

FDF Response to the Migration Advisory Committee Call for Evidence on the Shortage Occupation List – May 2023

Section A: About you and the organisations you represent

As the UK’s largest manufacturing sector, with a footprint in every region and nation in the UK, the food and drink industry contributes over £33 billion to the economy in Gross Value Add and employs over 450,000 people. We are central to ensuring the functioning of the UK’s food supply chain providing nutritious, delicious, safe and affordable food and drink to everyone, everywhere, every day.

The unique footprint of food and drink means no one need leave their local areas to get a good job – and build a great career – in our industry. But we are facing sustained and severe labour shortages – all of which are making food and drink production more expensive, less competitive and holding back growth.

Food and drink manufacturing vacancies were 5.9% in Q1 2023¹, double the manufacturing and UK average. At any one time there are 28,000 good jobs available, at all skill levels. Shortages are particularly acute in process operatives, engineers and food scientists. Employers are doing what they can to attract and retain workers including offering higher wages and benefits, investing in Apprenticeships, creating and supporting the industry-led Food and Drink Careers Passport² and introducing more flexible shifts, but these shortages are impacting production and adding costs into an already stretched supply chain.

We need a well governed, targeted migrant labour scheme as we manage the transition towards more automation, upskilling our current workforce and training more of the domestic workforce. We therefore welcome this opportunity to respond to the Migration Advisory Committee’s call for evidence on the Shortage Occupation List.

Section B: Occupations in Shortage and indicators

B1. Please tell us about the jobs that the organisations you represent said were hard to fill in the past 12 months. (You can provide up to a maximum of 5 occupations).

Occupation SOC Code
1. 8111 Food, drink and tobacco process operatives
2. 3116 Planning, process and production technicians

B2. What is the job title, and where are these jobs likely to be based? (Occupations should correspond to the SOC codes above)

Occupation	What is the job title?	Where are these jobs likely to be based?
1. Food, drink and tobacco process operatives (L2)	<ul style="list-style-type: none"> • Baker (food products manufacture) • Bakery assistant • Factory worker (food products manufacture) • General Operator 	Across all parts of the UK

¹ FDF State of Industry Q1 2023

² Food and Drink Careers Passport – an industry-led, pre-employment training programme <https://fdcp.co.uk/>

	<ul style="list-style-type: none"> • General Site Operator • Meat processor • Process worker (brewery) • Process worker (dairy) 	
2. Planning, process and production technicians (L3) (median rate: £26,000)	<ul style="list-style-type: none"> • Manufacturing technician • Process technician • Production controller • Production planner • Production technician 	Across all parts of the UK

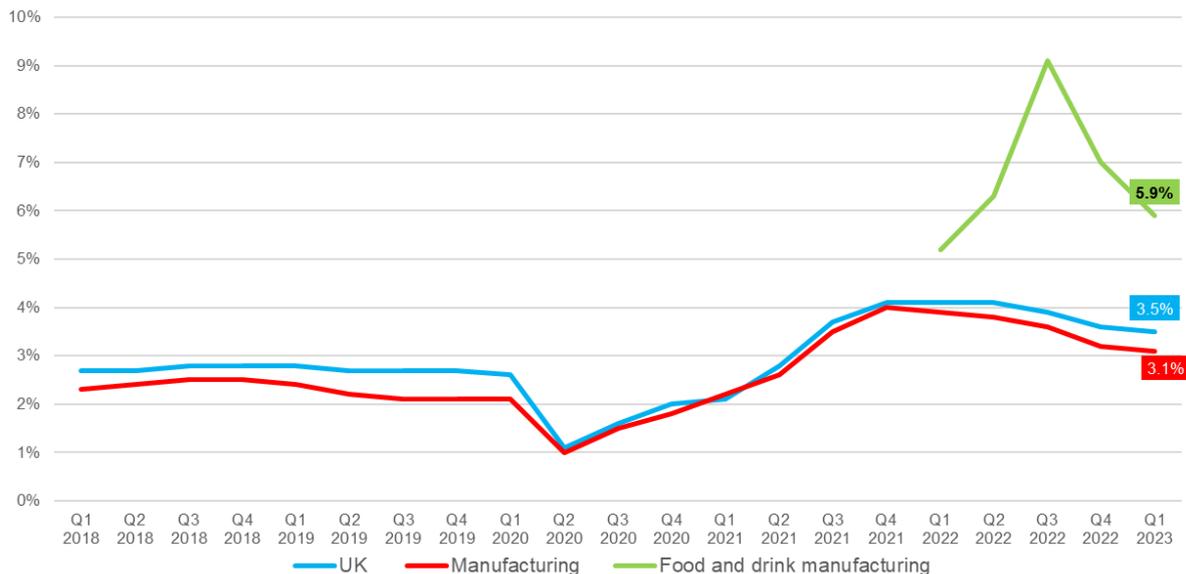
Section C: Why an occupation should be on the SOL

C1. Why are jobs which you have referred to throughout the Call for Evidence (CfE), hard to fill as reported by the organisations or members you represent?

Severe staff shortages persist across a wide range of roles and skills in food and drink manufacturing including occupations that are no longer eligible for the SOL such as engineers, food scientists and food technologists. Food and drink manufacturers reported 5.9 unfilled positions for every 100 jobs in Q1 2023, down from 7.0 in Q4 2022, but double the UK average of 3.5 and wider manufacturing average of 3.1.

Vacancy rates in the food and drink manufacturing, UK and manufacturing

Number of vacancies / 100 employees

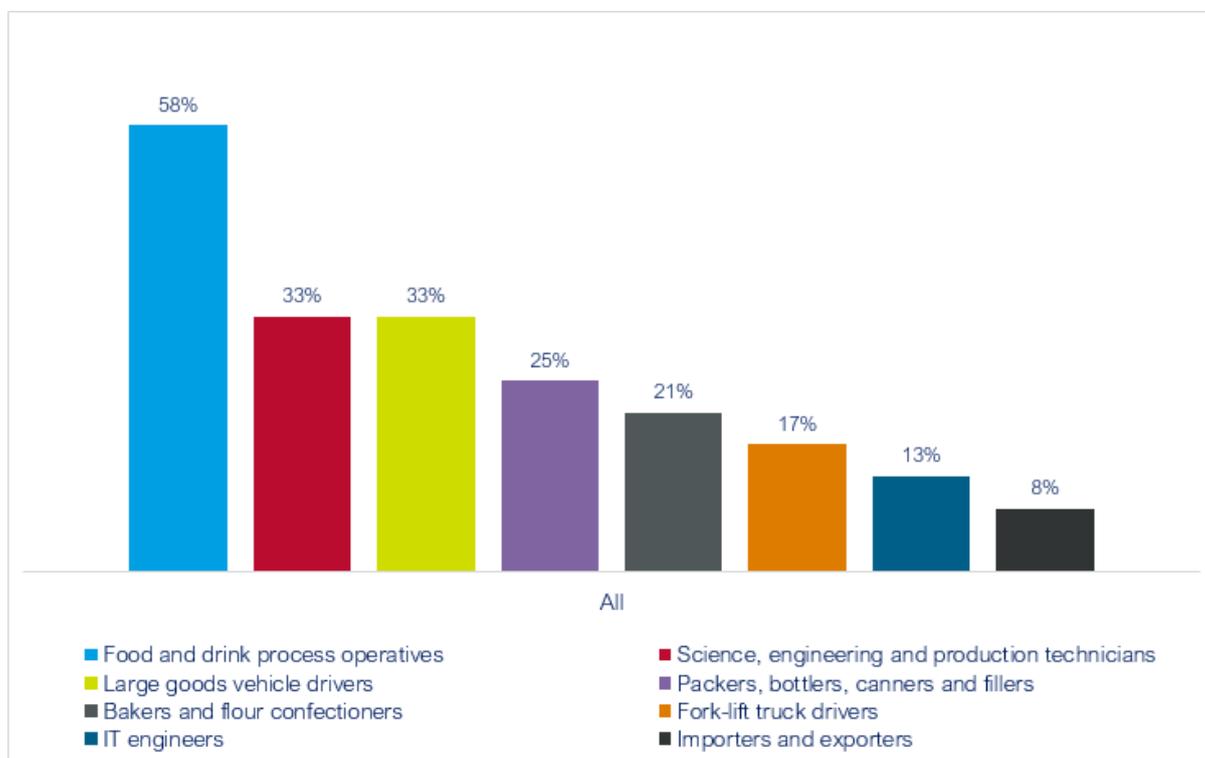


While these acute labour shortages have eased somewhat in the last few months, many food and drink manufacturers are managing to fulfil current orders by offering overtime to existing employees, but this approach is unsustainable and has implications for longer term productivity and growth. Companies are unable to take on new orders as they're not able to employ sufficient quantities of food and drink process operatives in order to increase shifts and satisfy that demand. For example, one of our members based in the East Midlands secured investment for an 18-month project to expand and create a new production line but it still hasn't gone live due to lack of available staff.

In Q1 2023 FDF's State of Industry survey, we asked our members about shortages in roles that are currently eligible for the SOL. Over half (58%) of manufacturers reported a shortage

of Food and Drink Process Operatives, while a third of respondents had reported Science, Engineering and Production Technicians were difficult to recruit and another third were struggling to recruit Large Goods Vehicles (LGV) drivers.

Difficult to recruit occupations in the UK that are eligible for the SOL



Food and drink manufacturers require employees from across the whole skills spectrum in order to operate. Members identified a wide range of factors that were leading to labour shortages in the sector. Some of these were more applicable to low-skill roles, others to mid- and high-skill roles, and some were applicable across the skill spectrum.

- For lower-skill, members suggested an ageing workforce combined with a shift in aspirations among the younger British workforce is a key factor. People who used to do manual, repetitive roles are retiring and younger British workers have different aspirations to their older counterparts.
- These shortages are being exacerbated by the end of free movement. EU citizens have been more willing to take on manual roles but fewer are available for work since many European workers left during the Covid-19 pandemic and have not returned given the uncertainty around their rights to live and work in the UK. This has also impacted the availability of seasonal agency labour.
- At the mid- and high- skill end, members identified the quality of STEM education in the UK exacerbating skills shortages among engineers and food scientists in particular. With very little provision for food science specialisms in the UK, members have often turned to Europe to recruit where there is greater provision for these subjects. This has become even more difficult with the length of time and cost involved in bringing in overseas talent via the skilled worker visa route.
- Looking across the skills spectrum, members felt the industry suffered from an undeservedly poor image. This was seen as partly due to careers advice in schools promoting office jobs over jobs in manufacturing, driven by a poor understanding of

what 21st century high-tech food and drink manufacturing looks like. The rise in remote working since the pandemic has also made it more difficult to promote manufacturing jobs.

- In some rural areas, attracting and retaining the best talent can also be difficult. A lack of available, good quality housing and access to public transport needed to transport workers to rural food and drink manufacturing sites can be particularly challenging when combined with a need to work shift patterns.
- Members also find it difficult to compete with other sectors for talent. In a highly competitive retail environment, profit margins for many food and drink manufacturers have remained tight, particularly among SMEs, meaning that the sector is vulnerable to pressure from other sectors with higher margins. Food price inflation has only exacerbated this – with margins squeezed even further. Small increases in hourly pay in another sector such as large online retailers are enough to shift people away from food and drink.

C2. Which skills do the organisations or members you represent most commonly find hard to fill and why?

Businesses are facing real challenges recruiting for roles across the skills spectrum, with engineering and process operatives particularly proving difficult to hire and retain. Food technologists, research and development (R&D), marketing and digital roles are also difficult given high competition for these skills. Please see a full list of roles below where our members are finding it difficult to fill vacancies:

Eligible for the SOL:

- Food, drink and tobacco process operatives (8111)
- Process and Production technicians (3116)

Not currently eligible for the SOL but still in shortage:

- Packaging engineers (2129)
- Electrical Engineers (5241)
- Mechanical Engineers (5223)
- Food Technologists (2129)
- Food Scientists (2119)

Experienced workers are leaving the industry for retirement whilst interest from new entrants to the sector has proven difficult. It is estimated that almost a third of the food and drink manufacturing workforce is set to reach retirement age by 2033-35³. Food and drink manufacturers have worked closely with the Institute for Apprenticeships and Technical Education to develop standards for Food and Drink Engineer, Food Technologist and Food Process and Technical Operator Apprenticeships. However the uptake of these Apprenticeship programmes have flatlined or fallen since 2020 and have yet to recover to pre-pandemic levels, with a few exceptions namely Food Engineering (Level 3 and 5) and Food Technologist Level 3 Apprenticeships.

C3. What level of experience is required for these jobs and why?

The required skills for these roles include food safety, health and safety, HACCP, and allergens awareness. We need work-ready individuals which is why the FDF has worked in partnership with the National Skills Academy for Food and Drink and manufacturers to develop the Food & Drink Careers Passport ®. The passport is an employability tool designed to make it easier to find new recruits with Food Safety, HACCP, Health and Safety and Allergen

³ Preparing for a Changing Workforce, Food and Drink Sector Council 2019

Awareness accreditation; to provide a common industry standard; and raise the profile of industry jobs. We have over 75 companies who have pledged support for the Passport (e.g. guaranteeing interviews for passport holders) and 1,000 training opportunities have been created.

C4. In the past 2 years, COVID-19 and other changes such as the ending of freedom of movement on 1st December 2020 have often changed the way employers recruit. With reference to the past 2 years, what changes (if any) have the organisations you represent experienced when recruitment/finding workers?

Accessing labour is a major obstacle to the sector's future growth, further exacerbated by an ageing workforce and technical skills shortages. The UK's labour market has seen significant structural changes post Covid-19 and Brexit. For example, the global pandemic saw 1.3 million foreign born workers leave the UK and many European workers have not returned given the uncertainty around their rights to live and work in the UK since the ending of freedom of movement. Our industry actively engaged with the Kickstart programme, launched by the Department for Work and Pensions, and offered 400 places to drive more younger people into food and drink manufacturing but did not get the numbers through and managed to fill just over half of them – despite branded manufacturers offering places.

Before these structural changes in the UK labour market, manufacturers tended to recruit temporary agency workers into process operative and technician roles before moving them onto a permanent contract. Following the end of free movement, this recruitment method was no longer viable. Some food and drink manufacturers have tried to recruit domestic workers into these entry level roles which has proven more difficult.

We therefore welcomed the Government's independent review of labour shortages in the food supply chain, as committed to in the Food Strategy. We expect to see recommendations from this review published this summer. However, given the urgency of the problem, this should be taken forward swiftly with a greater consideration of measures which will make a difference to the problems businesses are facing right now.

C5. Have the organisations or members you represent experienced difficulties with retaining staff in the past year?

Over the last year, members have faced challenges in retaining staff against the backdrop of a hot labour market and significant wage growth. Employers have worked hard to retain workers including:

- offering higher wages and benefits – pay in the sector rose by 4.1% over the last 12 months and is expected to increase by another 5.4% over the next year⁴.
- investing in Apprenticeships (see question C6)
- introducing more flexible, shorter shifts patterns; and
- introducing new training programmes to transition skills across their business e.g. Warehouse to Wheels.

Despite these efforts, there has been strong competition from other sectors to attract talent in a tight labour market. In a highly competitive retail environment, profit margins for many food and drink manufacturers have remained tight, particularly among SMEs, meaning that the sector is vulnerable to pressure from other sectors with higher margins. Food price inflation has meant that manufacturers' margins have been squeezed further. Small increases in hourly pay in another sector such as large online retailers and other manufacturing sectors are enough to shift people away from food and drink.

⁴ Q1 2023 FDF State of Industry Report

C6. Which of the following steps have the organisations that you represent taken to overcome difficulties in filling vacancies for those hard to fill vacancies?

Members have increased salaries to attract staff, especially in the areas of food science, logistics, digital and engineering (especially in areas where food and drink manufacturers were competing with automotive and aerospace businesses for engineers). However, this has mostly led to companies and sectors recruiting staff from each other, with limited success in increasing the overall number of workers in these areas. Pay in the sector rose by 4.1% over the last 12 months and is expected to increase by another 5.4% over the next year⁵. In addition, companies have focused on the following areas to address hard to fill vacancies:

Apprenticeships

We are hiring more apprentices in specific areas where we are facing hard to fill vacancies. The number of young people starting food and drink maintenance engineer apprenticeships increased by 75% and technical operators grew by 25% between August and October 2022⁶. These are both areas where there are significant skills shortages, demonstrating how apprenticeships are a valuable tool used by food and drink companies to recruit new talent and upskill their people. Whilst there has been some success from this approach, it has also been beset by a range of problems and has by no means resolved skill shortages.

Challenges in finding new talent externally have also led some businesses to encourage internal progression through Apprenticeships which improves skills within the business and encourages retention but does not resolve labour needs. However, the mandatory requirements for functional skills (Level 2 Maths and English) in Apprenticeships is acting as a barrier to upskilling more employees – particularly those who are older or have been educated abroad but clearly have sufficient Maths and English skills to be competent in their role.

Food and drink manufacturers have made costly adaptations when training apprentices to cover accommodation and travel costs so that they can transport apprentices to a high-quality training provider. There are geographical gaps in the provision of specialist food and drink apprenticeship standards in England. For example, there is currently no food and drink apprenticeship provision in the North East, parts of the South West and the South East of England. Companies are working closely with apprenticeship providers to develop their food and drink expertise and knowledge about the sector to bring it up to the required level.

Members have also made efforts to engage with schools and universities to increase understanding of the jobs available in modern food and drink manufacturing, as well as the wider food chain. Attempts to tackle the industry's image problem by dispelling misconceptions have been made through a number of coordinated careers activity. Initiatives include [FDF Scotland food education signposting](#), National Skills Academy for Food and Drink Tasty Careers campaign, the Institute of Grocery Distribution (IGD) employability programme that includes school visits as well as free learning opportunities for employees in the industry.

Food and Drink Careers Passport

In partnership with the National Skills Academy for Food and Drink and the FDF, the industry has created and launched the Food and Drink Careers Passport®, an employability tool which provides jobseekers across the UK with the opportunity to gain pre-entry training and accreditation. We have over 75 companies who have pledged support for the Passport (e.g. guaranteeing interviews for passport holders) and 1,000 training opportunities have been

⁵ Q1 2023 FDF State of Industry Report

⁶ Data from the Department for Education

created – over 650 committed jobseekers have either started or completed their studies with 400 further places readily available.

Investing in Automation

Manufacturers are looking at investments in End of Line automation and the sector's acquisition of robots has significantly increased, making food and drink the second largest sector (after automotive) in terms of robots purchased. But this type of investment is not universal – 97% of food and drink manufacturers are SMEs and the initial outlay to automate is often prohibitively expensive. Moreover, supply contracts in the food and drink industry are typically short-term in nature. Therefore, the non-renewal of a contract could leave a manufacturer with an expensive piece of equipment and no order to fulfil. Furthermore, companies are struggling with high input costs, labour and skills shortages and supply chain challenges – this is preventing many of them from investing in automation and digital technologies. While such investments could help reduce these pressures, it is a complicated landscape and many businesses don't know where to start on this journey.

That is why the FDF has created a single point of entry for businesses looking to access and invest in new and existing technology solutions available. [The Food and Drink Innovation Gateway](#), launched in 2022 for FDF members, and now open to any UK food and drink manufacturer, directly connects businesses to the UK's world-leading experts on automation and digital technologies from High Value Manufacturing Catapult network and universities. To build on this industry-led activity, Government and industry need to work together to look at automation as a way of increasing productivity in food and drink manufacturing.

C7. How effective are each of the strategies mentioned in the previous question in managing hard-to-fill vacancies, and why?

While there has been some success from each of the strategies mentioned above, there are still barriers that exist which has meant they have not fully resolved the shortages we're facing. It is therefore too early to say how effective each of these strategies have been and it will take years before we start to see the full effects of the greater investment in skills and automation. Some the barriers we need to address include:

Apprenticeships

We are calling for a review of the Apprenticeship System including the Levy which delivers the following:

- a targeted approach to allow more flexible spending within the Levy on shorter, modular training. There is a need to upskill more quickly in some areas (e.g. digital skills, team leader, lean manufacturing) but for Apprenticeship Levy payers, levy costs are crowding out training budgets and this type of training is not being prioritised as it should.
- greater recognition of relevant experience and prior learning – the mandatory inclusion of functional skills in Maths and English acts as a barrier to apprenticeship participation for older, experienced workers and would be better supported by relevant training outside apprenticeships.
- More investment in training provision to improve the standard and consistency of delivery in all parts of the country. We don't have the same economies of scale that other manufacturing sectors have as we're not clustered in one or two regions so access to high quality, specialist training for our sector is a mixed bag across the country. Training providers and colleges are also struggling to recruit and retain good tutors on current funding levels as they can't compete with salaries in industry. This is impacting both the quality and availability of provision.

- Improved support for SMEs to help them access the right training providers and funding. SMEs who could receive levy funds rarely have the time or resource necessary to access the funds available to them, identify which standards work for them and access the training providers needed to deliver apprenticeships.

Automation

We are calling for Government to work with us to explore an industry-government partnership to improve productivity through the adoption of automation and robotics across businesses and sites to boost our sector's added value by an additional £1-1.4 billion by 2030⁷. This partnership will build on the work of the Food and Drink Innovation Gateway and help food and drink manufacturers to de-risk these types of investments in current difficult economic conditions. Other points to note which are potential barriers to investing in automation:

- Members noted that whilst some companies had been able to automate more than others, a mass move to automation was only likely to exacerbate skills shortages in different areas in the future if the UK didn't improve its STEM education and training capacity.
- There are capacity issues for End of Line automation which are causing longer lead times. Equipment suppliers have built machines but cannot ship them because they are awaiting control systems. Most machines have gone from 6 to 9-12 months delivery lead time.

C8. If you are a trade body or an association which represents businesses within a specific sector, to what extent has your organisation been involved in the development of training for the businesses you represent?

As a trade body representing the UK's largest manufacturing sector in the UK, the Food and Drink Federation works closely with a range of partners from the Food and Drink Sector Council to the National Skills Academy for Food and Drink to help raise the profile of the sector as a premium career choice for young people, graduates and apprentices and demonstrate the career progression across the sector. We are not currently involved in the development of training for our sector but previously we have been involved in Apprenticeship Trailblazers and developed content for the MEng Food Engineering degree delivered at Sheffield Hallam University (which finished in 2018 due to lack of students applying). Below are some examples of activity we currently undertake to support our members:

- Support the Apprenticeships in Manufacturing initiative being led by the Department of Education which is seeking to increase SME participation given this is where the largest drop in apprenticeships have been.
- Promote the Food and Drink Careers Passport: In partnership with National Skills Academy for Food and Drink, we will continue to promote an [industry-wide recognised entry standard](#) that raises the profile of the sector as a premium career choice
- Signpost to the National Skills Academy's Tasty Careers Campaign and IGD's employability programmes for young people
- Promote food and drink during National Apprenticeship and Career Weeks
- FDF Scotland has developed some fantastic work on food education signposting: www.foodeducationscotland.scot

⁷ Independent research conducted for FDF by the Centre for Economics and Business Research (Cebr), 2022

- Launching [the Food and Drink Innovation Gateway](#) to connect food and drink manufacturers with catapult centres and universities to help investment in automation and digital technologies.

C9. Why do you think these occupations should be on the SOL?

We believe these two roles should be included on the Shortage Occupation List to help businesses access the people required to fulfil new orders and grow their businesses. Companies are managing a transition towards more automation, upskilling our workforce and recruiting more domestic workers through the skills system but these are medium to longer term solutions. Where companies cannot recruit from the domestic labour market, having access to a cost-effective solution to bring in the people they need with the right level of technical skill and experience is critical to ensure we can produce sufficient food at affordable prices.

Given the recruitment challenges we have previously identified in our submission, the inclusion of food and drink process operative and production technician roles on the Shortage Occupation List will provide a temporary solution to the immediate labour shortages that are having a significant impact on food and drink manufacturers' ability to fulfil orders and grow their businesses. This will allow a small reduction in salary costs and other administration costs. Other roles in shortage – namely food engineering, food scientist and food technologists which are currently on the SOL but are no longer eligible for inclusion – will have routes available through the skilled worker visa. However members have found that the UK's points-based system is expensive and administration heavy. It can take up to 6 months to bring in workers from abroad. The UK is one of the most expensive countries in the world in terms of government fees for immigration (e.g. health surcharge, immigration skills charge) which puts us at a competitive disadvantage. We would therefore welcome a review of the cost of visas to ensure more businesses particularly SMEs can benefit from the points-based system.

When reviewing the Migration Advisory Committee's recommendations, the Government should consider how other areas of education and labour market policy beyond the immigration system could reflect the findings of the SOL review. Other government departments such as the Department for Education, Department for Work and Pensions and the Department for Business and Trade should use the information collected in this review and the recommendations made by the MAC to inform policy development and ensure that skills, employment and immigration policy are fully aligned.

We suggest that apprenticeship standards related to occupations identified as being shortage through the SOL review should be eligible for increased financial support, better enabling employers and education providers to target training for the domestic workforce at areas where there is the most acute labour market need. There is evidence of such an approach working effectively in other countries with points-based immigration systems such as Australia; this would help to ensure that recruitment from overseas on the basis of reduced financial cost would only ever be a temporary solution to current shortages, and there is the right support to develop and recruit domestic workers to take those roles over the longer term. This would make a particular difference for the engineering, food technologist and food scientist roles currently on the SOL where we are experiencing shortages but current going rate is slightly above the salary range where inclusion on the SOL would provide a benefit to employers.

C10. What options would the organisations or members that you represent consider to fill those hard to fill jobs, if those jobs were not included on the SOL?

The main consequence of not including these roles on the SOL is a brake on growth as food and drink manufacturers are already postponing or cancelling investment altogether, as well

as moving production abroad. In Q1 2023 FDF State of Industry report, 39% of respondents were pausing or cancelling capital investment projects. Anecdotal evidence from FDF members shows that some capital investments were paused due to the lack of access to skills and labour. There is a significant risk of investment being diverted away from the UK – global, branded manufacturers with overseas headquarters will decide whether to invest in the UK market based upon their ability to access to right skills (among other policy levers), if not other markets may be more attractive.

There is also the risk of closing current production sites. For example, one member raised the fact that their inability to secure workers for a new contract at one of their sites had put existing jobs at risk – the loss of income from the new contract and increased pay for existing workers had put pressure on the site's profitability. We are already seeing worrying signs with broader cost pressures in the sector. For example, in 2022 the number of insolvencies in the industry were double than in 2019. Specifically, there were 122 insolvencies in 2019 and 244 in 2022. This compared to a 15% increase in manufacturing insolvencies and nearly a quarter more nationally.

It is difficult to envisage how much more could be done that has not already been explored by employers with urgent shortages including flexible working, pay and benefits which have become an important part of food and drink manufacturers' ability to attract and retain staff. We need Government to develop a more joined up labour market strategy across skills, employment and immigration policy that delivers the labour and skills our industry needs to produce safe, delicious and affordable food both home and abroad. We will also continue to promote industry-led, pre-employment training programmes such as the Food and Drink Careers Passport to help fill these entry level roles.

C11. What impact (if any) would not having a job on the SOL have to the organisations or members which you represent?

As stated above, there are significant impacts of not having these roles included on the SOL such as paused and cancelled capital investment, risk of insolvencies and reduced export growth where we cannot access food and drink process operatives and production technicians that are critical part of the food and drink production process. Our sector is a hugely important economic multiplier – with nearly 500,000 jobs and another 3 million jobs indirectly supported, contributing £30 billion to the economy in gross value add, and £75bn indirectly. There is a potential knock-on effect for the wider food supply chain and economy.

The UK Food and Drink Manufacturing Industry

The Food and Drink Federation (FDF) is the voice of the UK food and drink manufacturing industry, the largest manufacturing sector in the country. Our industry has a turnover of more than £113 billion, accounting for 20 per cent of total UK manufacturing, and Gross Value Added (GVA) of more than £33 billion. Food and drink manufacturers directly employ over 450,000 people across every region and nation of the UK. Exports of food and drink make an increasingly important contribution to the economy, approaching £25 billion in 2022, and going to over 220 countries worldwide. The UK's 12,460 food and drink manufacturers sit at the heart of a food and drink supply chain which is worth £116 billion to the economy and employs 4.3 million people.

The following Associations actively work with the Food and Drink Federation:

ABIM	Association of Bakery Ingredient Manufacturers
BCA	British Coffee Association
BOBMA	British Oats and Barley Millers Association
BSIA	British Starch Industry Association
BSNA	British Specialist Nutrition Association
CIMA	Cereal Ingredient Manufacturers' Association
EMMA	European Malt Product Manufacturers' Association
FCPPA	Frozen and Chilled Potato Processors Association
FOB	Federation of Bakers
GFIA	Gluten Free Industry Association
PPA	Potato Processors Association
SNACMA	Snack, Nut and Crisp Manufacturers' Association
SSA	Seasoning and Spice Association
UKAPY	UK Association of Producers of Yeast
UKTIA	United Kingdom Tea & Infusions Association Ltd

FDF also delivers specialist sector groups for members:

Ice Cream Group
Organic Group
Seafood Industry Alliance
CBD Group