

# A report by Beyond 2030 on future skills needs in the York, North Yorkshire and East Riding Local Enterprise Partnership Area

## Transitional Area: East Riding

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## Food and Drink Manufacturing: Processing and Manufacture of Food

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A report completed on behalf of Calderdale College as part of the College's 2017-18 ESF funded Skills Support for the Workforce programme across the York, North Yorkshire and East Riding Local Enterprise Partnership Area.

August 2017.

## 1 Introduction

The EU's Cohesion policy aims to reduce economic and social disparities at regional level across the EU. Consequently, the European Commission has three categories of regional funding:

- **Less Developed regions**, whose GDP per capita is below 75% of the EU average.
- **Transition regions**, whose GDP per capita is between 75% and 90% of the EU average.
- **More Developed regions**, whose GDP per capita is above 90% of the EU average.

Within the YNYER LEP, York and North Yorkshire at nearly 98% GDP per capita is considered a More Developed Area (MDA), while East Riding at 83% is considered a Transition Area (TA) (Eurostat, 2016).

This report considers the processing and manufacture of food subsector within the Transitional Area (TA) of East Riding.

### 1.1 East Riding TA

East Riding is located in the region of Yorkshire and Humber. It borders North Yorkshire, South Yorkshire and Lincolnshire and covers over 900 square miles. The Humber Estuary and North Sea mark its southern and eastern limits. There are a few large settlements, such as Beverley, Bridlington and Goole. Around half of the population live in rural communities.

The economy is mainly based on agriculture and this, along with tourism, has contributed to the rural and seaside character of East Riding. The area has a number of historic buildings, nature reserves and the Yorkshire Wolds Way long-distance footpath.

The open and maritime aspects and lack of major urban developments have led to the county being allocated relatively high targets for the generation of energy from renewable sources. Easington, on the coast, is the site of a natural gas terminal, Easington Gas Terminal, owned and operated by Centrica Storage is one of three main terminals that process gas from the UK Continental Shelf.

Goole is a significant dock area which serves as a significant employer in logistics and related sectors.

Bishop Burton is home to Bishop Burton College, a further education and higher education college specialising in agriculture and equine studies.

East Riding has a resident population of 336,700, which equates to 29% of the LEP's total resident population (ONS, 2017). Nearly 162,400 individuals are employed in the area. Employment rates stand at 77.5% (Table 1). The area has a growing and increasingly ageing population and whilst the majority of the communities enjoy a high quality of life, deprivation is evident in some areas (East Riding Council, 2016).

Using YNYER LEP as the standard, we can see various differences in the productivity, skills and employment across East Riding. Table 1 highlights where the area performs better (green) or worse (red). For example, the job density is much lower in East Riding, as is the employment rate compared to the YNYER LEP area.

The economic inactivity rate is also much higher in East Riding (19.4%). While many of these are either retired, students, or looking after the home/family, it is worth noting that 23% (nearly 9,000) would like employment (ONS, 2017).

**Table 1 Productivity, skills and jobs:**

Measure	East Riding	North Yorkshire	York	YNYER LEP	England
Gross Weekly pay full time (£)	£526.30	£489.10	£509.60	£481.30	£544.20
Job density (the ratio of total jobs to population aged 16-64.	0.69	0.96	0.85	0.86	0.84
Employment Rate	77.5%	81.9%	78.0%	79.9%	75.0%
Self-Employment	10.6%	14.1%	9.6%	12.2%	10.6%
Full-time workers	66.1%	63.1%	62.7%	63.8%	69.1%
Workless Households	13.5%	10.9%	12.5%	11.9%	15.3%
Unemployment Rate	3.8%	2.3%	3.2%	3.0%	4.7%
Economically Inactive	19.4%	16.1%	18.8%	17.6%	21.2%
Level 4+	36.5%	35.9%	42.7%	37.5%	37.9%
No Qualifications	6.2%	6.5%	6.2%	6.3%	7.8%

Source: Office for National Statistics: LEP and National Labour Market Profiles; GVA for Local Enterprise Partnerships

Nearly 162,400 individuals work across the East Riding area. The largest employment sectors (excluding agriculture) are (ONS, 2015):

- Health and social work and manufacturing, both employing 14% of all workers.
- Retail and education, both employing 10% of the workforce.

Agriculture is a further sector of importance in the area. In terms of agriculture, the area has 1,856 holdings, with a total farming area of 204,191 hectares. 52% of the farmed area is for cereals, 21% arable crops, 4% fruit and vegetables and the 15% grassland (DEFRA, 2016). Total labour in agriculture stands at nearly 6,000 a slight decline from 2007 when 6,150 were employed. Nearly three in five (57%) of workers are full time, 32% are part time and one in ten (11%) are casual workers (Table 2).

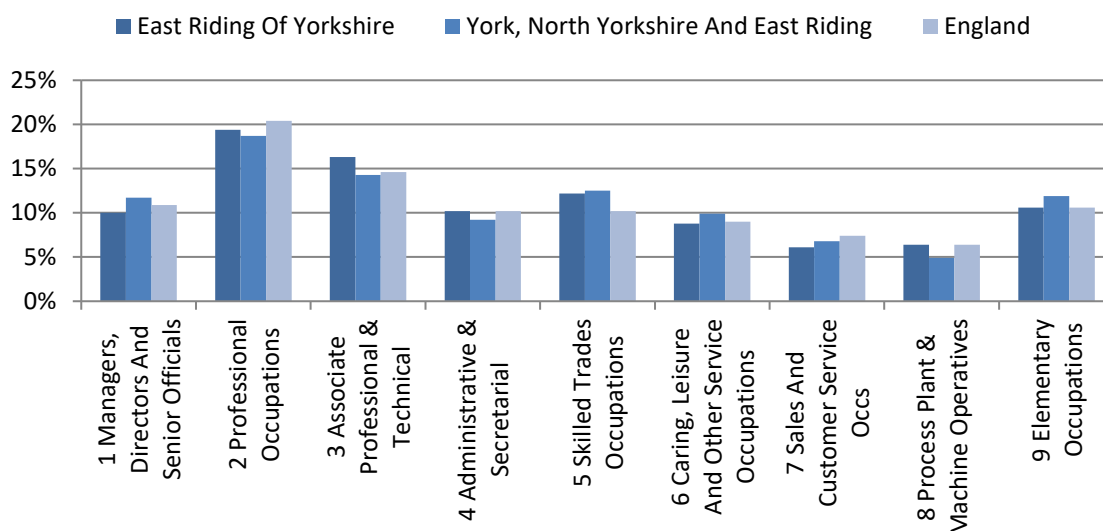
**Table 2 Agricultural labour force on commercial holdings in East Riding of Yorkshire & Kingston upon Hull, 2013**

	Number of people	%
Farmers, partners, directors and spouses full time	1,846	31%
Farmers, partners, directors and spouses part time	1,367	23%
Salaried managers	250	4%
Regular workers full time	1,271	21%
Regular workers part time	530	9%
Casual workers	661	11%
Total labour	5,924	100%

Source (DEFRA, 2016)

The occupational profile across East Riding is very similar to the LEP and national data (Figure 1).

**Figure 1 Employment by broad occupation (Jan 2016 - Dec 2016)**



Source (ONS, 2017)

## 1.1 Emerging developments in East Riding TA

Investment in transport, infrastructure, and housing continues to attract employers and business opportunities in the region. In 2015, the area saw 1,405 new businesses open, up from 1,100 in 2010 (ONS, 2016). Overall the number of business has increased 3% since 2010, from 12,335 to 12,665.

The East Riding Local Plan sets out its plans for development up to 2029 (East Riding Council, 2016).

East Riding have identified key sectors of renewable energy; manufacturing and engineering (including chemicals); agriculture/food and drink; tourism; ports and logistics (it is worth noting that the LEP has not identified ports and logistics as a priority sector); transport equipment; digital and creative industries; finance and business services; construction; public administration, defence, health and education; and retail.

Current key employment sites have been identified as Hedon Haven, Humber Bridgehead (Hessle), Melton and Capitol Park (Goole) and they will be safeguarded from alternative forms of development.

In addition, five sites in East Riding have Enterprise Zone status. These are at Elloughton-cum-Brough, Melton, Goole, Salt End and Hedon Haven. A series of financial incentives have been put in place alongside simplified planning approaches that will attract and support businesses in the renewable and low carbon energy sector.

Further examples of growth, investment, and development in the area include:

Outline planning application for the Yorkshire Energy Park, on a former aerodrome field in Preston, near Hull has recently been submitted and includes a data centre, education campus and power station. Developers Sewell Group said the scheme could create more than 1,000 jobs.

South Cliff Caravan Park in Bridlington, which currently has nearly 800 permanent static caravan pitches, 160 touring pitches, 20 tent pitches and 12 fleet hire caravans for holiday letting are seeking to extend and develop. Plans have been submitted for 31 additional pitches for tents; 15 new units for 'glamping' (or 'glamorous camping'); 48 additional touring pitches; 132 additional static pitches; and 19 additional lodges. There would also be new toilet blocks and new office accommodation for the staff at the site (with up to five new jobs created), and a new area for meeting and greeting arriving customers.

Beverley Parkland Care Home has recently opened. With its own pub, shop, cinema and hair and beauty spa it is expected to create 100 jobs as well as meet a growing demand for care.

## 2 Processing and Manufacturing of food in East Riding

### 2.1 Introduction

The processing and manufacturing of food subsector is very broad but can be defined as the preparation of food products ready for sale and consumption. It involves the sourcing of ingredients, processing, preservation and packaging. It also includes product research and design, taste testing and marketing.

For the following report, data has been analysed using the following Standard Industrial Codes:

SIC	Description
10.1	Processing and preserving of meat and production of meat products
10.2	Processing and preserving of fish, crustaceans and molluscs
10.3	Processing and preserving of fruit and vegetables
10.4	Manufacture of vegetable and animal oils and fats
10.5	Manufacture of dairy products
10.6	Manufacture of grain mill products, starches and starch products
10.7	Manufacture of bakery and farinaceous products
10.8	Manufacture of other food products
10.9	Manufacture of prepared animal feeds

### 2.2 Processing and manufacturing of food subsector economy and employment

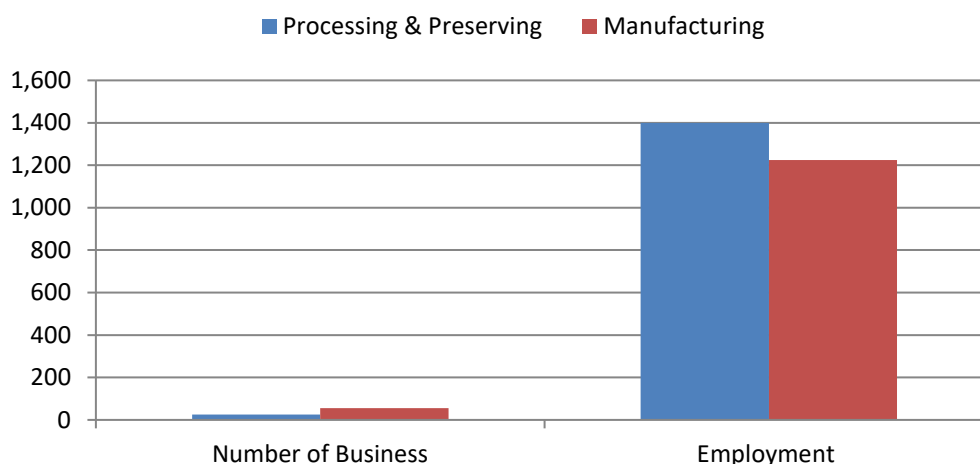
The East Riding area has approximately 80 businesses operating in this subsector, employing around 2,600 individuals.

There are 25 firms that operate within the processing and preserving of meat, fruit and vegetables and fish and a further 55 in the manufacture of food, such as dairy products, bakery, oils and fats.

Even though there are fewer businesses, more people are employed in the processing and preservation area. Here 1,400 people are employed compared to 1,200 in the manufacturing industries.

The number of businesses operating in the area has decreased by 6% between 2010 and 2016.

**Figure 2 Manufacture of food businesses and employment in East Riding**



Source (ONS, 2015) & (ONS, 2016)

Firms operating in this subsector in the area include:

#### **Processing and preserving**

- East Riding Country Pork, Halsham, <http://www.eastridingcountrypork.co.uk/contact-east-riding-country-pork/>
- Dawn Meats (Carnaby), Bridlington, <http://source-www.dawnmeats.com/>
- Fields of Anlaby, Anlaby, <http://www.fieldsofanlaby.co.uk>
- Derwent Preserves, Newton on Derwent
- Rose Cottage Pantry, Garton-On-The-Wolds, <http://www.rosecottagepantry.co.uk/>

#### **Manufacture of vegetable and animal oils and fats**

- Gold From The Wold Ltd, Bridlington [www.goldfromthewold.co.uk](http://www.goldfromthewold.co.uk)

#### **Manufacture of dairy products**

- St Quintin's Creamery Ltd, Driffield [www.stquintinscreamery.co.uk](http://www.stquintinscreamery.co.uk)
- Mr Moo's Real Dairy Ice Cream, Driffield [www.mrmoos.co.uk](http://www.mrmoos.co.uk)
- Primepak Foods, Driffield, <http://www.primepakfoods.co.uk>

#### **Manufacture of grain mill products, starches and starch products**

- Skidby Windmill, Cottingham
- Bradshaw, EB & Son, Driffield

#### **Manufacture of bakery and farinaceous products**

- Side Oven Bakery, Driffield [www.sideoven.com](http://www.sideoven.com)
- The Bread Shed, Beverley, <http://www.breadshed.co.uk/>

## Manufacture of other food products

- Shepcote, Driffield <http://www.shepcote.co.uk/home/>
- Butterflies Chocolates, Pocklington [www.butterflieschocolates.co.uk](http://www.butterflieschocolates.co.uk)
- Sam Brown, Driffield <http://www.sambrownefoods.co.uk/about.php>

## Manufacture of prepared animal feeds

- Yorkshire Feedstuffs Ltd, Goole,  
<http://www.yorkshirefeedstuffs.co.uk/index.php/manufacturing>

The job roles which have the greatest number employed in the manufacture of beverages across Yorkshire and Humber are:

- Food, drink and tobacco process operatives.
- Engineering professionals.
- Production managers and directors in manufacturing.

From our research other positions within firms across the subsector includes:

- Production operative.
- Team leaders.
- Factory and production management.
- Telesales.
- Accounts.
- Marketing.
- Van / Delivery.
- Technical.

## 2.1 Skills needs – Primary research testing the data

### 2.1.1 Planning for the future

Data tells us that across the LEP economy 58% of firms have a Business Plan which specifies objectives for the coming year, which is slightly lower than national findings of 62% (UKCES, 2016). 39% of firms had a training plan, again less than national average of 42%.

Our primary research with employers in the subsector reveals that many have considered business planning. For most firms it is not just the case of manufacturing, but also promoting sales, either via websites or local craft events as well as distributing the product. However, planning for training is not widespread, as establishments are clearly focussing on operational matters.

### 2.1.2 Recruitment and retention

There is generally a high level of recruitment demand across the food and drink manufacturing sector with 22% of firms in the food and drink sector nationally reporting at least one vacancy. There appears to be recruitment across East Riding.

For example, Fields of Anlaby report that: “We are always on the lookout for talented butchers or trainees with ambition”.

The subsector has struggled to attract, recruit and retain qualified engineers and technicians. This is partly linked to the fact that nationally there is a shortage of engineers but also engineers are more attracted to sectors such as automotive and aerospace.

Firms also reported the need for food technologists to identifying/create new food recipes, supervisors, financial positions and general production and warehouse staff.

#### **Rose Cottage Foods Ltd**

*Production Bakery Assistant* required for busy pie production unit. Duties include all aspects of pie production, cleaning, stock control. Some lifting is required. Successful applicant should preferably have experience and a hygiene certificate.

*Events Sales Assistant:* part/full time sales assistant to join our existing sales team for seasonal work. The position is to at times drive away to shows and events across the country with an experienced member of the team. The role will involve setting up the stall on arrival, which does require some physical strength, possible camping and selling our product for the duration of the day/weekend.

### 2.1.3 What are the current skills needs and skills gaps?

#### **Skills levels**

At a national level the food processing and preservation subsector has a very different qualification profile to the all sector average (**Error! Not a valid bookmark self-reference.**), being much lower skilled.

Only 26% of the workforce hold a level 4 qualification or above, compared to all sectors in which 43% have this qualification. 10% having no qualifications at all and 23% other qualifications.

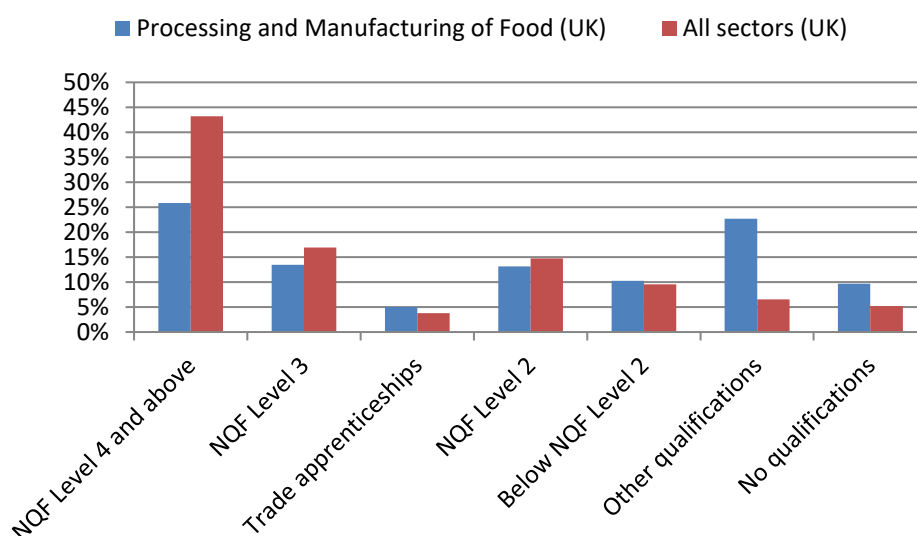
The qualification profile reflects the occupational profile in which 39% of the workforce are in process, plant and machine operative position and a further 20% in elementary roles.

There is some variation within the subsector. For example:

- 31% of those working in the processing of fish, crustaceans and mollusc have no qualifications, compared to 15% in the processing of meat products.
- A greater proportion of workers have an apprenticeship in manufacture of grain (21%) and processing of fish (17%) - a much greater proportion than the UK all sector where only 4% hold one.
- The manufacture of dairy products is the most highly skilled area, with 76% holding a level 3 or above, with only 1% having no qualifications.
- However, less than 1% in the manufacture of dairy hold a trade apprenticeship.

The subsector has a much greater proportion of 'other qualifications', with nearly a quarter (23%) workers classified at this level. This group captures foreign qualifications and some professional qualifications (i.e. driving) that are not defined in the other levels. The fact that this subsector has a relatively high proportion of other qualifications is most likely linked to the fact that 44% of the UK subsector workforce was born overseas (in Yorkshire and Humber region this is slightly lower at 37%).

**Figure 3 Qualification levels of the processing and manufacture of food subsector (UK)**



Source (Office for National Statistics, et al., 2016)

## Skills gaps

Across all sectors in the LEP, 15% of firms report having a skills gap - i.e. where an employee is deemed by their employer to be not fully proficient, i.e. is not able to do their job to the required level (UKCES, 2016). Overall it has been calculated that 21,200 individuals in the LEP are not proficient in their job.

From our primary research, firms that report skills gaps confirmed that main causes are generally due to individuals' being new to the role and their training is currently only partially completed.

These two factors are both predominantly transient: that is to say one would expect skills gaps resulting from these causes to be eliminated when staff become settled into their new roles and/or existing training has been completed.

From our primary work we can suggest that the following skills are particularly needed and valued by employers:

- Health and safety training is a necessity for many roles working in the subsector.
- For lower level positions, employers seek practical skills such as manual dexterity and a certain level of hand-eye coordination.
- Skilled trades such as meat processing skills (butchery and boning) and knife- and fishmongery skills.
- Engineering skills.
- Food technologist.

### 2.1.4 Training

Across all sectors in the LEP, 65% of firms had funded or arranged training for staff in the previous 12 months (UKCES, 2016). The vast majority of training and development is targeted at initial induction training and development and perceived statutory areas such as health and safety.

Our primary research found similar findings in this area. Key areas of training for employers in the subsector are mandatory requirements - particularly food hygiene.

Cost and time were the main drag factors on engaging non mandatory training.

### 2.1.5 Apprenticeships

Across East Riding there has been a decline in the number of individuals starting an apprenticeship (Table 3). In 2011/12, over 6,040 individuals began an apprenticeship but by 2015/16 this had declined to 5,070 going against the national trend of growth in take up. Most apprenticeships are at a level 2 (66%) and 39% are undertaken those over 25 years of age.

**Table 3 Apprenticeship Programme Starts by level and age, East Riding**

Year	Total	Level (%)			Age (%)		
		Intermediate	Advanced	Higher	Under 19	19-24	25+
2011/12	6,040	65%	35%	*	21%	35%	43%
2012/13	5,010	63%	35%	1%	25%	33%	43%
2013/14	4,830	73%	25%	1%	24%	39%	36%
2014/15	5,360	67%	31%	2%	24%	38%	38%
2015/16	5,070	66%	31%	4%	25%	36%	39%

Source (DfE, et al., 2017) Apprenticeships geography data tool: starts 2011/12 to 2016/17

Two in three (66%) apprenticeship starts have been within Beverley and Holderness, 20% in East Yorkshire and 14% in, Haltemprice and Howden.

The most popular frameworks were across the subject area of Retail and Commercial Enterprise, accounting for 44% of all starts. Business, Administration and Law accounted for a further 18% and Health, Public services and care 15% (Table 4).

**Table 4 Apprenticeship Programme Starts by Sector Subject Area (2015/16)**

Sector Area	East Riding
Agriculture, Horticulture and Animal Care	80
Arts, Media and Publishing	10
Business, Administration and Law	890
Construction, Planning and the Built Environment	130
Education and Training	40
Engineering and Manufacturing Technologies	630
Health, Public Services and Care	750
Information and Communication Technology	160
Languages, Literature and Culture	-
Leisure, Travel and Tourism	130
Preparation for Life and Work	-
Retail and Commercial Enterprise	2,240
Science and Mathematics	-
Unknown	-
All	5,070

Source (DfE, et al., 2017)

The Food and Drink apprenticeship framework is one of 37 frameworks classified under the sector subject area of 'Engineering and manufacturing technologies'. So while we can see that 420 starts have been on engineering and manufacturing technologies frameworks, it is important to note that not all of these will be on frameworks relating to this subsector.

Nationally data reveals that there were 2,700 starts on a Food Manufacture apprenticeship in 2014/15 with the most popular pathway being Food Industry Skills, followed by Food Manufacturing Excellence (Table 5).

In contrast to the East Riding all sector data in which we see 39% of starts by those over 25 years of age, 62% of food manufacture apprenticeship starts are by those over 25.

**Table 5 Apprenticeship Programme Starts by Pathway (national)**

<b>Food Manufacture pathways</b>	<b>2013/14</b>	<b>2014/15</b>
Baking Industry Skills	500	420
Brewing Industry Skills	10	20
Dairy Industry Skills	20	-
Fish and Shellfish Industry Skills	250	220
Food Industry Skills	710	710
Food Industry Skills and Technical Management	140	350
Food Industry Team Leading	50	20
Food Manufacturing Excellence	470	460
Fresh Produce Industry Skills	190	70
Meat and Poultry Industry Skills	600	430
No Pathway Assignment	70	-

Source (DfE, et al., 2017)

In our primary work we explored this and the reasons will be familiar to people working in the skills sector. Whilst there is a general support for the principle of apprenticeship, it was felt that they were often too large an intervention for this subsector. 57% of firms in this subsector employ fewer than 10 individuals.

The sector has apprenticeships ranging from level 2 (i.e. Food & Drink process operator) which is mainly where take-up is. However the need for higher level skills has been recognised. Consequently more advanced standards have recently been developed. For example there is now a Level 5 Dairy Technologist, a Level 6 Food Industry Technical Professional and a Food & Drink Manufacturing Manager which are seen as relevant and valuable in the subsector.

From our primary work we can see that the challenge, particularly for SMEs, in hiring apprenticeships continues to be significant. There are issues around awareness, relevance and perceived bureaucracy.

## 2.2 Future requirements

### 2.2.1 Sector growth

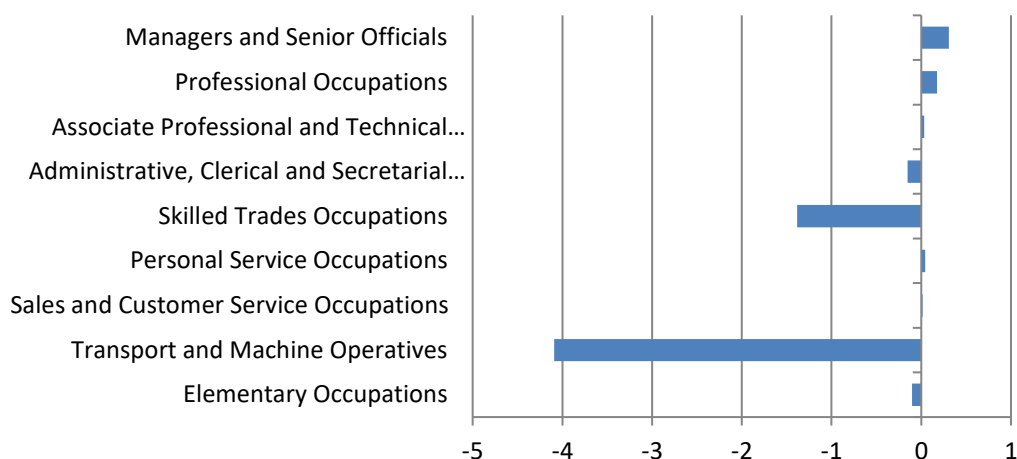
Future workforce projection for the subsector are available at the wider region of Yorkshire and Humber rather than the East Riding area but this still provides a useful indication of changes in the workforce moving forward.

Employment in the Yorkshire and Humber food products manufacturing<sup>1</sup> subsector is expected to decline 10% between 2014 and 2024 – or by 5,000. This is in contrast to the region's all sector economy where growth of 5.5% is anticipated (UKCES, 2016).

<sup>1</sup> The whole of SIC 10 Manufacture of food products

We expect to see small employment growth for higher level occupations, including managers, professional occupations and associate professionals and technical roles (Figure 4). However, the overall number employed in plant, process and machine operative roles and skilled trades is expected to decrease.

**Figure 4 Food products manufacturing occupational change, 2014 -2024 (000s), Yorkshire and Humber**

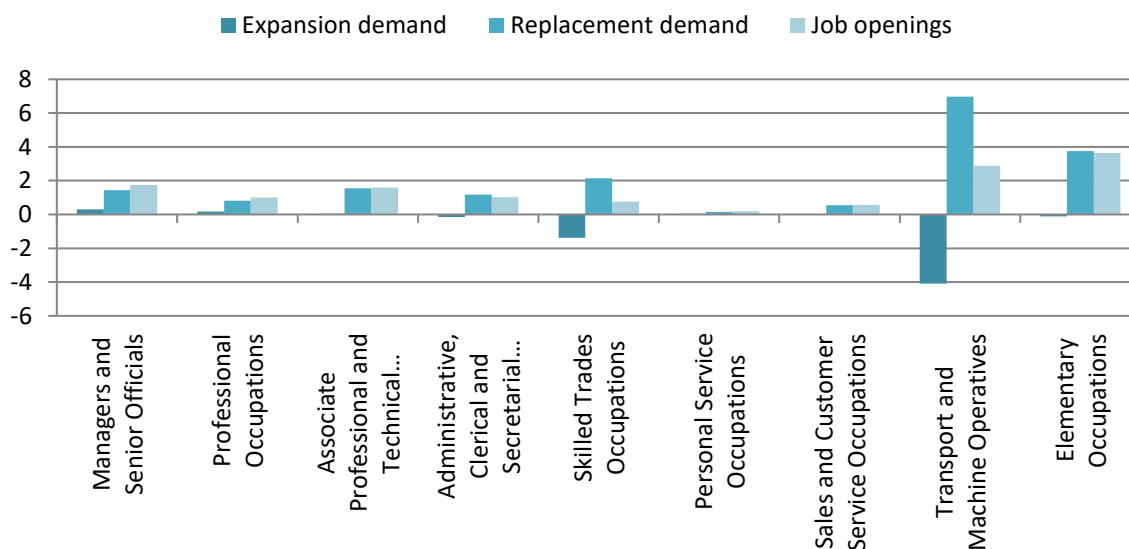


Source: UKCES Working Futures VI

## 2.2.2 Replacement need and total demand

Overall the subsector in Yorkshire and Humber is expected to have approximately 13,500 job openings between 2014 and 2024: 18,500 will be replacement demand, but there will be a net sector decline of 5,000,. A quarter (26%) of all job openings will be within elementary occupations and a further 21% in process, plant and machine operatives (Figure 5).

**Figure 5 Job openings in the beverage and tobacco subsector by occupation, 2014 -2024 (000s), UK**



Source: UKCES Working Futures VI

### 2.2.3 Qualifications

The change in qualification levels of the workforce shows that there will be a shift towards more people holding higher qualifications (Table 6).

By 2024, 32% of people employed in the food products manufacturing subsector are expected to be qualified at level 4 and above (Lower than Yorkshire and Humber region all sector proportion of 47%), whilst the proportion of people with no formal qualifications or level 1 is expected to fall to 6%.

**Table 6 Change in qualification profile in the beverage and tobacco manufacturing subsector (UK)**

	<b>No qualifications and level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Level 4 – 6</b>	<b>Level 7 – 8</b>
<b>Qualification example</b>	GCSE (grades D – G) BTEC level 1	GCSE (grades A* - C) NVQ Level 2	AS & A level BTEC National	Certificate of higher education (L4) Foundation degree (L5) Bachelor's degree (L6)	Master's degree (L7) Doctorate (L8)
<b>2014 level</b>	19,469	12,415	9,854	7,966	1,251
<b>2024 level</b>	11,469	10,812	8,997	12,960	1,569
<b>2014 – 2024 % change</b>	-41%	-13%	-9%	63%	25%
<b>2014 % share</b>	38%	24%	19%	16%	2%
<b>2024 % share</b>	25%	24%	20%	28%	3%

Source: UKCES Working Futures VI

### 2.2.4 Future roles and skills

The above Working Future projections demonstrate that there will be a significant decline(10%) in employment numbers moving forwards but there will be replacement need for all positions, particularly for higher skilled roles.

Employers have not identified any new roles developing in the next 6 years, rather where they expect to be recruiting it will be in relation to already existing positions.

What is key however is that the nature of the sub-sector is expected to change. There is a clear expectation that this will be a sector with fewer 'pairs of hands', relying more on automation and management.

## 2.3 Drivers of change

### 2.3.1 Political

#### Leaving the European Union

The result of the British general election has left food and drink companies facing an uncertain immediate future, with a weak pound guaranteed to increase costs and make British companies more susceptible to foreign takeovers.

Uncertainty over the political situation of the UK may have an impact on the sector. It is only once the future regarding leaving the EU is clearer that companies will feel comfortable committing to long term investment programmes. Equipment suppliers are likely to be the biggest losers of this, as companies will push existing machinery to work longer and wait to see if consumer confidence remains at a level where investing in upgrades or expansions is worthwhile.

The effect on inward migration particularly from EU countries could affect the sector's ability to recruit and retain skilled staff and is by far the biggest issue employers have raised with us. This is perhaps not surprising given that 37% of the Yorkshire and Humber workforce in this subsector was born overseas.

#### Legislation / Regulations

As with other industries which provide a service, this is a subsector which is heavily regulated, particularly in terms of food safety, quality and traceability and nutrition labelling.

Employers are not expecting there to be significant new legislation in the next few years, rather they are anticipating many current standards to simply move from EU legislation into UK law.

### 2.3.2 Economic

#### Rising Costs

The whole subsector is affected by rising operating costs. For example increasing energy prices impact on the whole sector as does the cost of raw products. Consequently, resource management and budgetary controls are important.

#### Wage levels

The National Minimum Wage (NMW) was first introduced in the UK in April 1999 at a rate of £3.60 per hour for over 21-year-olds. Prior to that there was no statutory minimum. In April 2016 the government introduced the National Living Wage (NLW) at a level of £7.20 per hour for those over 25 years old, increasing to £7.50 in April 2017. It is expected to rise to at least £9 per hour by 2020. The impact of this is likely to be significant on this subsector.

Firms will undoubtedly face higher payroll costs and this is challenge they face. The BDO Food and Drink report (2017) found in a recent survey that 66% of food and drink manufactures were increasing investment in automation, at least in part as a result of pressures of wage increases linked to the NMW.

### **Labour availability**

Following the recession, the economic situation across the UK and East Riding has been improving. Unemployment rates in the East Riding have declined from a high of 7.2% in 2012, to 3.8% at the end of 2016, but they still remain higher than the LEP average of 3%. Of those claiming JSA, 43% have been out of work for six months or more (ONS, 2017) and are therefore more of a challenge to get back into work.

Demographic changes mean that there are fewer younger people entering the job market in the TA, which has an effect. Employers need to find ways to attract and then retain staff.

### **2.3.3 Social**

#### **Consumer needs**

Consumers are not only concerned about the sensory characteristics of foods products (e.g. texture, flavour, aroma, shape, colour and after taste) they also pay attention to the nutritional value. In general, consumers are demanding less processed and additive-free food products than before. Thereby food processors/manufactures are seeking to develop and employ processing technologies that retain or create the desired sensory and nutritional qualities.

New product development is a massive opportunity for businesses in the near future. There are several consumer trends shaping product development, including 'free-from', health foods, vegan and plant-based foods, and niche specialities such as snacks and craft beers.

### **2.3.4 Technological**

Driven by new knowledge and new techniques developed through research findings and by market demand, the food industry is very active in technological innovations with a track record of developing new ways of processing and manufacturing foods.

Automation has one of the highest impacts on the food industry with 63% having some level of automation (BDO, 2017). Some companies have been slow to adopt automation and upgrade production lines due to the downtime and retraining period needed. However, 51% of food and drink manufacturers were looking to increasing its investment (BDO, 2017). This is important as we think of the future skills profiles of the sector. Increasingly manufacturers will rely on engineers and technical skills to keep a factory working rather than filling it with lots of low skilled workers.

The types of automation equipment include: refrigeration, handling and filling, automated packing and packaging, weighing, mixing, machine controls, software and remote centralised SCADA monitoring and control.

However, with automation also comes the risk of cyber-attacks. Companies embracing automation should pay close attention to cyber risk governance. Focus needs to be on security controls for both operational technology and information technology systems. User education is essential.

## 2.4 Key points

What follows is a presentation of the key findings from the above.

- The East Riding area has approximately 80 businesses operating in the processing and manufacture of food, employing around 2,600 individuals.
- There are 25 firms that operate within the processing and preserving of meat, fruit and vegetables and fish and a further 55 in the manufacture of food, such as dairy products, bakery, oils and fats.
- The number of businesses operating in the area has decreased by 6% between 2010 and 2016.
- There is a high reliance on foreign labour, with 37% of the subsector workforce born overseas in Yorkshire and Humber.
- There is generally a high level of recruitment demand across the food and drink manufacturing.
- Engineers are increasingly required in the subsector as it moves towards greater automation.
- The technological side of the manufacturing is becoming more prominent.
- The need for higher level skills has been recognised, with more advanced standards having recently been developed.
- There is a clear expectation that this will be a sector with fewer 'pairs of hands', relying more on automation and management.
- Rising cost of raw products has direct impact on this subsector.
- Pressures of wage increases linked to the NMW is driving investment in automation.
- Unemployment rates in the East Riding have declined from a high of 7.2% in 2012, to 3.8% at the end of 2016, but they still remain higher than the LEP average of 3% and demographic changes mean that there are fewer younger people entering the job market.

### 3 Annex

**Table 7 Employment by Industry in the LEP and Local Authorities**

Industry	Craven	Hambleton	Harrogate	Richmondshire	Ryedale	Scarborough	Selby	York	North Yorkshire	East Riding of Yorkshire	YNYER LEP
2 : Mining, quarrying & utilities	125	500	350	225	200	200	2,000	400	4,000	1,250	5,000
3 : Manufacturing	3,000	6,000	5,000	1,000	5,000	5,000	7,000	4,500	36,000	17,000	53,000
4 : Construction	1,500	2,250	3,000	1,000	1,500	1,500	1,750	4,000	17,000	6,000	23,000
5 : Motor trades	450	900	1,750	350	700	600	500	1,500	7,000	3,000	10,000
6 : Wholesale	1,500	2,250	4,500	700	1,000	1,000	2,000	2,500	15,000	5,000	20,000
7 : Retail	3,000	3,500	8,000	2,000	1,750	5,000	2,250	14,000	39,000	12,000	51,000
8 : Transport & storage (inc postal)	1,000	1,750	3,000	600	600	1,250	3,500	4,500	17,000	6,000	23,000
9 : Accommodation & food services	3,000	3,500	8,000	3,000	3,000	7,000	2,000	11,000	42,000	9,000	51,000
10 : Information & communication	350	600	2,000	150	150	300	800	2,500	7,000	2,250	9,000
11 : Financial & insurance	2,500	450	2,500	150	350	600	300	4,500	12,000	1,250	13,000
12 : Property	450	800	1,500	400	800	1,000	300	2,000	7,000	1,750	9,000
13 : Professional, scientific & technical	1,750	2,250	8,000	1,000	1,500	1,250	3,000	8,000	27,000	7,000	34,000
14 : Business administration & support services	6,000	3,000	6,000	1,000	1,250	2,000	3,500	8,000	30,000	7,000	37,000
15 : Public administration & defence	450	3,500	2,000	800	700	1,250	700	5,000	15,000	10,000	24,000
16 : Education	3,000	3,000	7,000	1,500	2,250	3,500	3,500	12,000	36,000	12,000	48,000
17 : Health	2,250	5,000	12,000	1,500	1,750	8,000	3,000	16,000	50,000	17,000	67,000
18 : Arts, entertainment, recreation & other services	1,000	1,750	3,500	1,250	2,000	2,500	700	5,000	19,000	4,500	23,000
Column Total	31,000	41,000	80,000	17,000	25,000	43,000	36,000	105,000	379,000	122,000	500,000

(ONS, 2015)

