions of training time being a cost to employers was highlighted and the ever increasing pressures on margins in the sector are affecting training too: reduced margins result in a reluctance to release staff and pay them whilst training.

Drivers of change

The Welsh Government recently announced a target of 30 % growth in the food and drinks sector by 2020. The businesses surveyed were asked what their particular businesses would need to do in order to realise this growth. Again, the reasons were varied, but – perhaps as would be expected – the majority of respondents decided that an increase in sales, increase of turnover and increase in the number of customers they supply would be vital to such growth happening for the food and drink sector (Table 7).

Table 7 **Growth measures required to realise Welsh Government target by 2020**

Growth measure	Total[15]
Increase sales/ customers / turnover	10 %
Not possible/ unrealistic	7 %
Carry on the same way / doing what we are doing	7 %
More funding/ investment/ financial assistance	6 %
More advertising/ promotion/ marketing	6 %
Bigger premises	5 %
Employ more staff	5 %
Quality of product/ service	4 %

Source: Employer Survey Q19

Technical advancements in the industry were overwhelmingly believed to come from large scale industry, emanating from large operations working with a development engineering organisation. One training provider noted however that innovation was driven by supermarkets, rather than the consumer, with ‘very little’ innovation coming from further education colleges. Other, larger institutions disputed that and claimed technical advancements to come from universities working with industry and researching development opportunities. Margins were again mentioned in driving the need for change and innovation in terms of technological development. Nevertheless, the future expectations of the skills needs related to this were difficult to determine.

Training providers all highlighted the need for more specialist knowledge, such as origins of food commodities, quality issues and development of specialisms to enhance multi-skilled teams. One training provider was especially concerned with the future, claiming that new policy means 85 % of funded trainees will be obliged to be under 25 years old. The provider claimed that the ‘industry prefers the more mature learner as they present less complexities than youngsters’ (Arfon Dwyfor).

[15] Only those measures recording 4 % and higher are shown.

Climate change and the impact of the environment were of varying levels of importance for the employers. The employers who did note any environmental aspects to their businesses claimed a good availability of locally sourced products, even at locations that were deemed ‘remote’. Two respondents emphasised the importance of the Green Agenda, yet both noted the impracticalities and costs of some of the initiatives.

The sentiments of employers are much aligned to those of the training providers discussed above – who suggested that price setting from large buyers such as supermarkets are driving the sector. Looking forward, according to respondent employers, the greatest impact on the FDSC in the next ten years will be dominated by costs and pricing in general (Table 8). As well as this, the FDSC seems to have recognised the upwards trend for food produced and sourced locally, with fewer respondents claiming that the supermarkets’ prices and control will dominate their future business.

Table 8 **Drivers of change affecting business performance**

Drivers of change	Total[16]
Costs/ prices/ pricing	16 %
Need for local produce/ local sourcing	7 %
Supermarkets/ supermarket control/ supermarket prices	6 %
Quality	5 %
Demand	5 %
Climate/ weather	5 %

Source: Employer Survey Q27

[16] Drivers of change with less than 5 % of responses are not shown.

5 The demand for skills

This section looks at the demand for skills, taken from the results of the quantitative telephone survey of businesses. The focus of the survey was to revisit technical skills needs which could apply to more than one individual sector in the FDSC, building on the approach taken in the original 2011 survey.

Most important skills for the FDSC are:

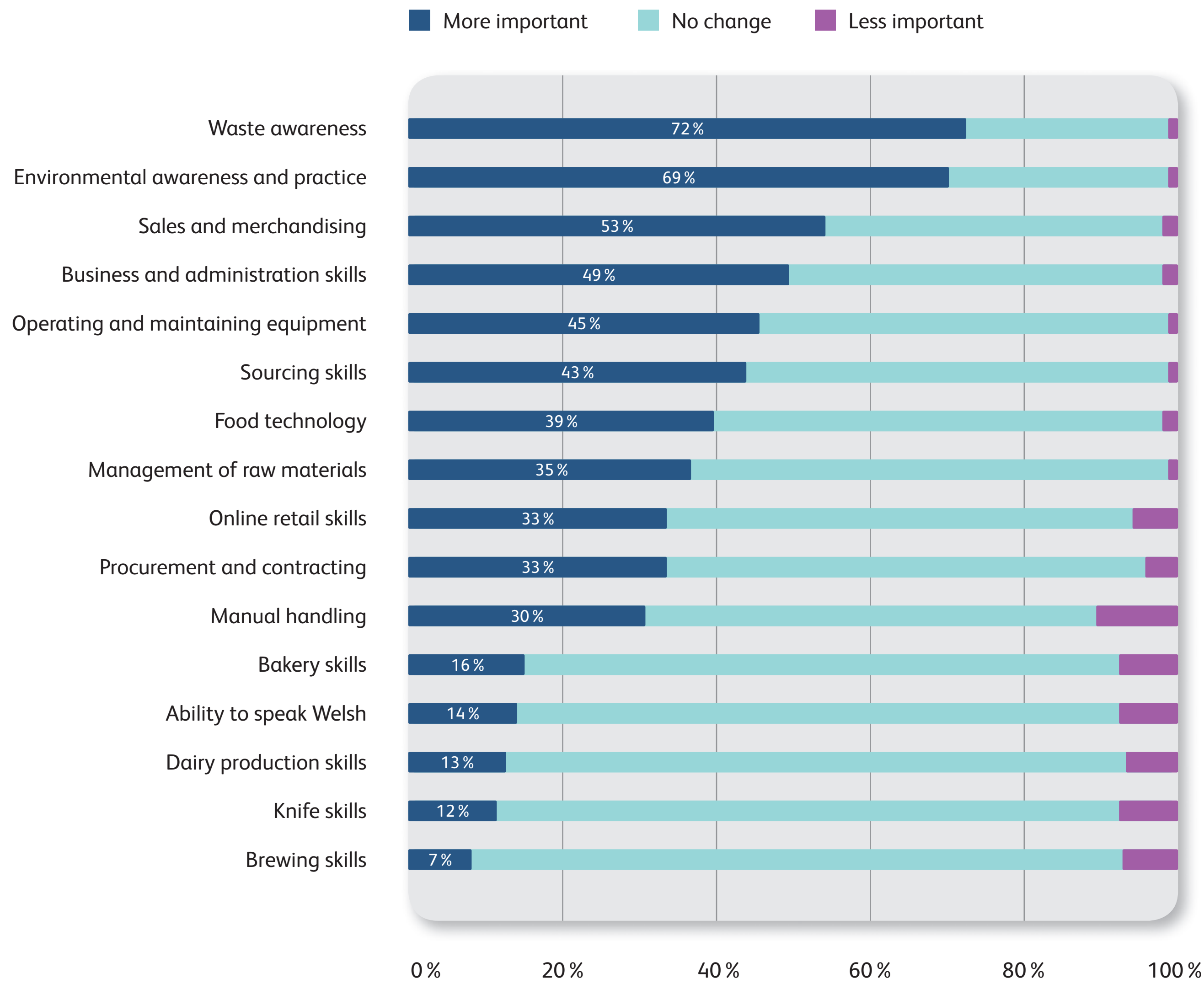
- Waste awareness
- Environmental awareness and practice
- Sales and merchandising
- Business and administration skills

5.1. Current demand for skills

Importance of skills

Employers were asked which skills were becoming more important, less important or staying the same. The graph in Figure 9 shows the skills considered to be growing in importance, by the proportion of employers believing this to be the case. The results show that skills considered most to be of growing importance to employers were waste awareness, environmental awareness and practice, sales and merchandising, and business and administration skills.

Figure 9 **Change in importance of skills (2014)**
Weighted Base: All respondents (582)[17]

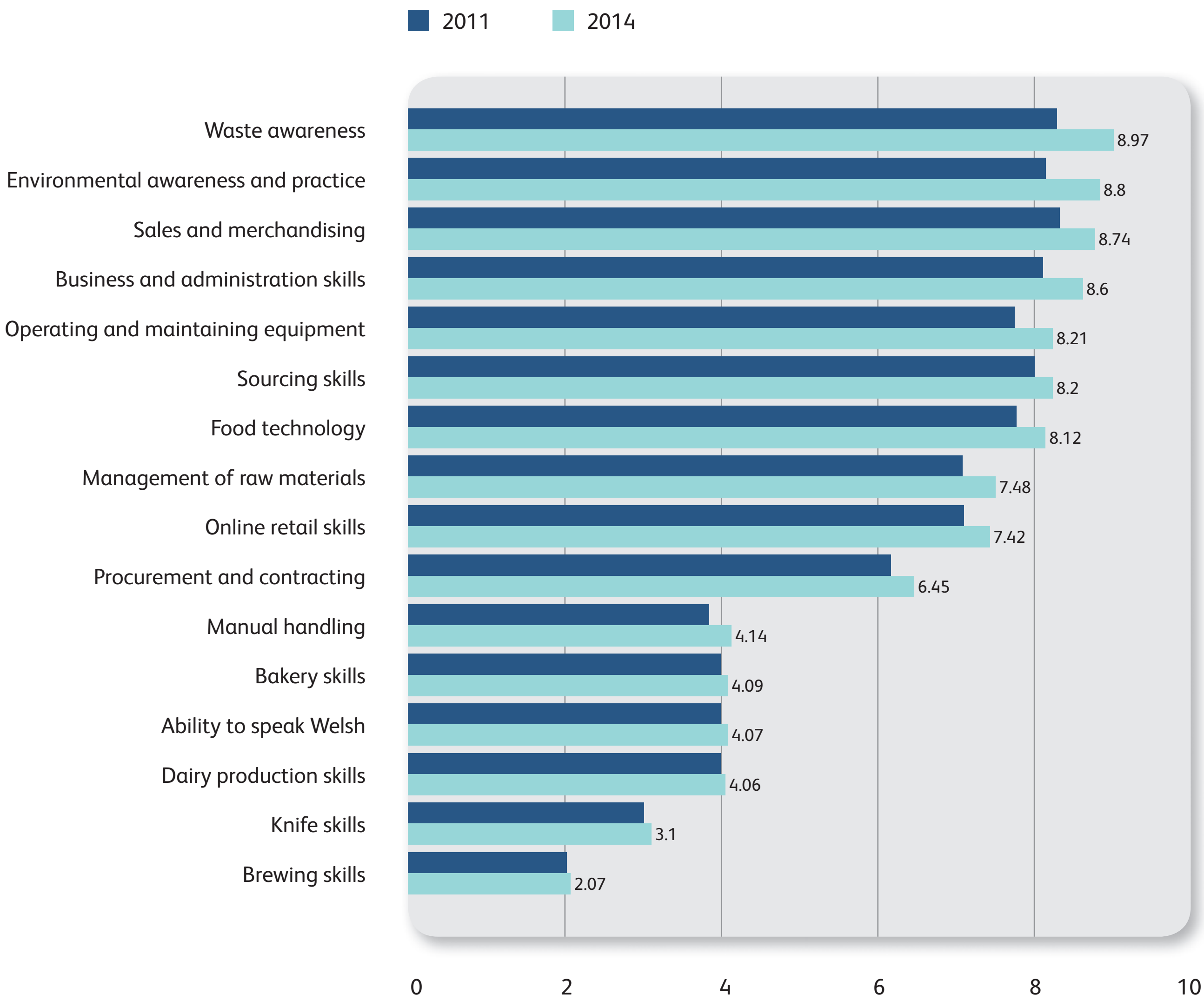


Source: Employer survey Q6a

By applying a weighted proportion of change based on the 2014 survey results to the weighted mean importance levels recorded in 2011, it is possible to derive adjusted importance levels for each skill. Shown in Figure 10, waste awareness becomes the most important skill in 2014 across the FDSC as a whole, with a weighted mean of 8.97 (on a 10 point scale where 10 is extremely important). In 2011 the most important skill was operating and maintaining equipment, for which only 45 % of the 2014 sample indicated had become more important (compared with 72 % for waste awareness). Therefore, the overall importance level of operating and maintaining equipment is lower than both waste awareness and environmental awareness and practice.

[17] Weights vary for each skill type.

Figure 10 **Importance of skills 2011 and 2014 (weighted mean)**
Weighted Base: All respondents (582)[18]



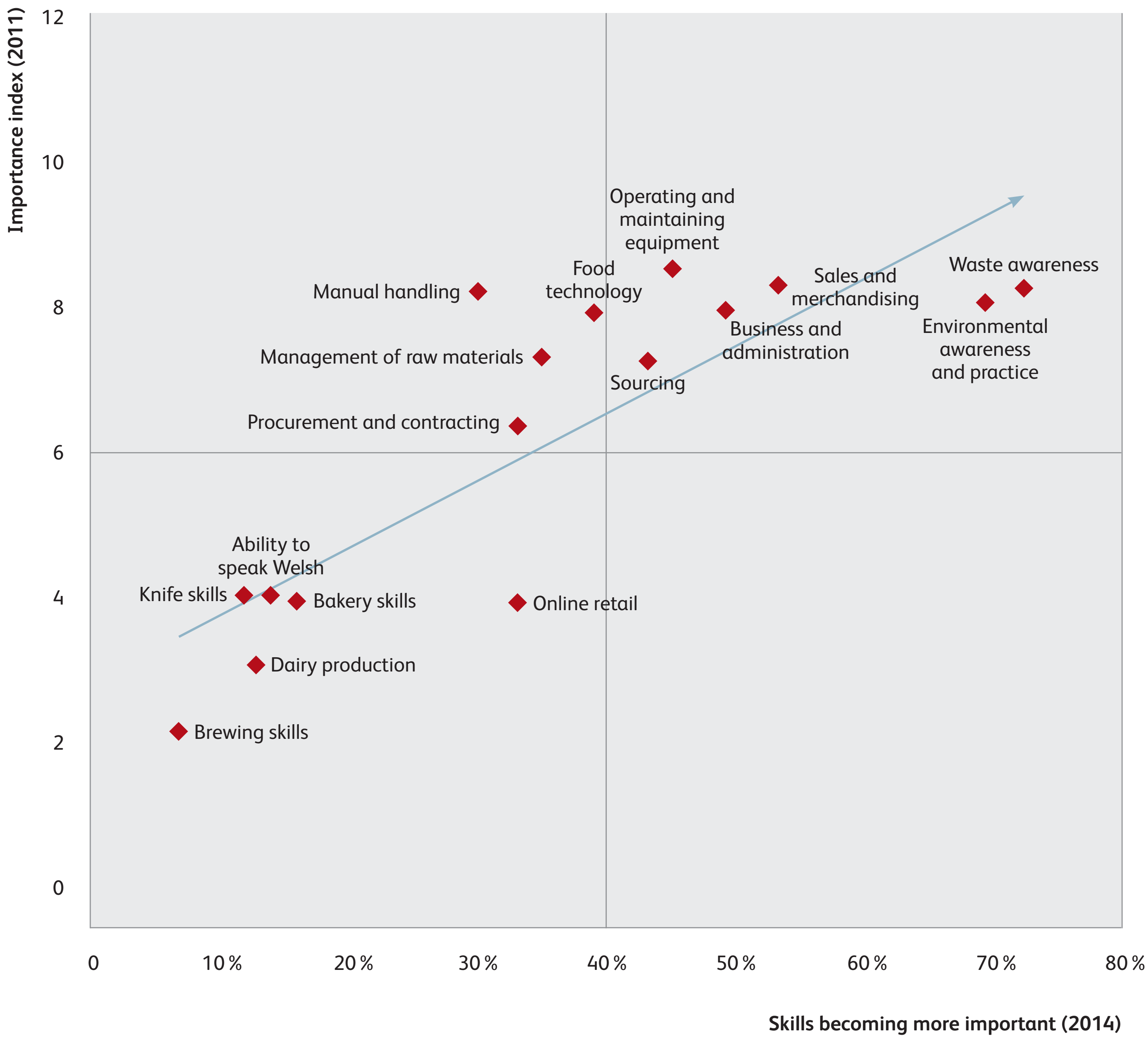
Source: Employer survey Q6a

Further to this analysis, Figure 11 shows the relationship between skills considered to be increasing in importance in 2014, against the extent to which they were considered to be important in 2011.

[18] Weights vary for each skill type.


Impr
FOOD & DRINK
• Your voic
• Setting st
• Promoting
• Providing
Alun Edwards
Farmers' Union of Wales
food for thought
food & Drink Skills Project
people 1st cymru
improve

Figure 11 **Growing importance of skills (2014) vs importance of skills (2011)**



Source: Employer survey Q6a / FDSC employer survey 2011

The results show that in general, the skills which were considered to be the most important in 2011 (waste and environmental awareness, for example), are also those most likely to be felt by employers to be increasing in importance. Those lying furthest from the trend line in the graph reflect this the least: for example online retail has grown in terms of employer perception of its importance more than would be expected, whilst manual handling and food technology skills have to some extent fallen back. In the north of Wales, 40 % of respondents viewed online retail skills with more importance against only 23 % in the south east.

It is important to recognise that the skills referred to above are those aggregated across the whole FDSC, and not to overlook the relative importance of critical skills such as food technology, dairy production and the management of raw materials in specific sectors.

Cross-sectoral skills

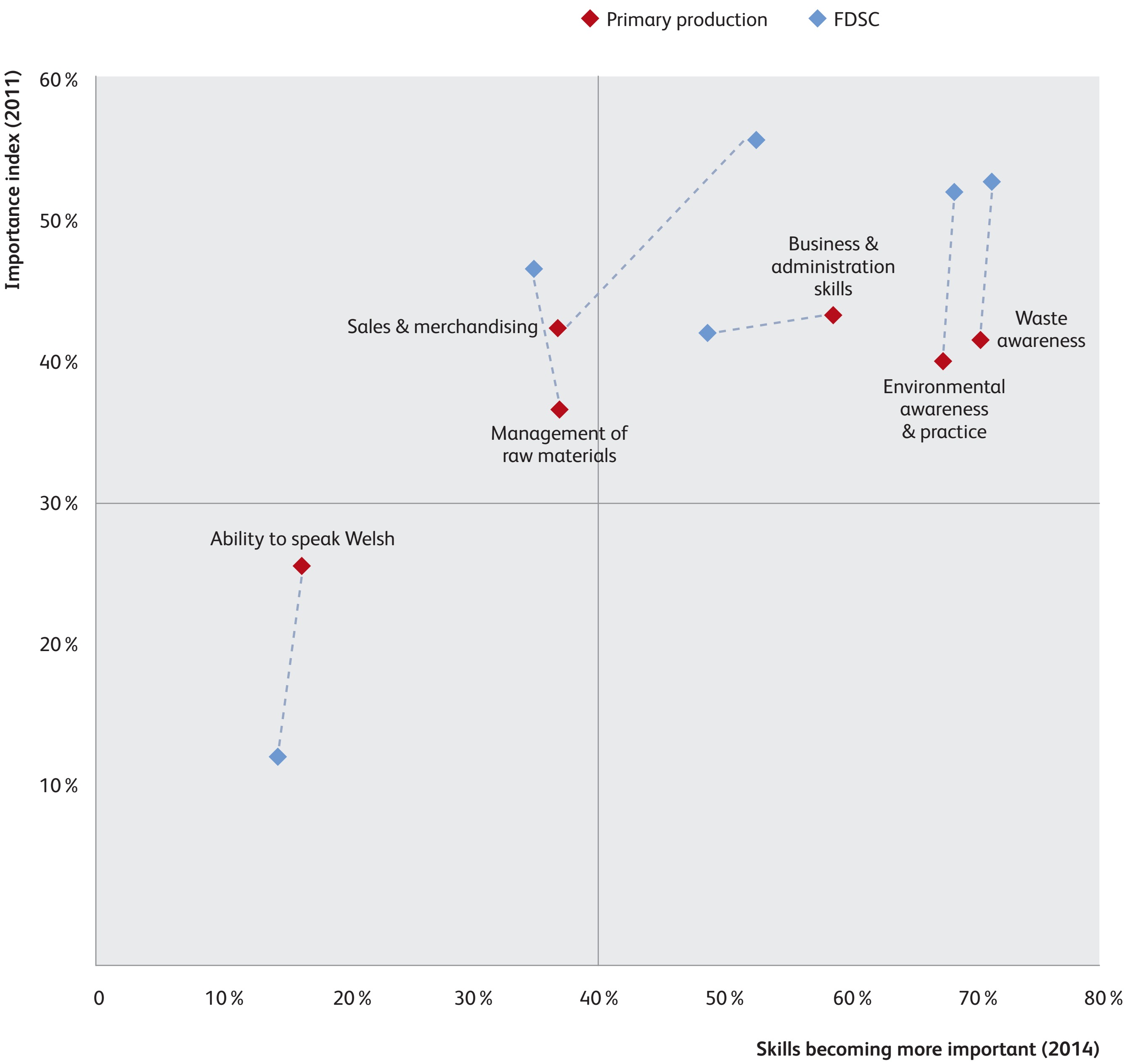
The relative change in importance of cross-sectoral skills for each sector of the FDSC is shown below.

Primary production

Figure 12 shows the importance of cross-sectoral skills (those which apply to all four sectors) among businesses surveyed whose primary activity is primary production.

Figure 12 **Cross-sectoral skills becoming more important: primary production**

Weighted Base: All respondents (582)[19]



Source: Miller Research (UK) Ltd

[19] Weights vary for each skills, see source table (Table A 12 Table A 11).

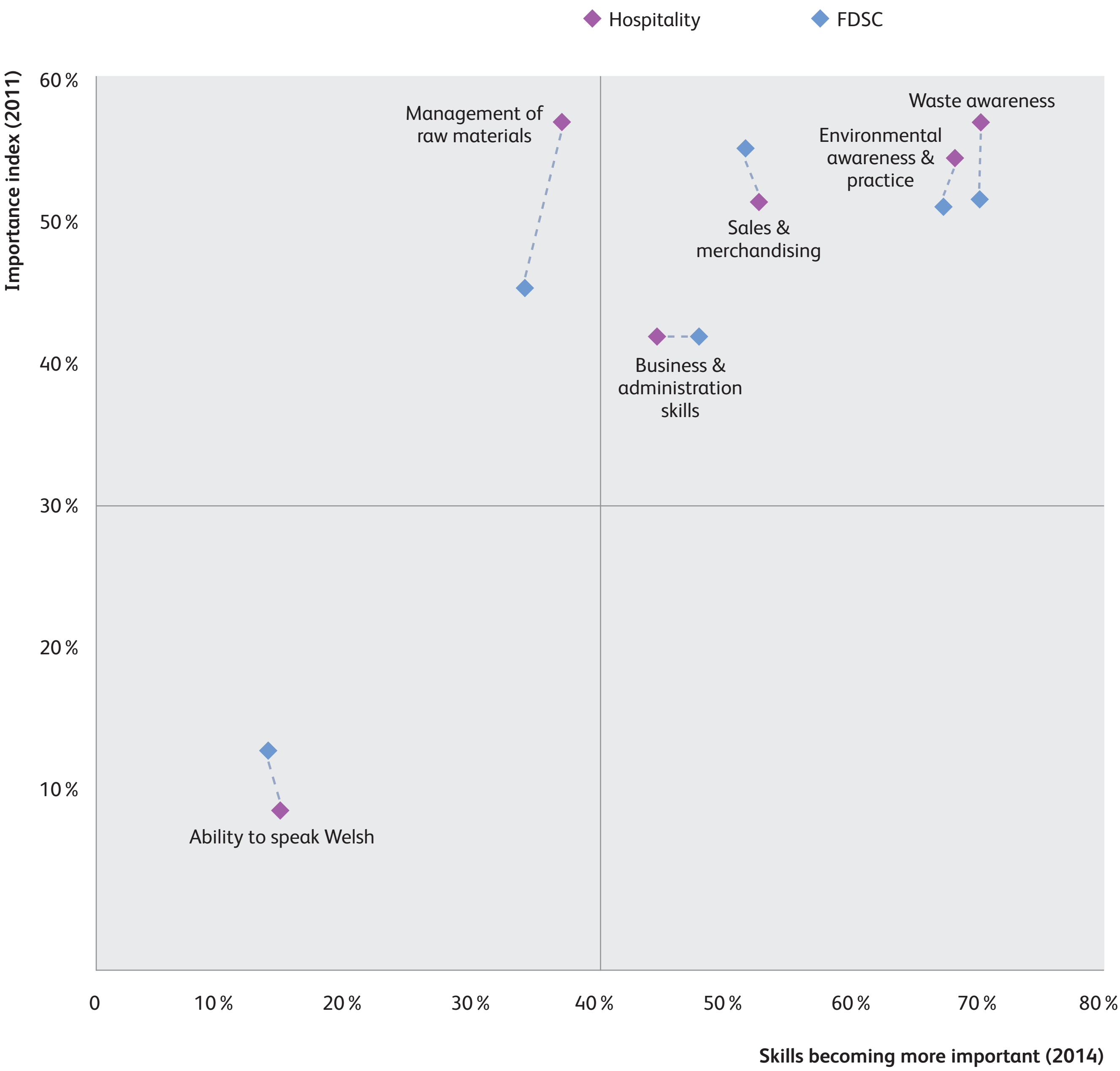
The graph shows the importance of skills (on the vertical axis) and the extent to which skills are becoming more important (on the horizonatal axis). It also makes reference to where the skill lies in relation to the FDSC as whole, so the relative importance of a skill compared with the rest of the FDSC can be observed. A green dashed line indicates where a skill is both more important and becoming more important to businesses in the sector than it is the FDSC as a whole. Conversely, a red dashed line indicates where a skill is both less important and is becoming less important. A black dashed line indicates when a skill is *either* less important or becoming less important (but not both).

Thus, among primary production businesses, the ability to speak Welsh is more important (and is becoming more important) than it is for the FDSC as a whole, hence its position higher and to the right of the FDSC equivalent position (linked by the green dotted line). It is also evident that business and administration skills are more important to primary production businesses relative to the FDSC as a whole. Meanwhile, sales and merchandising skills, environmental awareness and practice, and waste awareness are each less important and are also becoming less important to primary production businesses than they are to other businesses in the FDSC (hence they are both lower and to the left of the FDSC equivalent). This is particularly the case for sales and merchandising, which is significantly to the left of the FDSC, indicating that it is becoming a much less important skill for primary production businesses relative to other FDSC businesses. The mangagement of raw materials, although less important to primary production businesses (in 2011, hence its position lower) it is becoming more important in 2014 (hence its position to the right of the FDSC equivalent).

Hospitality

Considering cross-sectoral skills and businesses in the hospitality sector, it is clear that the management of raw materials and environmental awareness and practice are most important and are becoming more important compared with other businesses in the FDSC (indicated by a green dashed line). Sales and merchandising was previously identified as less important to hospitality businesses relative to other FDSC businesses (indicated by a lower recording on the vertical axis), however the 2014 research suggests that it is becoming relatively more important compared with other businesses in the FDSC. Waste awareness is more important compared with the FDSC but it is not becoming any more important to hospitality businesses relative to the FDSC as a whole. Meanwhile, the ability to speak Welsh is less important but is becoming more important. The only skill which is becoming less important to hospitality businesses relative to others in the FDSC is business and administration skills – however it should be highlighted that this is a relative comparison and that in absolute terms, 46 % of the 2014 sample indicated that this skill is becoming more important (compared with an FDSC average of 49 % for this skill). So it is still becoming more important, just less so compared with other sectors of the FDSC.

Figure 13 **Cross-sectoral skills becoming more important: hospitality**
Weighted Base: All respondents (582)[20]



Source: Miller Research (UK) Ltd

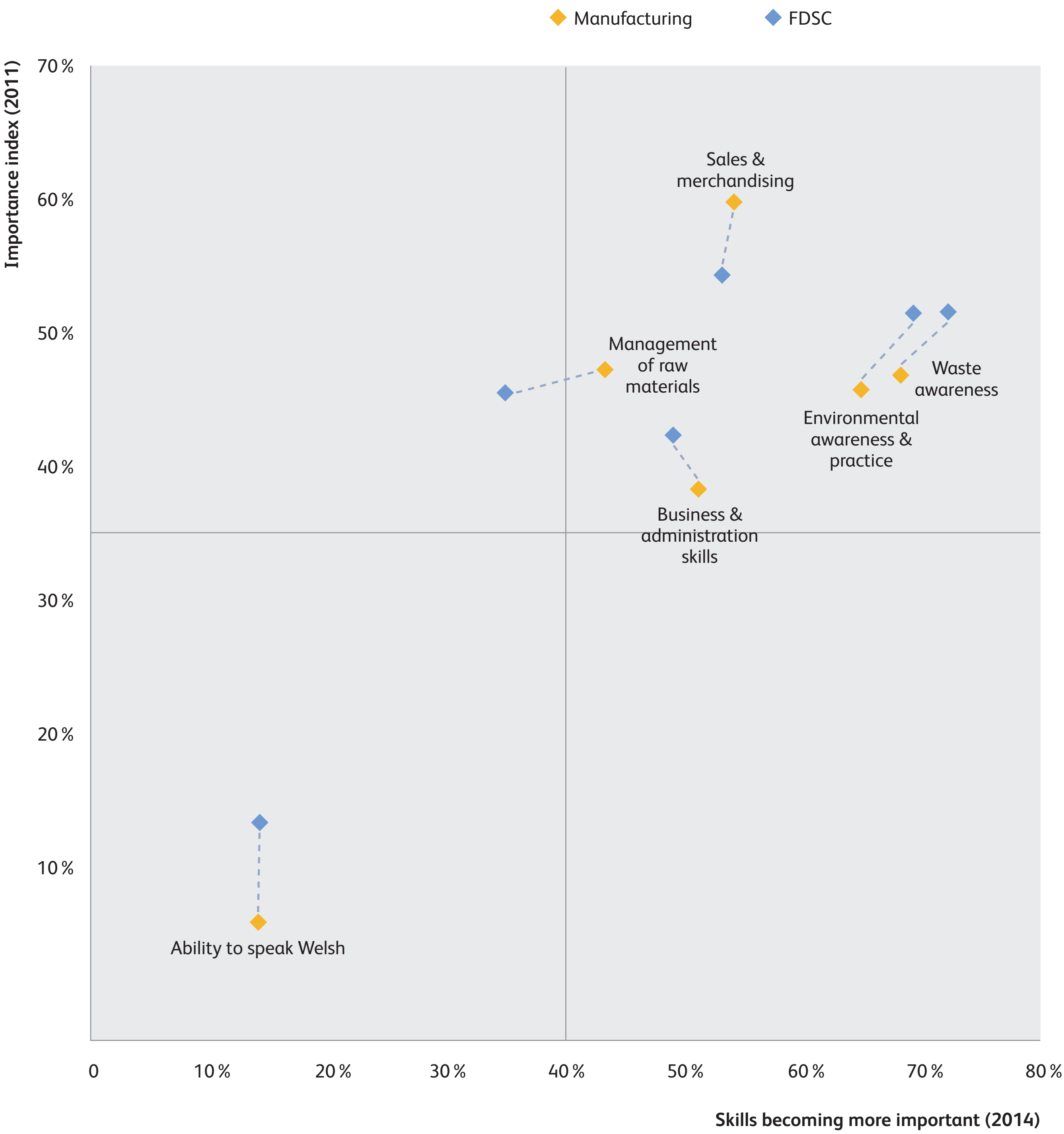
[20] Weights vary for each skills, see source table (Table A 12 Table A 11).

Manufacturing

Among manufacturing businesses, sales and merchandising skills and the management of raw materials are both more important and are becoming more important compared to other sectors of the FDSC. Waste awareness and environmental awareness and practice are comparatively less important and are not becoming as important to manufacturing businesses. Although less important to manufacturing businesses compared with other FDSC businesses, business and administration skills are becoming more important. Comparing the skills vertically, the skills at the top are most important to manufacturing businesses, and left to right are becoming more important. Thus, sales and merchandising is the most important skill and waste awareness, and environmental awareness and practice are becoming more important (although less so than for other FDSC sectors.

Photo: Kiran Ridley on behalf of the Welsh Government

Figure 14 **Cross-sectoral skills becoming more important: manufacturing**
Weighted Base: All respondents (582)[21]



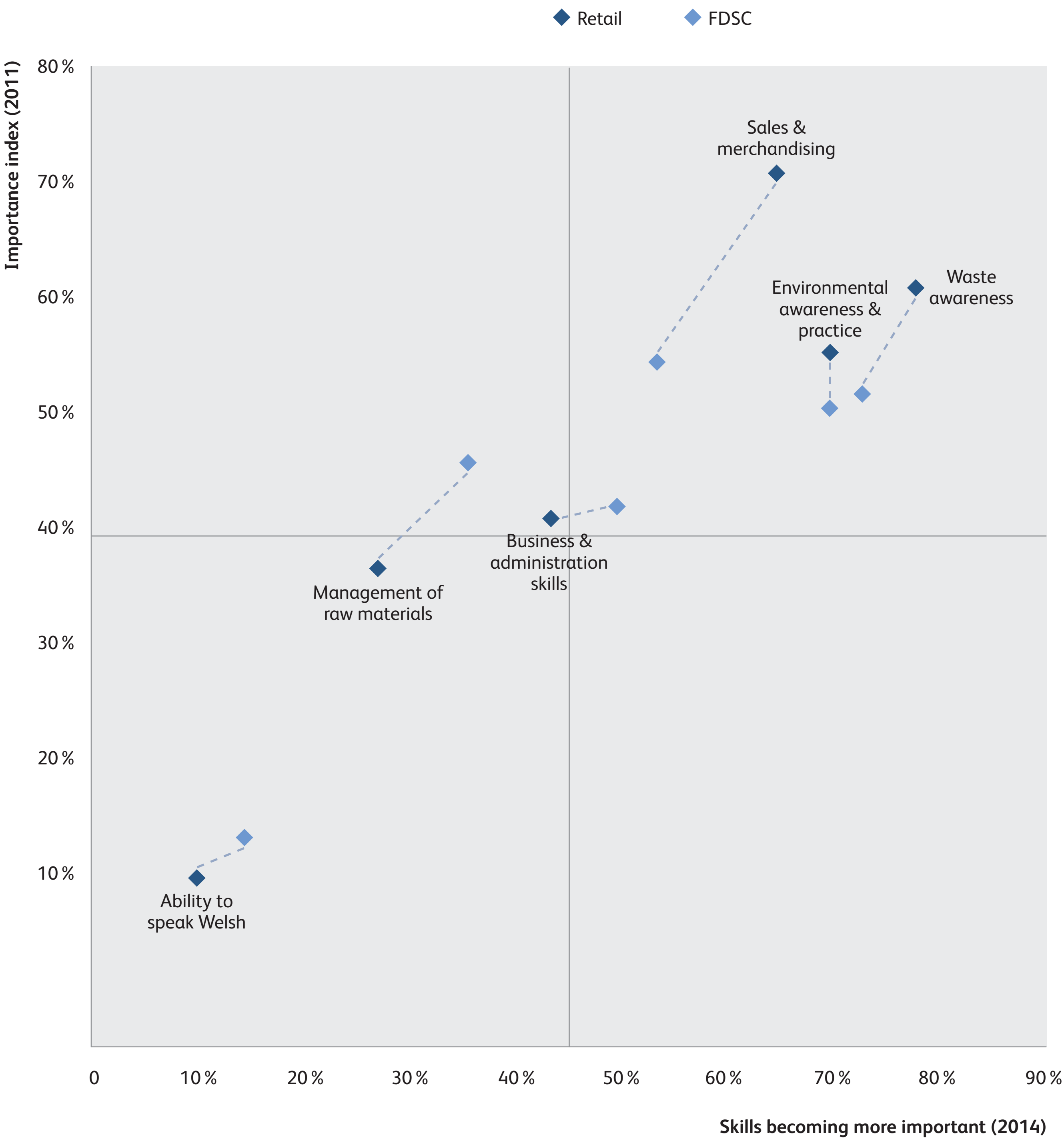
Source: Miller Research (UK) Ltd

[21] Weights vary for each skills, see source table (Table A 12 Table A 11).

Retail

The survey results suggest that sales and merchandising skills are significantly more important to the retail sector of the FDSC than they are to other sectors. They are also becoming more important, relative to other sectors of the FDSC as illustrated by its position to the right of the FDSC average. Waste awareness is also particularly important to retail businesses and is becoming more important. Comparatively, the management of raw materials, business and administration skills, and the ability to speak Welsh are less important to retail businesses than they are to other sectors. Although environmental awareness and practice skills are relatively more important to retail businesses, they are not becoming more important.

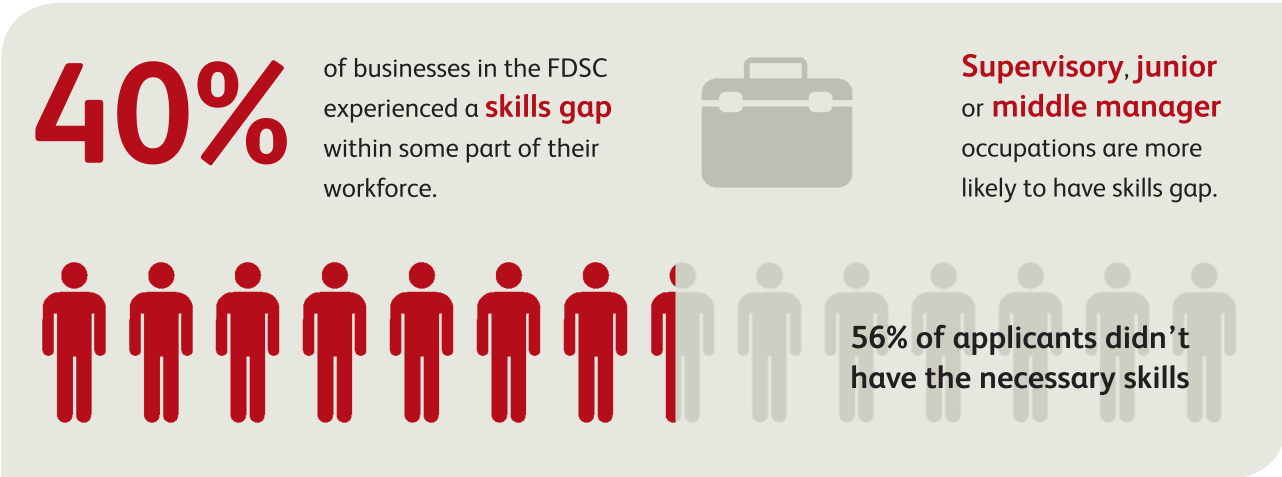
Figure 15 **Cross-sectoral skills becoming more important: retail**
Weighted Base: All respondents (582)[22]



Source: Miller Research (UK) Ltd

[22] Weights vary for each skills, see source table (Table A 12 Table A 11).

5.2. Skills gaps

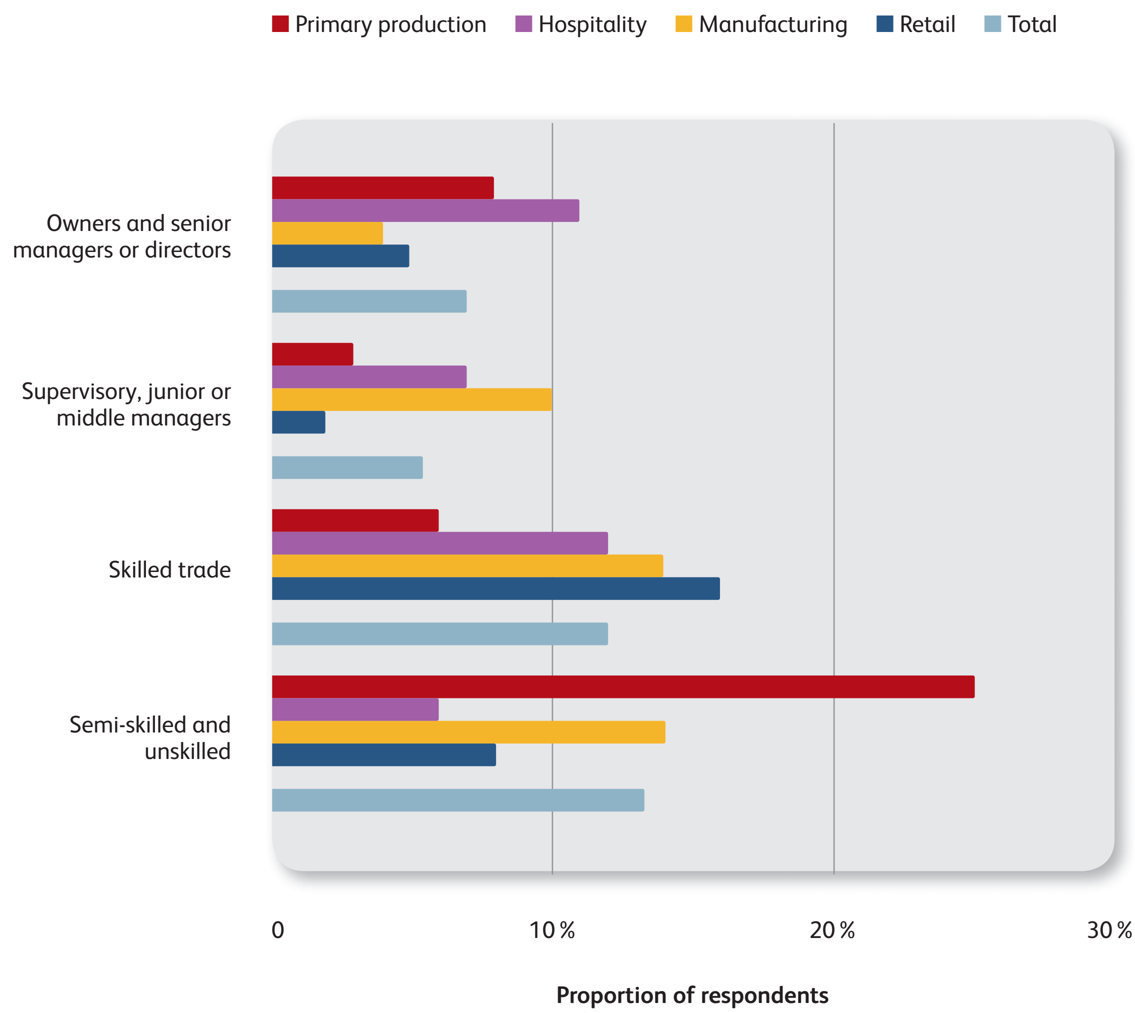


Skills gaps occur when the current workforce does not have the necessary skills to carry out their job role effectively. The evidence gathered during the 2014 research suggests that some **40% of businesses in the FDSC experienced a skills gap within some part of their workforce**. This is comparable to the figure of 45 % of employers in the 2010/11 research who reported a technical skills gap at that time, but significantly larger than the all sector prevalence of skills gaps of 16 % reported by the UKCES employers skills survey for Wales (2013).[23]

In terms of skills gaps thought to be significant, the proportions are very much smaller – for example, 7 % of employers overall thought that there was a significant skills gap amongst owners and senior managers, rising to 13 % for skills gaps amongst semi-skilled and unskilled workers. Within this, there are some significant variations by sector, with the largest single skills gaps being reported amongst semi and unskilled employees in primary production – reported by 25 % of employers in the sector.

[23] https://www.gov.uk/government/publications/ukces-employer-skills-survey-2013-wales

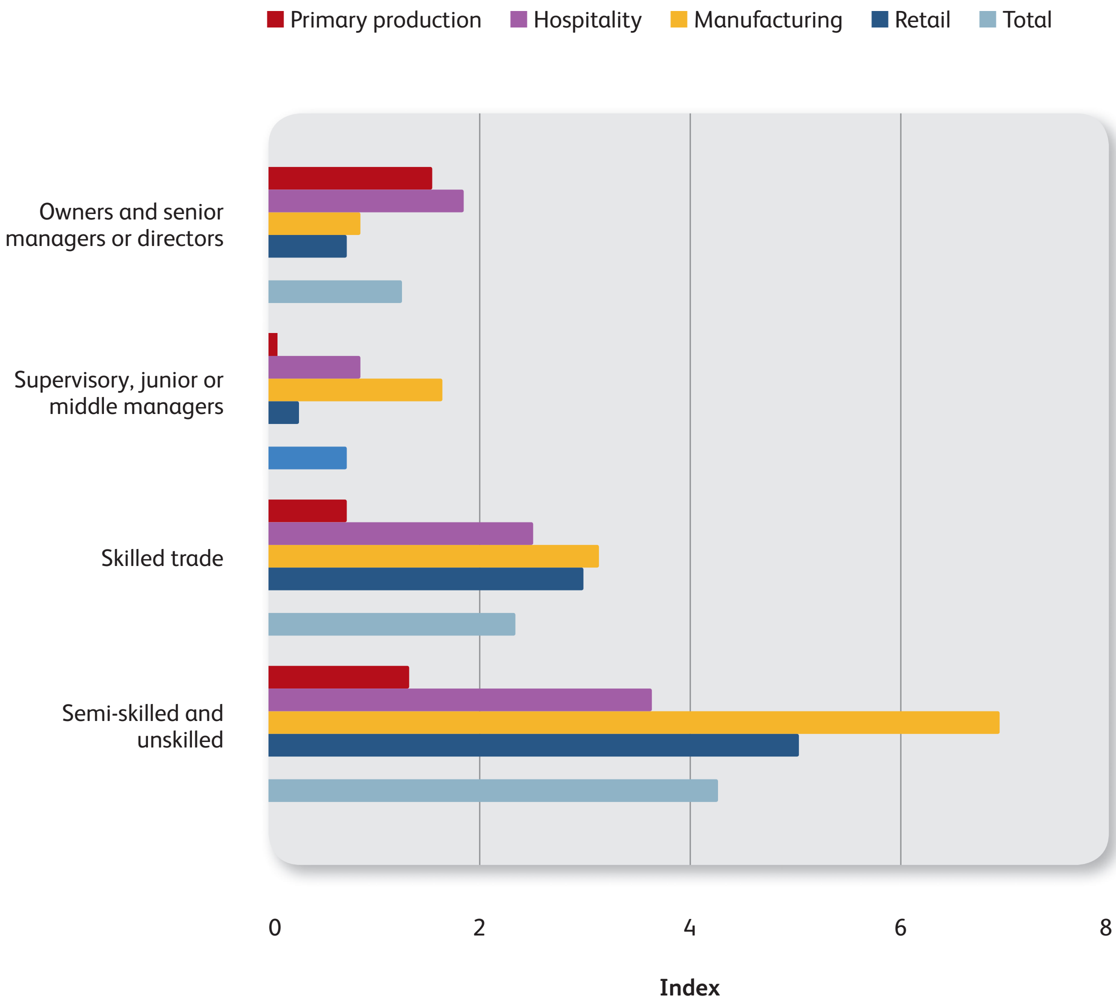
Figure 16 **Significant skills gaps by occupational group and sector**



Source: Employer Survey q7 n=536

It is worth considering this data in light of employment numbers – that is to take account of the fact that more people are employed in lower skilled occupations. Hence, if we are interested in the number of training places that should be provided to address skills gaps, we need to understand how many individuals are affected by these gaps. In Figure 17, the data has been presented as an index based on the average employment numbers within organisations surveyed. This shows a slightly different picture, in that semi and unskilled workers in manufacturing present the greatest demand for skills, followed by those working in retail and then hospitality.

Figure 17 **Significant skills gaps weighted for employment by occupation within sector**



Source: Employer Survey q7 n=536

Employers were also asked about overall skills gaps – that is, significant and small gaps – to understand the breadth of skills needs as well as the critical issues. The results here present a different picture, in that the most likely occupations to be cited are supervisory and junior or middle managers – mainly due to employers perceiving them to have minor skills gaps.

Table 9 **Total skills gaps by occupation**

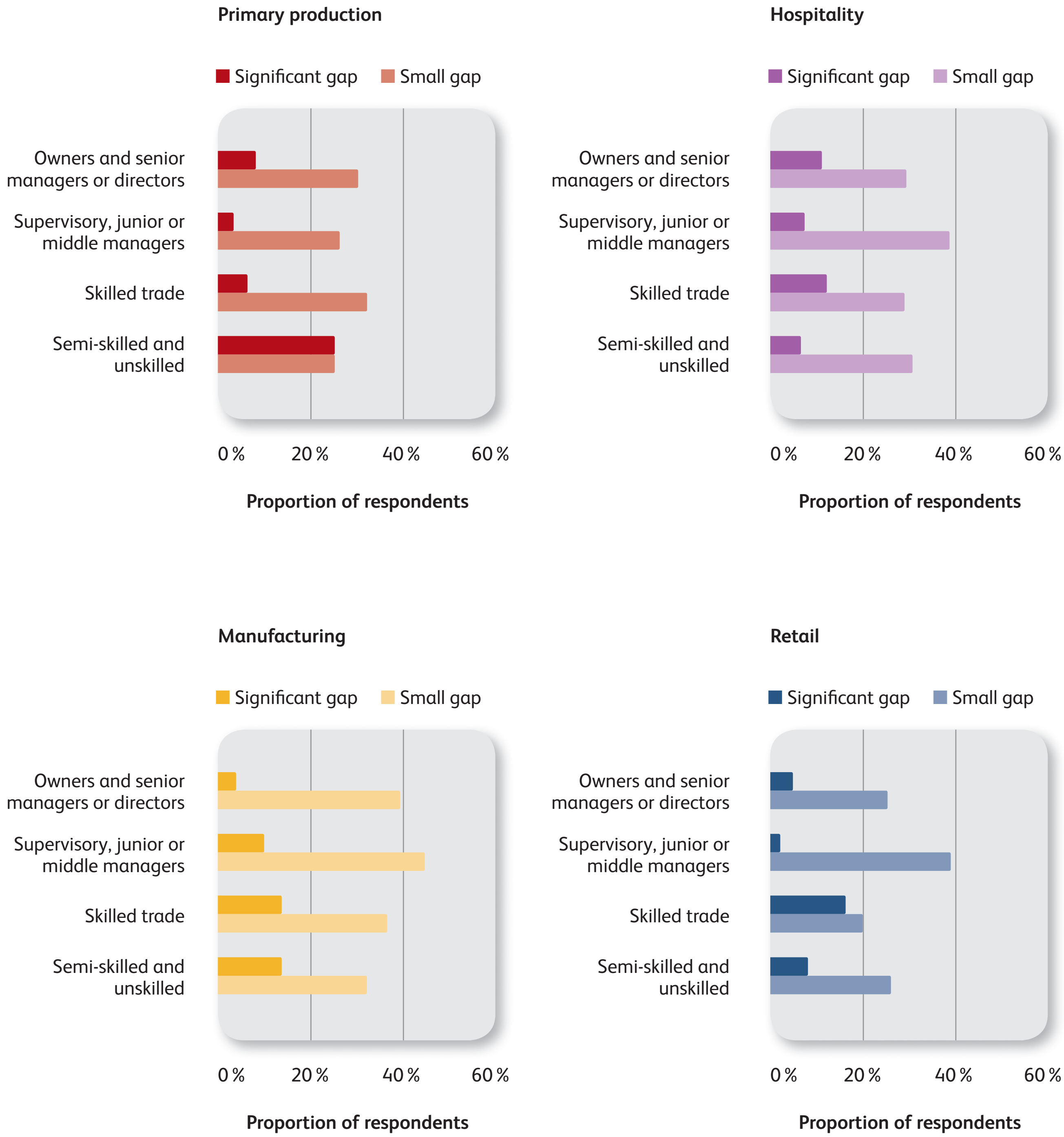
	Significant gap	Small gap	Total
Owners and senior managers or directors	8 %	29 %	37 %
Supervisory, junior or middle managers	5 %	38 %	43 %
Skilled trades	12 %	29 %	41 %
Semi-skilled and unskilled	9 %	28 %	37 %

Source: Employer Survey q7 n=536

There are some variations by sector here, with the manufacturing sector displaying the highest overall reporting of total skills gaps.

In primary production, the lowest skilled occupations are seen as being most likely to have significant skills gaps, whilst other occupations are less so, but more likely to have minor skills gaps. In hospitality, owners and senior managers, along with skilled trades (probably including chefs) are most likely to be the subject of significant skills gaps, whilst supervisory grades and middle managers are most likely overall to have some sort of skills gap. In manufacturing, owners and senior managers were felt to be least likely to have a significant skills gap, whereas skilled trades, semi and unskilled occupations were more likely to be flagged up. Overall, however, supervisors and middle managers were again seen as the most likely to have some kind of skills gap. The latter point was also true for retail, although the middle manager grade was the least likely to have a significant skills gap.

Figure 18 **Total skills gaps by sector and occupation**



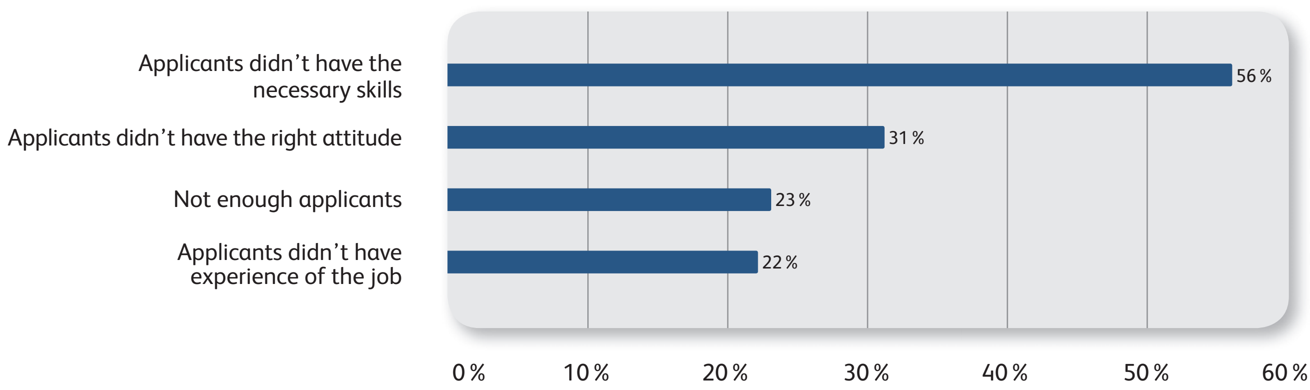
Source: Employer Survey q7 n=536

Reasons for skills shortages and hard to fill vacancies

Of those who had difficulty when trying to recruit, a little more than half of the respondents (56 %) claimed that the reason was that applicants did not have the necessary skills needed for the role. These results would support the general sentiment noted elsewhere that the FDSC still has an image issue; given the high proportions of applicants with low skills and poor attitudes to the work, thought to be because the sector does not attract people with the right skills.

Respondents were asked what the most difficult positions to fill in within their organisation were. The most difficult positions to fill amongst the sample of hospitality businesess were chef positions. The other positions were mostly associated with part-time work such as bar staff, retail assistants and waiting staff.

Figure 19 **Reasons for difficulties in trying to recruit**



Source: Employer Survey Q13b

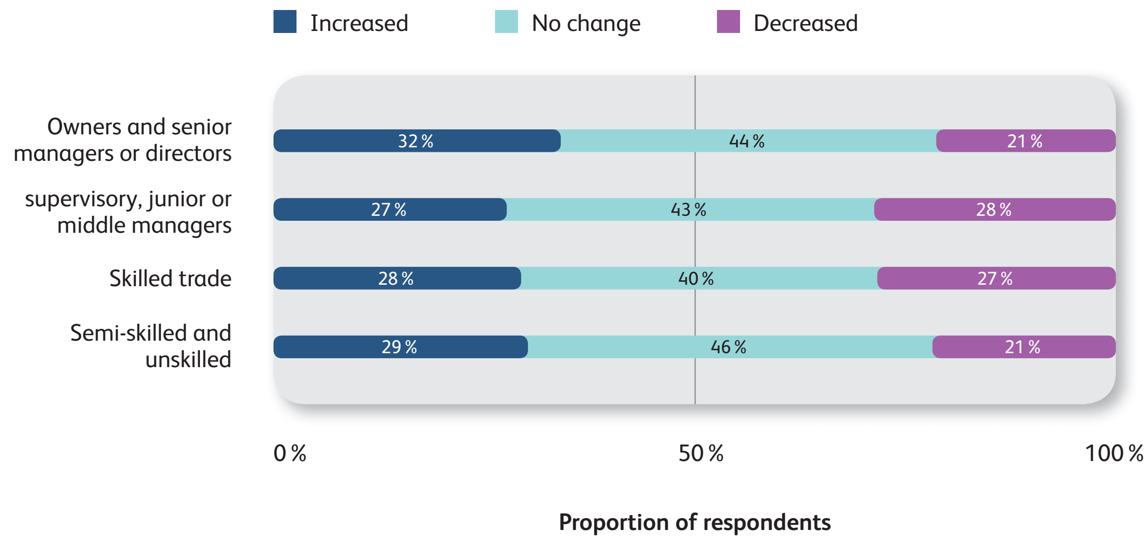
Changes in skills gaps

Respondents were asked what changes they had seen in skills gaps within their organisation within the last three years. The picture here is relatively complex, in that whilst slightly fewer than 30 % of employers responded that they had seen increases in skills gaps over the period, this was matched by some 25 % reporting a reduction in skills gaps over the period. The greatest net increase in skills gaps was for owners and senior managers or directors,[24] followed by semi-skilled and unskilled employees. This is interesting, as it suggests a polarisation of skills needs at the upper (Level 4+) level and the lowest levels (access / Level 1). This contrast also encapsulates the issue of broad versus critical skills gaps. That is to say that although relatively fewer employers felt that there was a skills gap amongst senior staff and owners, gaps in this group could have an extremely serious effect on competitiveness, safety or quality of outputs.

[24] This is unusual in itself, as in many surveys, owners and managers are reluctant to recognise gaps within their own skill sets.


Sgiliau'r dyfodol... gair yn ei bryd
Prosiect Sgiliau Bwyd a Diod Cymru
Future skills... food for thought
The Welsh Food & Drink Skills Project
LANTRA
Raising skills, backing business
Codi sgiliau, cefnogi busnes
Improve
people 1st cymru
Europe and Wales: Investing in your Future.
The project has been part-funded by the European Social Fund, through the Welsh Government.
Ewrop a Chymru: Buddsoddi yn eich dyfodol.
Ariannwyd y prosiect hwn yn rhannol gan Gronfa Gymdeithasol Ewrop drwy Lywodraeth Cymru.
Llofnod:
Signature:

Figure 20 **Proportion of employers citing changes in skills gaps by occupation**



Source: Employer Survey q7 n=536

The fact that some employers report shrinking skills gaps whilst others are experiencing increases suggests that there are different pressures affecting different parts of the supply chain. Table 10 shows how employers in primary production are more likely to report increasing skills gaps at all levels *except* for skilled trades, whilst in manufacturing the bulk of the pressures occur *in* skilled trades (Level 3) and semi-skilled and unskilled occupations (Levels 0-2).

Table 10 **Changes in skills gaps by sector and occupation; balance of opinion**

SOC classification	Primary production	Hospitality	Manufacturing	Retail	FDSC
Owners and senior managers or directors	26 %	8 %	0 %	5 %	11 %
Supervisory, junior or middle managers	36 %	-7 %	-14 %	6 %	-1 %
Skilled trades	-8 %	0 %	19 %	-6 %	1 %
Semi-skilled and unskilled	57 %	-5 %	17 %	10 %	8 %

Source: Employer Survey q8 n=199. Note samples for individual cells are small and values in italics should be taken as indicative only

5.3. Forecast employment and skills demand

Up to **2022**,

51,394

people will require **skills development**

FDSC expected to grow by

4,500

employees by **2022**

Retirements will create a total of almost

46,900

vacancies in the **FDSC** up to **2022**

6,750

people will need to be **trained** amongst the workers up to **Level 1**

Changes in skills gaps will be affected by changes in the size and nature of the workforce, which will occur both as a result of changing sector performance (expansion demand) and people leaving the workforce due to retirement (replacement demand).[25] In order to calculate this, a matrix was compiled of detailed industry category (5 digit SIC) by broad occupational category (9 category SOC).

[25] Some demand will also be caused by people leaving jobs in the sector to work elsewhere, but this "churn" factor is assumed to have a neutral effect overall, as most individuals will move from job to job within the industry.

Table 11 **FDSC employment by industry and occupation**

	SOC category									
SIC classification	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**Total**
Primary production	4,334	397	206	1,511	33,610	*	*	1,223	17,120	58,400
Food manufacturing	1,868	95	744	342	2,795	*	99	9,575	5,668	21,186
Wholesale	761	25	414	403	333	*	452	1,379	1,501	5,267
Food retailing	6,939	113	1,171	3,026	2,628	44	3,9733	1,919	10,553	66,126
Hospitality	12,829	*	1,489	3,881	17,428	2,252	4,337	1,156	45,885	89,257
Total	**49,128**	**863**	**7,842**	**16,814**	**79,979**	**4,591**	**89,241**	**29,280**	**14,4334**	**240,236**

*Key: 1=managers, 2=professionals, 3=associate professional and technical, 4=administrative, 5=skilled trades, 6=caring, leisure and service, 7=sales and customer service, 8=process and machine operatives, 9=elementary (unskilled) * =sample too small to display*

Employment forecasts from Working Futures[26] were then applied, weighted for approximate industry category (primary production, manufacturing and trade, accommodation and transport) to provide estimates for the ten year expansion demand (or shrinkage) between 2012 and 2022.

The results show strongest numeric demand for sales and customer service staff up to 2022, with more than 2,000 extra staff required over the period, followed by unskilled workers, especially in hospitality. At the higher end of the skills scale, growth in demand for managers is expected, especially in hospitality and retail. There is expected to be declining demand for process and machine operatives and for professional occupations in the industry (although the latter forms a relatively small part of the workforce).

Table 12 **Forecast expansion change 2012-2022 by industry and occupation**

	SOC category									
SIC classification	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**Total**
Primary production	-91	-8	-4	-32	-706	*	*	-26	-360	-1,227
Food manufacturing	-161	-8	-64	-29	-240	*	-9	-823	-487	-1,821
Wholesale	36	1	19	19	16	*	21	65	71	248
Food retailing	326	5	55	142	124	2	1,867	90	496	3,107
Hospitality	603	*	70	182	819	106	204	54	2,157	4,195
Total	**713**	**-10**	**76**	**282**	**13**	**108**	**2,083**	**-640**	**1,877**	**4,502**

Source: Miller Research

[26] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/298512/working-futures-2012-2022-annexes-bound.pdf

In sectoral terms, primary production and food manufacturing are expected to experience a shrinking workforce over the period to 2022, whilst hospitality and food retailing are expected to see reasonable growth over that time.

Census data from 2011 for employment by occupation and age was subsequently used to assess the proportion of the workforce aged 55 or above, on the assumption that this cohort would be likely to retire in the eleven year period up to 2022. These figures were again applied by approximate industry category (in this case agriculture / energy / water, manufacturing, distribution / hotels and restaurants) to calculate replacement demand figures for the FDSC sector.

The results show that retirements will create a total of almost 46,900 vacancies in the FDSC up to 2022, with the largest proportion being in primary production, hospitality and food retailing. The age profile in farming is a well-documented issue, with recent figures showing 64 % of farmers being aged over 55.

Table 13 **Forecast replacement demand 2012-2022 by industry and occupation**

	SOC category									
SIC classification	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**Total**
Primary production	1,225	112	58	427	9,500	*	*	346	4,839	16,507
Food manufacturing	350	18	140	64	524	*	19	1,796	1,063	3,974
Wholesale	125	4	68	66	55	*	74	227	247	866
Food retailing	1,141	19	192	497	432	7	6,532	315	1,735	10,870
Hospitality	2,109	0	245	638	2,865	370	713	190	7,544	14,674
Total	**4,950**	**153**	**703**	**1,692**	**13,376**	**377**	**7,338**	**2,874**	**15,428**	**46,891**

Source: Miller Research

Looking at replacement demand data by occupational group, the greatest single combination of industry and occupation is for skilled workers in primary production, 9,500 of who are likely to be required. There are expected to be almost 5,000 vacancies for managers across the FDSC, of which more than 2,000 will occur in the hospitality sector. Demand will be highest overall for unskilled, elementary workers, more than 15,000 of whom will be required. This is despite a general reduction in lower skilled jobs across primary production and manufacturing.

Table 14 **Forecast total demand 2012-2022 by industry and occupation**

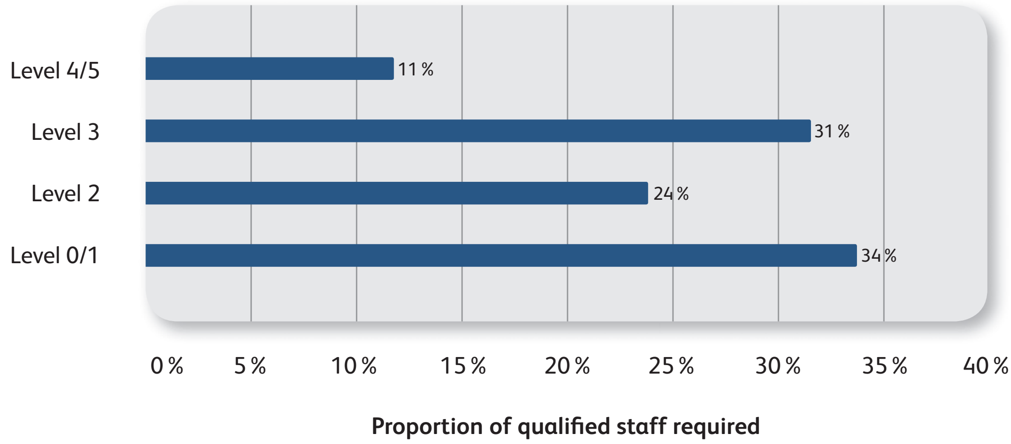
	SOC category									
SIC Classification	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**Total**
Primary production	1,134	104	54	395	8,794	*	*	320	4,480	15,281
Food manufacturing	190	10	76	35	284	*	10	972	576	2,153
Wholesale	161	5	87	85	70	*	95	292	317	1,113
Food retailing	1,467	24	248	640	556	9	8,400	406	2,231	13,981
Hospitality	2,712	*	315	820	3,684	476	917	244	9,700	18,868
Total	**5,664**	**143**	**780**	**1,975**	**13,388**	**485**	**9,422**	**2,234**	**17,304**	**513,954**

Source: Miller Research

If replacement demand is added to expansion demand, a total of more than 51,000 opportunities will arise between 2012 and 2022 in the FDSC, of which the largest group is expected to be unskilled workers, followed by skilled craft occupations and retail sales / customer service staff. A total of 5,664 vacancies for managers are also predicted to arise over the period.

Some insight into training needs can be gained, if these projected vacancies are shown in terms of qualification level. Whilst more than one third of all opportunities are likely to be for low or unskilled staff, more than 30 % will be for those with a level 3 qualification and 11 % will require a management or professional qualification, likely to be at Level 4 or 5. Given that the skilled trades occupations are already said to have the most significant skills gaps within the existing workforce, there is an implication of significant training needs at Level 3.

Figure 21 **Profile of staff required by qualification level, 2012-2022**



Source: Miller Research

Further to this, we can look at skills gaps in relation to forecast employment demand to predict where learning and skills interventions will be required to ensure that the supply of suitably skilled workers is matched to expected demand. Table 15 shows reported skills gaps by sector and occupation, with the highest proportion highlighted in blue, medium areas in yellow and areas of lowest demand in green.

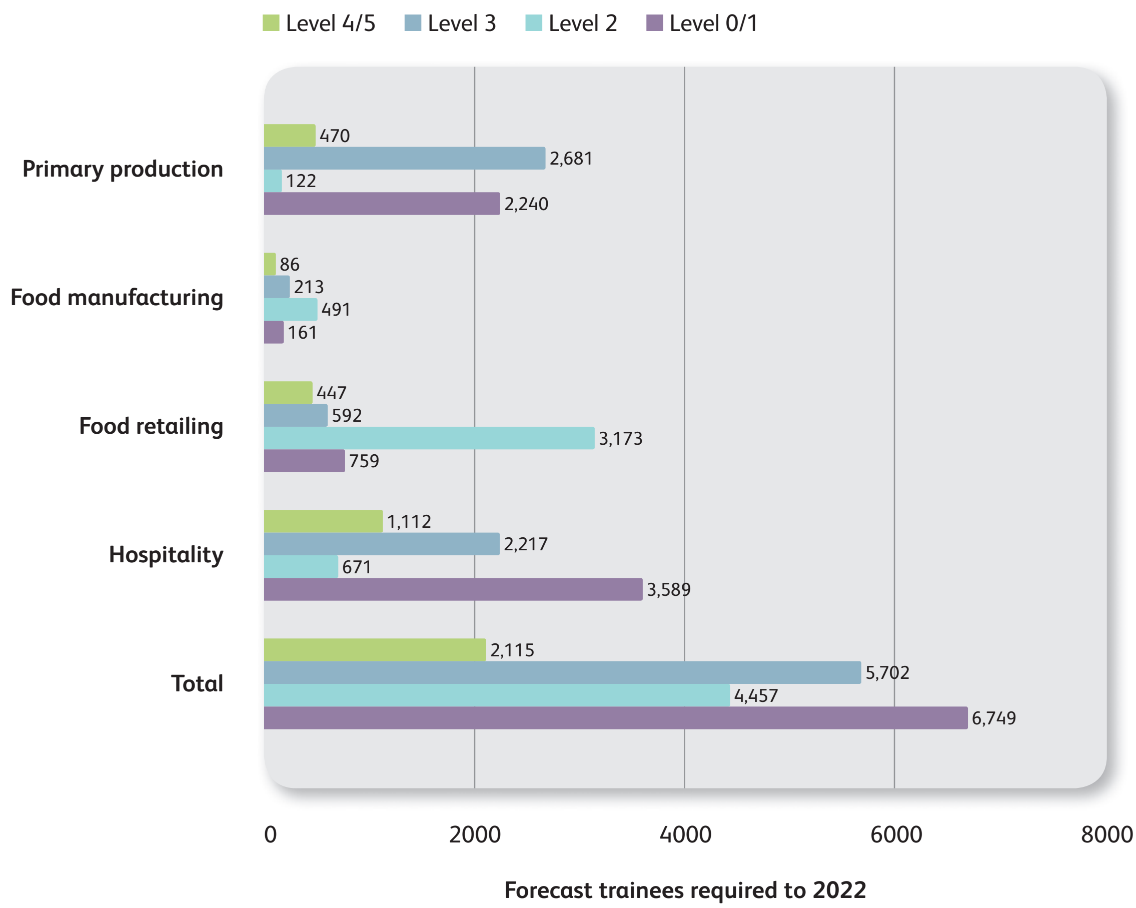
Table 15 **Forecast skills gaps by sector and occupational grouping (by proportion of employees in each combination)**

SIC classification	Owners & managers	Supervisory junior or skilled middle managers	Trades - unskilled	Semi-skilled / unskilled
Primary production	38 %	29 %	38 %	50 %
Food manufacturing	43 %	54 %	50 %	28 %
Food retailing	30 %	41 %	36 %	34 %
Hospitality	41 %	46 %	41 %	37 %
Total	**37%**	**43%**	**41%**	**37%**

Source: Employer Survey q7 n=536. Key: Blue>42%, yellow>35%-42% and Green <35%

It should be noted, however, that the shading in the table above is informed by the proportion of skills gaps within each cell and does not necessarily reflect the number of people employed in each industry / occupational combination. Hence this may be taken as representing the most urgent or critical needs, as opposed to the largest numbers of people requiring training. In Figure 22, the exercise is repeated for the number of replacement employees required for each combination, to provide an insight into areas where the number of trainees needed is greatest.

Figure 22 **Number of forecast trainees required by sector and level to 2022**



Source: Miller Research

The results show that the greatest training need to meet labour demand lies at the lower or unskilled end of the labour force spectrum. In total, it is expected that approximately **6,750 people will need to be trained amongst the workers up to Level 1**. This is especially true for the hospitality sector, where almost 3,600 low skilled workers will be required, although it is worth noting that the majority of these will still require training such as food hygiene in order to operate in the sector. Hospitality, along with primary production also has substantial needs in terms of Level 3 training, whilst the main area for food manufacturing is expected to be at Level 2.

5.4. Impacts of skills gaps

59%
of businesses say skills gaps have not impacted on their business performance

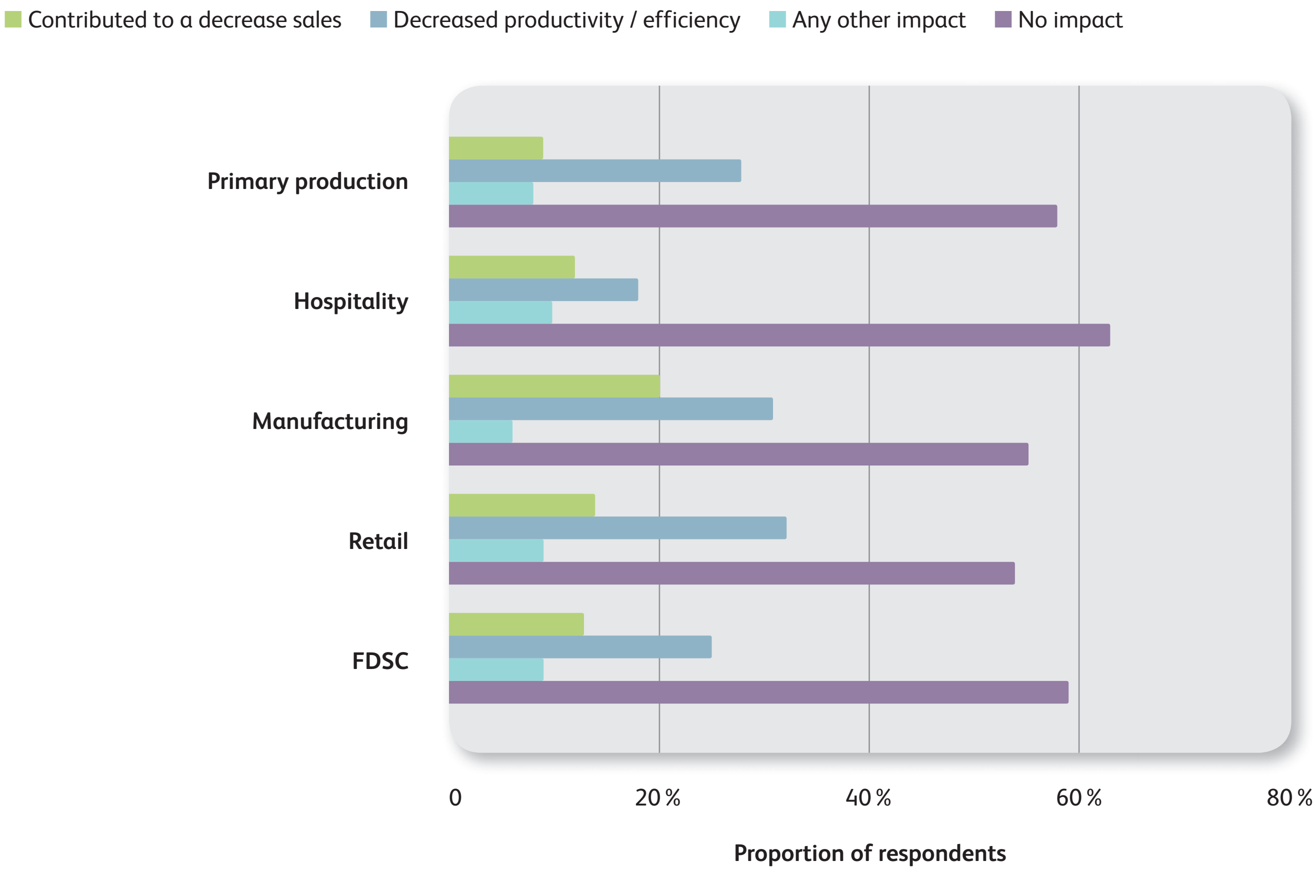
25%
of businesses had seen a decrease in productivity and efficiency as a result of skills gaps

13%
had experienced a decrease in sales

Employers were asked whether they had experienced any impacts of skills gaps on their business over the last three years. Overall, 59 % of those expressing a skills gap said that it had not impacted on their business, whilst 25 % had seen a decrease in productivity and efficiency, 13 % had experienced a decrease in sales and 9 % had seen some other impact.

Within the FDSC, employers in hospitality were the least likely to have seen any impacts of skills gaps (63 %), whilst those in retail and manufacturing were the most likely (55 % and 54 % respectively) and almost a third of employers with skills gaps in these two sectors had witnessed a fall in productivity or efficiency.

Figure 23 **Impacts of skills gaps**



Source: Employer Survey q9 n=298

Skills gaps and the entire FDSC

The 2010/11 research showed that there was a strong correlation between those skills rated as important by employers and the likelihood of a skills gap. Although there was no direct enquiry into this in the 2014 research, there may be some links between the skills seen as becoming more important and the occupational levels affected by skills gaps. For example:

- The skills most likely to be seen as increasing in importance (waste and environmental awareness) would apply to semi and unskilled employees such as manufacturing operatives in primary production and manufacturing, as would operating and maintaining equipment.
- The environmental skills would also apply to senior managers, who take ultimate responsibility for efficiency and compliance, as would sales and merchandising and business and administration skills.
- At the other end of the scale, the craft skills of dairy production, knife skills, bakery and brewing skills were amongst the least likely to be increasing in importance, tallying with the relative low overall perception of skills gaps amongst skilled trades (with the exception of manufacturing).

6 The supply of training

Approach

The overarching aim of this section of the report is to define the current context of food and drink related training provision in Wales.

Analysing current provision relating to the food and drink sector is a challenge in the sense that in addition to the qualifications and courses which specifically relate to food and drink, there are many others which will provide underpinning knowledge and skills which are used in other industry sectors. The review below has been carried out primarily as a desk-based study, but with the addition of some primary data collected as part of this research. The main sources of data used have been:

- Detailed information from the Welsh Government's Lifelong Learning Wales Record (LLWR) database, for take-up of education and training;
- The Database of Approved Qualifications in Wales[27] for approved qualifications available to individuals and training providers looking for appropriate learning in the sector, and
- In-depth qualitative interviews with representatives from a small sample of Further Education (FE) institutes in Wales.

This data has been used to map existing provision in the FE sector and to map work-based learning supported by Welsh Government. Obtaining detailed information regarding the type of and participation in privately run courses (ie paid for by the employer and delivered by private training providers) is extremely difficult, primarily due to the commercial sensitivity of the data. **However, it can reasonably be assumed that there is no market failure here and so there will be no requirement for public intervention in these cases.** Discussions held with FE institutes have been used to provide context to and further information regarding the current supply of food and drink related training provision in Wales.

Overview

Training in colleges around Wales is conducted and delivered in a variety of methods, ranging from on campus delivery to employers' premises, with many institutions choosing to use a combination of methods. The training providers interviewed varied in their campus's course offerings. Larger, more established institutions deliver training that is 'bespoke and developed with industry partners targeted at meeting commercial demands' (Cardiff Metropolitan University). Other, smaller institutions took a collaborative approach and offered graduate courses in conjunction with large Welsh universities. The smaller institutions offering non-graduate courses were offered on a part time and full time basis, with most institutions offering courses starting at entry level and some up to Level 7 (where applicable, i.e. Institute of Leadership and Management (ILM)).

[27] http://www.daqw.org.uk/PublicQualificationList.aspx.

6.1. Current provision

Further education

Information from the Welsh Government's Lifelong Learning Wales Record (LLWR) database offers an overview of post-16 learning provision by credit level and broad subject category related to the food and drink sector.

Displayed in Table 16, the LLWR data shows further education and work-based learning (WBL) figures from entry level 1 to levels 4 and 5 (HE equivalent). Only subjects with the potential to lead to employment in the food and drinks sector are displayed. These have been filtered out of wider provision from the Sector Subject Areas (SSAs) – agriculture, hospitality and catering, manufacturing technologies and retail and wholesale. The data shows an emphasis on Level 2 provision across all industry subsectors.

Table 16 **Food and drink related FE and WBL training provision**

Sector subject areas	Entry level / unknown	Level 1	Level 2	Level 3	Level 4/5	Total
Agriculture	45	235	995	360	0	**1,635**
Hospitality and catering	850	3,140	12,280	1,895	15	**18,180**
Manufacturing[28]	150	790	5,290	210	10	**6,450**
Retail[29]	355	1,810	2,440	890		**5,495**

Source: LLWR

In total, there are more than 31,760 students enrolled in food and drink related courses in Wales. Hospitality and catering comprise the most prominent courses accessed by students (57 %) followed by food and drink related manufacturing technologies (20 %), retail (17 %) and agriculture (5 %).[30]

[28] Only courses which may lead to a food and drink manufacturing occupation are considered.

[29] Only courses which may lead to a food and drink retail occupation are considered.

[30] Please note this sums 99 %, due to rounding.

Primary production

Within the agriculture sector, the most popular courses accessed by students are the NVQ Diploma in Work-based Agriculture (QCF) Level 2/3, Extended Diploma in Agriculture (QCF) level 3, Diploma in Land-based Studies (QCF) Level 2 and Award in the Safe Use of Pesticides (QCF) Level 2. Agricultural courses are offered across Wales with a particular concentration of provision offered in north Wales at Deeside College and Coleg Menai. 42 % of all students undertaking food-related agricultural courses are accessing provision at north Wales colleges.

Table 17 **Primary production related FE and WBL training provision**

Course title	Entry level	Level 1	Level 2	Level 3	Level 4/5	Total
Diploma in Workbased Agriculture (QCF)	0	0	175	55	0	**230**
Extended Diploma in Agriculture (QCF)	0	0	0	190	0	**190**
Diploma in Landbased Studies (QCF)	0	170	0	0	0	**170**
Award in the Safe Use of Pesticides (QCF)	0	0	125	0	0	**125**
Diploma in Agriculture (QCF)	0	0	110	0	0	**110**
Certificate in Workbased Agriculture (QCF)	0	0	55	35	0	**90**
Certificate of Competence in the Safe Use of Pesticides	0	0	75	0	0	**75**
NPTC PA 1 Foundation Modules Pesticide	0	0	65	0	0	**65**
PA 6a Hand Held Applicator - Knapsack	0	0	65	0	0	**65**
Certificate of Competence in the Transport of Animals by Road (Short Journeys)	0	0	55	0	0	**55**

Source: LLWR

Manufacturing

Within the manufacturing technologies sector, the most prominent courses accessed by students are more general qualifications which are relevant to a range of industry subsectors in manufacturing, such as Award in Health and Safety in the Workplace (QCF) Level 2, Award in Manual Handling Principles and Practice (QCF) Level 2 and Award in Fire Safety Principles (QCF).

In terms of qualifications which directly relate to food and drink manufacturing, the most prominent courses accessed by students are Award in Food Safety for Manufacturing (QCF), Certificate for Proficiency in Food Industry Skills (QCF), Certificate for Proficiency in Meat and Poultry Industry Skills (QCF) and Award in HACCP based Food Safety Systems in Manufacturing (QCF) - all delivered at Level 2 or above. According to LLWR data, over half of all students (65 %) undertaking food and drink related courses in manufacturing are accessing provision at north Wales colleges, with particular reference to Coleg Menai and Coleg Harlech/WEA North.

Table 18 **Manufacturing related FE and WBL training provision**

Course title	Entry level	Level 1	Level 2	Level 3	Level 4/5	Total
Award in Health and Safety in the Workplace (QCF)	0	120	2,100	10	0	**2,230**
Award in Manual Handling Principles and Practice (QCF)	0	0	975	0	0	**975**
Award in Fire Safety Principles (QCF)	0	0	310	0	0	**310**
Award in Food Safety for Manufacturing (QCF)	0	0	305	0	0	**305**
Certificate for Proficiency in Food Industry Skills (QCF)	0	0	300	5	0	**305**
Certificate for Proficiency in Meat and Poultry Industry Skills (QCF)	0	0	115	40	0	**155**
Award in HACCP based Food Safety Systems in Manufacturing (QCF)	0	0	150	0	0	**150**
NVQ Diploma in Performing Manufacturing Operations (QCF)	0	35	100	0	0	**135**
Award in Cake Decoration (QCF)	0	110	0	0	0	**110**
Community Food and Nutrition Skills	0	0	110	0	0	**110**

Source: LLWR

Hospitality

Within the hospitality and catering sector, Award in Food Safety in catering is the most frequently accessed qualification, with 38 % of all hospitality students undertaking this course. Other frequently accessed courses include Award in Food Safety in Catering (QCF), NVQ Diploma in Professional Cookery (QCF), NVQ Diploma in Food and Beverage Service (QCF), Certificate in Hospitality and Catering Principles (Professional Cookery) (QCF), NVQ Diploma in Hospitality Supervision and Leadership (QCF). All provision is delivered at Levels 2 and 3.

Table 19 **Hospitality related FE and WBL training provision**

Course title	Entry level	Level 1	Level 2	Level 3	Level 4/5	Total
Award in Food Safety in Catering (QCF)	0	0	6,820	0	0	**6,820**
NVQ Diploma in Professional Cookery (QCF)	0	0	440	190	0	**630**
NVQ Diploma in Food and Beverage Service (QCF)	0	0	560	0	0	**560**
Certificate in Hospitality and Catering Principles (Professional Cookery) (QCF)	0	0	370	145	0	**515**
NVQ Diploma in Hospitality Supervision and Leadership (QCF)	0	0	0	500	0	**500**
Diploma in Introduction to Professional Cookery (QCF)	0	480	0	0	0	**480**
Certificate in Hospitality and Catering Principles (Food and Beverage Service) (QCF)	0	0	455	0	0	**455**
Certificate in Professional Food and Beverage Service (QCF)	0	425	0	0	0	**425**
Award in Hospitality Supervision and Leadership Principles (QCF)	0	0	0	400	0	**400**
NVQ Diploma in Hospitality Services (QCF)	0	0	395	0	0	**395**

Source: LLWR

Retail and wholesale

In terms of retail and wholesale, the most prominent qualifications accessed by students are general courses related to the industry, such as Certificate in Retail Skills (QCF), BTEC Certificate in Retail Knowledge (QCF), Certificate in Retail Knowledge (QCF) and CBAC Mynediad 3 Iaith ar Waith Unit – 60. Although not specifically food related, they provide the underpinning knowledge and skills needed to operate in the food and drink supply chain. Training delivered in the sector is relatively low level with an emphasis on Level 1 and 2 provision. There is no provision currently delivered at level 4/5 in retail and wholesale in Wales.

Table 20 **Retail related FE and WBL training provision**

Course title	Entry level	Level 1	Level 2	Level 3	Level 4/5	Total
Certificate in Retail Skills (QCF)	0	645	725	0	0	**1,370**
BTEC Certificate in Retail Knowledge (QCF)	0	45	610	205	0	**860**
Certificate in Retail Knowledge (QCF)	0	150	295	105	0	**550**
CBAC Mynediad 3 Iaith ar Waith Unit - 60	335	0	0	0	0	**335**
Diploma in Retail Skills (QCF)	0	0	270	0	0	**270**
Diploma in Retail Skills (Management) (QCF)	0	0	0	235	0	**235**
Award in Retail Knowledge (QCF)	0	100	90	0	0	**190**
Customer Service Workshop	0	155	0	0	0	**155**
Worldhost-Principles of Customer Service	0	0	95	15	0	**110**

Source: LLWR

Welsh Government produces an online database of approved qualifications in Wales.[31] City and Guilds and Pearson Education Ltd are the two most prominent awarding bodies serving the food and drink sector, providing provision from Level 1 to Level 4. Training delivered ranges from general provision, such as health and safety in the workplace, to more specific technical training such as Level 2 Diploma for Proficiency in Brewing Industry Skills (QCF). A selection of sector specific courses are listed in Table 21.

[31] http://www.daqw.org.uk/

Table 21 **Approved qualifications in Wales**

Agriculture	City and Guilds	Level 2 Certificate in Pig Husbandry Skills - Weaner, Grower and Finishing Operations (QCF)
		Level 2 Certificate Pig Husbandry Skills - Breeding Herd Operations (QCF)
		Level 2 Award in Basic Stockmanship and Welfare (QCF)
		Entry Level Certificate in Skills for Working Life - Land-based (Animals) (Entry 2) (QCF)
		Level 2 Award in the Safe Use of Pesticides (QCF)
	Pearson	BTEC Level 3 Diploma in Fish Management (QCF)
		BTEC Level 2 Diploma in Fish Husbandry (QCF)
Manufacturing	City and Guilds	Level 2 Award for Proficiency in Baking Industry Skills (QCF)
		Level 2 Award for Proficiency in Food Manufacturing Excellence (QCF)
		Level 4 Diploma for Proficiency in Food Manufacturing Excellence (QCF)
	Pearson	EDI Level 2 Certificate for Proficiency in Food Manufacturing Excellence (QCF)
		EDI Level 2 Certificate for Proficiency in Baking Industry Skills (QCF)
		EDI Level 2 Certificate for Proficiency in Brewing Industry Skills (QCF)
		Edexcel Level 4 Award for Proficiency in Food Manufacturing Excellence (QCF)
		BTEC Level 2 Award in HACCP Based Food Safety Systems in Manufacturing (QCF)
Hospitality and catering	City and Guilds	Level 2 Certificate In Hospitality and Catering Principles (Professional Cookery) (QCF)
		Level 2 Certificate In Hospitality and Catering Principles (Professional Cookery - Food Preparation and Cooking (QCF)
		Level 2 Certificate in General Food and Beverage Service Skills (QCF)
		Level 2 NVQ Diploma in Kitchen Services (QCF)
		Level 2 NVQ Diploma in Food Service (QCF)
		Level 2 NVQ Diploma in Food Service (QCF)
	Pearson Education Ltd	EDI Level 3 Diploma in Advanced Professional Cookery (QCF)
		EDI Level 2 NVQ Diploma in Food Production and Cooking (QCF)
		EDI Level 2 Award in Food Safety in Catering (QCF)
		EDI Level 2 Award in Practical Food Safety in Catering (QCF)
		EDI Level 2 Award in Principles of Customer Service in the Hospitality, Leisure, Travel and Tourism Industry (QCF)
Retail and wholesale	City and Guilds	Level 1 Diploma in Retail Skills (QCF)
		Level 3 Certificate in Retail Skills (Visual Merchandising) (QCF)
		Level 3 Diploma in Retail Skills (Sales Professional) (QCF)
		City & Guilds Level 3 Certificate in Retail Skills (Management) (QCF)
	Pearson	Pearson Edexcel Level 1 Award in Retail Skills (QCF)
		Pearson Edexcel Level 2 Certificate in Retail Skills (QCF)
		Pearson Edexcel Level 3 Certificate in Retail Skills (Management) (QCF)

Source: DAQW

In addition to City and Guilds and Pearson Education Ltd, there are a number of other approved awarding bodies who deliver qualifications relevant to the food and drink sector, such as FDQ Limited, ABC Awards and Lantra Awards.

Once again, these awarding bodies deliver a mix of specialist courses such as ABC Level 1/2 Award in Wired Sugar Flowers (QCF) and FDQ Limited Level 3 Award In Fishmonger Skills (QCF), to more general courses related to different elements of the food and drink supply chain such as FDQ Level 2 Award in Food Safety for Catering (QCF) and Level 2 Award in Food Safety in Manufacture. Lantra Awards offer accredited training and qualifications across a wide range of agriculture topics, including leadership and management as well as bespoke training.

Higher education

Within Wales there are a number of HE institutions offering courses which relate to the food and drink sector available at both undergraduate and postgraduate levels. A summary of provision by institution and qualification level is visible in Table 22.

Table 22 **Food and drink related higher education institutions**

Institution	Qualification	Course title
Aberystwyth University	FdSc	Agriculture (D402)
	BSc (Hons)	Agriculture (H21Y)
	BSc (Hons)	Agriculture (4 years) (D401)
	FdSc	Agriculture (inc work placement year) (D403)
University of Wales Trinity Saint David (Swansea)	BSc (Hons)	Food Logistics (7V9D)
	HND	Food Logistics (8G3W)
Cardiff Metropolitan University	BSc (Hons)	Food Production Management (D600)
	BSc (Hons)	Food Science and Technology (3 Years or 4 Years including Foundation) (D616)
	HND	Hospitality and Events (32M6)
	BA	International Hospitality Management (3 Years or 4 Years including Foundation) (N220)
	BA(Hons)	International Hospitality Management (3 Years or 4 Years including Foundation) (N220)
	HND	Tourism, Hospitality and Events (8MYF)
Glyndŵr University	BA(Hons)	Hospitality, Tourism and Event Management (P0L2)
	BA(Hons)	Hospitality, Tourism and Event Management (2 year fast-track) (4A74)
	BA(Hons)	Hospitality, Tourism and Event Management (including Foundation Year) (2SKW)
Coleg Llandrillo	FdA	Culinary Arts (D601)
	BA (Hons)	Culinary Arts (D600)
	BA (Hons)	Hospitality Management (N225)
	FdA	Retail Management (N241)
	BA (Hons)	Retail Management (N240)
NPTC Group	HND	Hotel & Catering Management (062N)
	BA (Hons)	Hotel and Catering Management (N801)
	BA	Hotel and Catering Management (N800)
University of South Wales	HND	Retail Management (L4S6)
	FdA	Retail Management (43T6)

Source: HEFCW

Cardiff Metropolitan University offers the largest number of HE courses related to the food and drink sector, delivering training in both food production technology and hospitality. The majority of food and drink HE courses delivered in Wales are related to hospitality and retail elements of the food and drink supply chain.

6.2. Training providers in Wales

Most training providers articulated a lengthy and thorough process to discover the training that industry employers want and need. Some colleges took a holistic approach: colleges used consultative groups consisting of employers, sector skills councils and trade union officials, combined with government and SSC trend analysis and reports to monitor the industry trends. One college gave a very bespoke example approach to matching learners and employers: 'before the start of any apprenticeship the employer is involved in identifying each learner's specific need to establish that they can be met and that these match the employer's requirements' (Arfon Dwyfor).

Other, larger institutes liaised directly with companies analysing technical and other needs, highlighting the training requirements needed to match employer with trainee. The technology provided on site from all training providers claimed to be up-to-date and regularly reviewed and developed so that the institutions can attract the best students. Likewise, operating systems were comprehensive and integrated with up-to-date systems, with providers claiming good funding provision available for ICT.

Despite this proactive approach to engagement evident from FE training providers, only one in ten of the survey respondents found out about available training through their local college. Comparably, nearly one in five of the sample (19 %) sourced training online and a futher 17 % through in-house training opportunities.

Table 23 **Method of sourcing training**
Base: 329

Source	Total[32]
Internet/ online	19 %
Do it in-house/ do it myself	17 %
Local/ private training provider	13 %
Colleges/ local colleges	10 %
Head Office	9 %
Farming Connect	7 %
Local council	7 %
Welsh Assembly/ Welsh government	5 %

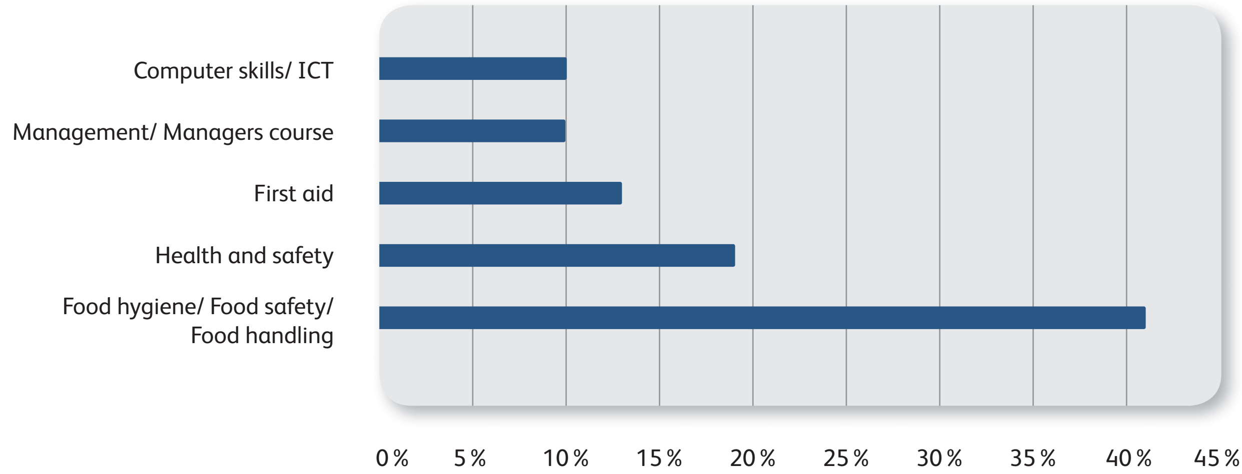
Source: Employer Survey 2014, q16

Notably, 18 % of businesses in the south east of Wales accessed their training programmes through local or private training providers, with only 8 % doing so in the north.

Training accessed in the past three years has been overwhelmingly dominated by training for food hygiene, safety and handling, with 41 % of training courses completed being under these programme titles. As well as this, programmes related to health and safety and first aid have also been popular, reflecting a more holistic approach to hygiene, health and first aid response.

[32] Sources of training with a proportion less than 5 % are not shown.

Figure 24 **Training programmes completed in the past three years**
Base: 329

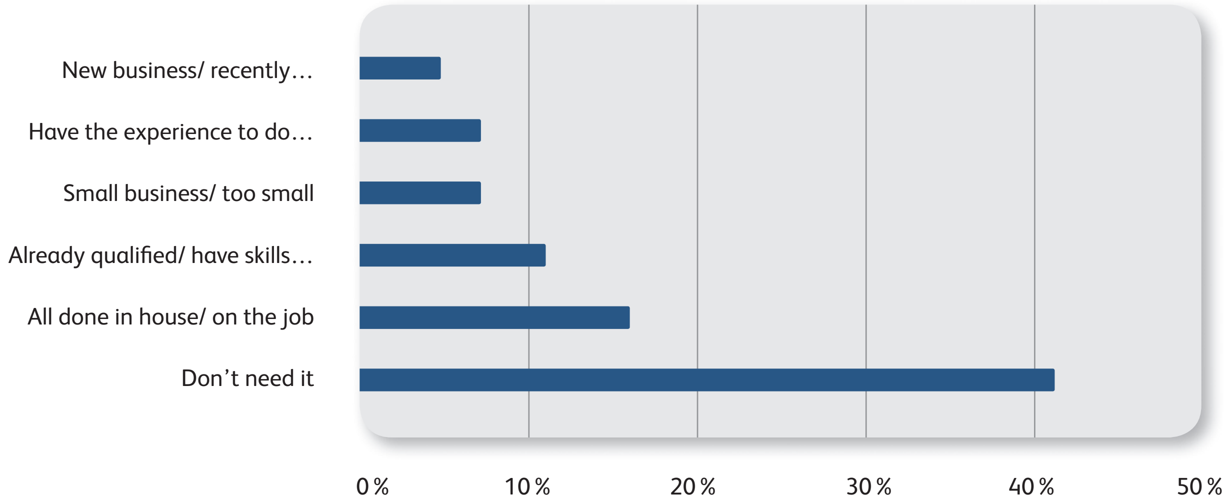


Source: Employer Survey 2014, q 17

Training providers in Wales are considered to have some key strengths to which they add to the trainee's experience of education and thus a smooth progression into employment. One training provider claimed that Wales offered a 'genuinely effective service...' that 'attracts and gains the commitment of non-academic learners and provides them with good quality skills which then enable them to develop practical skills for careers away from college.' The training providers were unsurprisingly all complimentary of their institution's ability to tailor curriculums to offer practical based work experience and vocational training that is credible, operating to international standards. Notably, the institutions all mentioned the good sharing practices between themselves, alluding to a collaborative and thorough approach. Although, one provider noted that the geographical spread of training providers sometimes makes it difficult to support co-operation in further education.

The most popular reason for businesses not supplying training among the sample was a feeling that there was no need to source external training. The second most popular reason was that it was felt sufficient training was available in house and on the job.

Figure 25 **Main reasons for not supplying training**



Source: Employer Survey 2014

Apprenticeships

The survey queried businesses who do not currently offer apprenticeships to understand their reasons for this. Almost a quarter of the sample (23 %) indicated that they didn't have a need for apprentices or that they were not relevant to their business. One fifth (19 %) indicated that they felt their business was not big enough to support apprentices. 16 % suggested that they don't need staff whilst the remainder of the sample indicated that either the cost of having apprentices (8 %), a lack of understanding (6 %) or insufficient time (4 %) were barriers to offering places for apprentices.

Table 24 **Main reasons for not currently offering apprenticeships**

Reason	Total[33]
No need for it/doesn't apply/ not relevant	23 %
Small business/ not big enough	19 %
Don't need staff/ no work for them	16 %
Cost/ can't afford it/ lack of funding	8 %
Don't know much about it/ not looked into it/ not got around to it	6 %
No time	4 %

Source: Employer Survey 2014

[33] Responses recording less than 4 % are not shown.

Notably, the most common reason for apprenticeships not being relevant to the businesses differed in the various areas in Wales. A greater proportion of businesses in the south east (31 %) claimed that apprentices were not relevant to their businesses compared with the south west and north Wales (19 % each). Exactly half of the sample (50 %) were not aware of the apprenticeship placement support that was available to their businesses. Clearly, therefore, greater awareness and publicity of such support is required.

7 Conclusions and recommendations

The FDSC appears to have coped well with the recession, with key economic indicators showing signs of growth - turnover is up 3 % and employment 6 % compared with 2010/11. Business confidence is positive (53 % of the sample expect an increase in turnover) but this is unchanged on the previous research, suggesting that Welsh businesses are still feeling the after effects of the global recession (Figure 6).

Skills gaps in the FDSC are still very high. Previous research acknowledged that there are more low skilled workers in the food and drink sector in Wales than there are in any other of the UK nations' equivalent workforce.[34] This research supports such sentiments by highlighting a high skills gap of 40 % across the FDSC as a whole, compared with a national skills gaps of 16 % [UKCES]. Despite numerous interventions in recent years, there still exists a significant challenge to reduce skills gaps in the FDSC in Wales.

There are high numbers of people needing lower level skills, but there is a smaller number of people who need high level skills – skills which are particularly important for driving technological advancements in the FDSC – which are widely recognised to be important for stimulating the growth of exports, and, in doing so, securing the future sustainability of the domestic supply of food. Also, higher level skills such as practical, high level professional training for chefs which promotes the objectives of the Food Tourism Action Plan in advancing Welsh food culture and which contributes towards developing effective career pathways are thought to be in high demand (evidenced by the relatively higher proportion of skills gaps among higher level occupations in the hospitality sector).

The 2010/11 report concluded that the FDSC is important, but needed to add more value to compete with the rest of the UK.[35] This has since been enshrined in policy, with a Welsh Government commitment to drive 30 % growth in the sector to 2020. Achieving this target will require renewed efforts to add value through a whole supply chain approach, delivering transferable skills through joint initiatives on training and business development across the sector. To meet such ambitious targets, profitability and productivity within the FDSC need to improve. The role of skills development in driving such business improvements is widely documented, yet this research suggests businesses are underestimating the impact that skills development can have on their business's performance. Measures to address this issue are clearly needed if the Welsh FDSC is to achieve its growth targets.

The 2010/11 research highlighted that careers perceptions of the food and drink supply chain were generally negative amongst learners [this research concludes the same as did the RDP 2014:2020].

Most noted the growth's dependence on the attraction of new business and developments along with a continued improvement of the general economic environment. Respondents emphasised the industry's necessity to be more cohesive in its future development, with one respondent claiming a need for a 'Team Wales' approach for a more succinct and economically sound industry.

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[34] Nataional Strategic Skills Audit for Wales: Delivering Growth Action Plan.

[35] Refer to Section 2 for furher discussion on the findings of the previous research.

Recommendations

The evidence presented in this report shows that the interventions put in place in reponse to the 2010/11 research have gone some way to addressing the skills gaps and wider sectoral issues / barriers. However, it would be naïve to assume that the same problems do not still exist. Furthermore, the research has revealed additional areas where intervention is necessary to ensure the FDSC in Wales has a successful and sustainable future. Therefore, the following recommendations are proposed:

1. Concentrate FDSC employer skills needs and LMI within a Wales food and drink skills hub.
2. Promote industry access to knowledge transfer, accredited and non-accredited training linked to employer needs that professionalise the sector.
3. Promote a co-ordinated high quality and flexible provider network made up of private providers and colleges, able to support employers with skills and training solutions for both high and low levels, and including apprenticeships.[36]
    a. Prioritise support for higher level skills development. There are a low number of key skills requirements which are critical in driving forward the FDSC. These need to be supported in Wales to ensure that Welsh businesses in the FDSC can take advantage of changing technologies.
4. Raise awareness of the importance of skills development as a mechanism for improving profitability, productivity and resilience within the FDSC. Develop upon the Skills Co-ordinator role within Farming Connect so that similar access to independent skills and training advice is available all across the FDSC linking with WG proposals within the Skills Gateway.
5. Use skills development as a mechanism to build resilience in the FDSC – by addressing cross-cutting issues such as health, food culture and education, and environmental sustainability – and in doing so, supporting The Action Plan for the Food & Drink Industry 2014-2020.
    a. Improve public perceptions of the food offer in Wales to support the Food Tourism Action Plan. This could be achieved by supporting skills that will help promote Welsh food, (for example, sales and marketing skills linked to selling a story of local food and celebrating food culture).
    b. The FDSC should target ESF funding to support the 'Skills for Growth' priorities set out in the Structural Funds Programme. An economically successful FDSC sector which experiences sustainable growth will also support Welsh Government priorities of 'Tackling Poverty through Sustainable Employment' and 'Youth Employment and Attainment'. Furthermore, an efficient and profitable FDSC will help to support the health, economic, food culture, tourism, environment and sustainability agendas within Wales.
6. Consolidate FDSC careers activity between Sector Skills Councils, Careers Wales and key stakeholders to showcase potential career opportunities within the sector.

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[36] This recommendation will continue to contribute to the previous recommendation to: Improve links between education and industry – also supporting the aims of the RDP.

In addition to the recommendations noted above, the research presented in this report offers no reason why some of the recommendations of the previous report should not continue to be pursued. The recommendations from the previous research that are still applicable are noted below.

7. Co-ordinate information about FDSC related skills and labour market information – i.e. where to go to get the provision you need. This supports the RDP 2014:20 in its aims to creating and promoting a cohesive programme of skills and career choices, but also link it to how important skills are to business performance.
8. Increase the profile and understanding of the FDSC as a potential career – increasing the number of industry entrants, improving awareness of the positive aspects of a career in the FDSC among school age students, as well as the number of students studying related courses in further education.
9. Develop a greater understanding throughout the FDSC, of accredited training.
10. Enhance conditions which enable cross-sectoral business to take place.

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