

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

More Developed Area: York and North Yorkshire

Food and Drink Manufacturing: Manufacture of Beverages

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) **Invalid source specified..**

This report considers the manufacture of beverages subsector within the More Developed Area (MDA) of York and North Yorkshire.

1.1 York and North Yorkshire MDA

North Yorkshire covers an area of 8,654 square kilometres (3,341 sq mi), making it the largest county in England. The majority of the Yorkshire Dales and the North York Moors lie within North Yorkshire's boundaries, and around 40% of the county is covered by National Parks.

York and North Yorkshire is divided into a number of local government districts: Craven, Hambleton, Harrogate, Richmondshire, Ryedale, Scarborough, Selby and the City of York.

It has a resident population of 809,200, which equates to 71% of the LEPs resident population (ONS, 2017). Nearly 380,000 individuals are employed in the area. Employment rates stand at 81.9% for North Yorkshire and 78% in York compared to LEP average of 79.9% (Table 1).

Using YNYER LEP as the standard, we can see various differences in the productivity, skills and employment across North Yorkshire and York. Table 1 highlights where the area performs better (green) or worse (red). For example, self-employment in North Yorkshire stands at 14.1% - greater than within York, the LEP as a whole and the English average. However, the number of individuals qualified to level 4 or above is lower and the proportion with no qualifications is greater in North Yorkshire.

Table 1 Productivity, skills and jobs:

Measure	North Yorkshire	York	YNYER LEP	England
Gross Weekly pay full time (£)	£475.40	£505.40	£504.70	£544.20
Job density (the ratio of total jobs to population aged 16-64.	0.96	0.85	0.86	0.84
Employment Rate	81.9%	78.0%	79.9%	75.0%
Self-Employment	14.1%	9.6%	12.2%	10.6%
Full-time workers	63.1%	62.7%	63.8%	69.1%
Unemployment Rate	2.3%	3.2%	3.0%	4.7%
Economically Inactive	16.1%	18.8%	17.6%	21.2%
Level 4+	35.9%	42.7%	37.5%	37.9%
No Qualifications	6.5%	6.2%	6.3%	7.8%

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

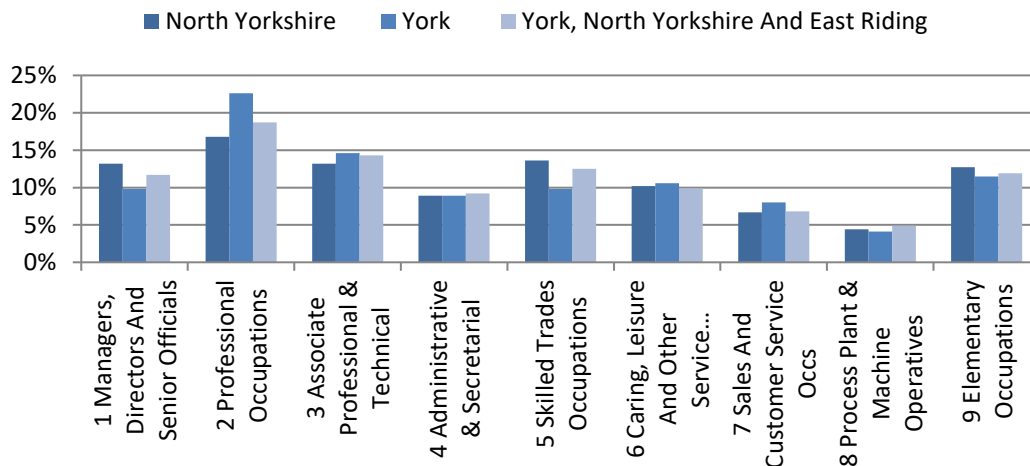
As previously mentioned nearly 380,000 individuals work across the York and North Yorkshire area. The largest employment sectors are (ONS, 2015):

- Health and Social work, employing 13% of all workers.
- Accommodation and food services, employing 11% of all workers.
- Retail, employing 10% of the workforce.

The occupational profile across York and North Yorkshire has some variations compared to the LEP and national data (Figure 1). For example:

- There are more managers in North Yorkshire - 13% compared to 10% in York and 12% at a YNYER LEP level.
- Nearly a quarter (23%) of the workforce are professional occupations in York, compared to 17% in North Yorkshire.
- North Yorkshire has more skilled trade personal than York (14% compared to 10%).

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



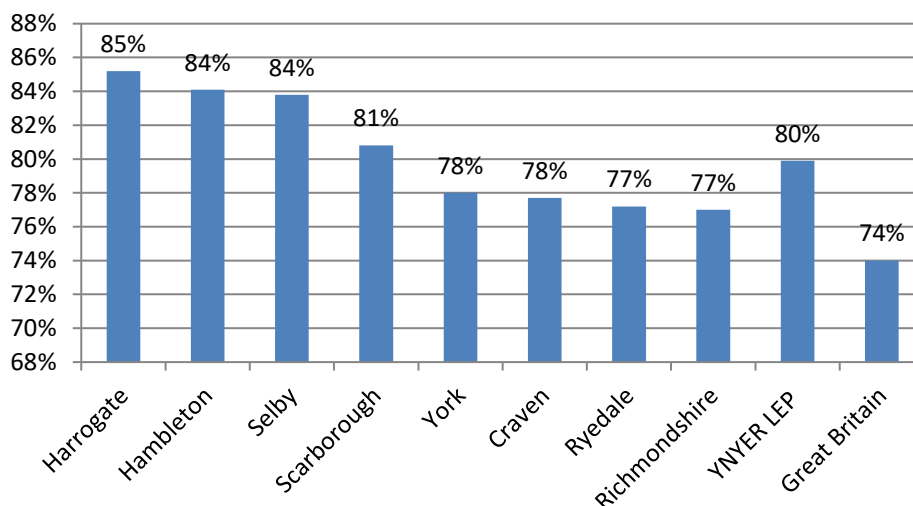
Source (ONS, 2017)

1.1 Local Authorities

The York and North Yorkshire MDA is made up by a number of local government districts: Craven, Hambleton, Harrogate, Richmondshire, Ryedale, Scarborough, Selby and the City of York.

Looking in more detail at Local Authority level, we can see that there are variations in the employment rate: Harrogate has the highest at 85% while Richmondshire has the lowest at 77%. However the employment rate in all local authorities is greater than the national average (Figure 2).

Figure 2 Employment rate across the LEP and North Yorkshire Local authorities



Source (ONS, 2017)

Using YNYER LEP as the standard, additional variations in the job, skills and productivity levels of each of the local authorities are highlighted in the table below. Where the area performs better, we have highlighted this in green with relatively poor performance being highlighted in red in Table 2.

In summary:

- Four authorities have a lower weekly wage than the LEP average (Craven, Hambleton, Ryedale and Scarborough).
- In three authorities the job density is above one - meaning that there is more than one job for every resident aged 16-64. These are Craven, Harrogate, and Ryedale. However Craven and Ryedale employment rate is lower than the LEP average.
- Self-employment is particularly high in Harrogate and Scarborough and also in Scarborough, the proportion of full-time workers is low.
- The proportion of workers with a level four qualification ranges from 23.5% in Hambleton to 50.4% in Craven.

Where the local authority area performs better than the YNYER standard we have highlighted this in green or worse in red in the table below.

Table 2 Productivity, skills and jobs by local authorities in York and North Yorkshire MDA

	Craven	Hambleton	Harrogate	Richmondshire	Ryedale	Scarborough	Selby	York	YNYER LEP	England
Gross Weekly pay full time (£)	£413.10	£496.80	£535.50	£507.20	£443.10	£460.30	£549.40	£509.60	£504.70	£544.70
Job density (the ratio of total jobs to population aged 16-64.	1.16	0.98	1.06	0.8	1.02	0.93	0.73	0.85	0.86	0.84
Employment Rate	77.7%	84.1%	85.2%	77.0%	77.2%	80.8%	83.8%	78.0%	79.9%	75.0%
Self-Employment	*	14.7%	19.2%	*	12.7%	18.0%	*	9.6%	12.2%	10.6%
Full-time workers	60%	65%	61.5%	62.5%	69.9%	58.5%	68.6%	62.7%	63.8%	69.1%
Unemployment Rate	3.2%	2.8%	2.7%	2.8%	3.3%	3.7%	3.8%	3.2%	3.0%	4.7%
Level 4+	50.4%	23.5%	42.9%	25.3%	36.8%	37.5%	31.0%	42.7%	37.5%	37.9%
No Qualifications	*	9.1%	*	*	*	7.4	8.9%	6.2%	6.3%	7.8%

(ONS, 2017) * data not available, sample too small

1.2 Emerging developments in York and North Yorkshire MDA

The York and North Yorkshire area is not standing still. Improvements in transport, infrastructure, and housing continue to attract employers and business opportunities. Speaking with stakeholders we understand that each local authority has or is in the process of updating Local Plans and Investment Strategies. For example, Hambleton Inward Investment Strategy and Action Plan has just been published, with the aims to attract quality jobs to the district by looking at its unique selling qualities and how they can be recognised nationally. The initial focus will be on potential employment sites around Leeming Bar. The plan will look at the land, skills, support and opportunity the area has to offer investors, ensure a sufficient supply of good quality sites over the next five years, and encourage links between existing and potential new businesses in the area. It will also promote the creations of centres of excellence in some sectors.

Examples of growth, investment and development in the area include:

Al Khaleej International is looking at a site next to the Allerton Park waste incinerator, near the A1/A59 junction for a new sugar beet processing plant. The company has asked Harrogate Council planners for environmental opinions before it puts in a full planning application. If the new plant goes ahead, the company claims it would create employment for 200 to 300 jobs, and would buy sugar beet from 3500 farmers mainly across the North East of England (Prest, 2017).

Sirius Minerals PLC is seeking to become a leading producer of multi-nutrient fertilizer and current focus is the development of North Yorkshire Polyhalite project. Located 3.5km South of Whitby, the project will involve the extraction and granulation of the mineral. The project involves the construction of an underground mine, along with the necessary infrastructure above and below grounds that will be necessary for transporting processing and distributing the minerals. The project is expected to deliver 2,500 direct and indirect jobs (Sirius Minerals PLC, 2017)

Covance, a global drug development business, currently based in Harrogate where more than 1,000 people are employed, are expanding on the National Agri-Food Innovation Campus, at Sand Hutton near York. Opening in late 2017, the laboratory extension in York will employ up to 30 scientists (Knowlson, 2017).

ACM Global Laboratories, a medical diagnostic testing company, has added a second specialised building to its laboratory block in Hospital Fields Road, York. The jobs generated will be high tech and include laboratory scientists, life sciences project managers, quality assurance professionals and data managers (York Press, 2017).

Furthermore in York, York Central - a 72 hectare site formed mainly of former railway land behind the station - could see the development of thousands of new homes and enough office space for 7,000 new jobs (City of York Council, 2017)

Near Whitby, a new 60-lodge holiday could be built on a hotel estate. The Classic Lodges hotel group has submitted an application to build a holiday park on its estate at Grinkle Park, following two years of extensive planning and consultation with the relevant authorities (Copeland, 2017). The development would see the restoration of the hotel's Grade II listed stable block, the re-introduction of a derelict caravan site, and the formation of two new lakes to complement the existing water feature. The lodges would be created in an environmentally considerate way and are aimed at the 'staycation' market of families who prefer to holiday in England than abroad. In addition to the construction jobs, once fully operational, the lodge park would create 25 jobs.

Discussions with Selby District Council highlighted a number of planning applications, including housing applications, the construction and operation of a combined cycle gas turbine (CCGT) power station, While Harworth Group Plc has recently secured the resolution to grant planning consent from Selby District Council to redevelop Kellingley Colliery, 151 acre site into a major new manufacturing and distribution centre, which could create 2,900 new jobs and bring investment into the region of £200m. (Bean, 2017).

Newby Wiske Hall, formerly the North Yorkshire Police's Headquarters has been sold to PGL, a company that runs educational activities for schools and young people in March 2017. PGL plan to open the site in Spring 2018 and reported that they will create more than 100 jobs, not only in instructing activities, but in catering, housekeeping, site maintenance and management roles.

The above demonstrates some of the opportunities in the area where new firms are entering and currently resident employers are expanding. These developments will have multiplier effects across the supply chains and wherever consumption occurs.

2 Manufacture of Beverages in North Yorkshire

2.1 Introduction

The manufacture of beverages has two distinct areas - the production of soft drinks and alcoholic drinks.

Soft drinks can be further segmented into: carbonated drinks, fruit drinks, bottled water, sports drinks and others such as energy drinks, ready-to-drink teas and coffees and dairy-based or soya-based drinks.

Similarly, alcoholic drinks can be further classified - distilling of spirits, manufacture of wine, cider, beer or malts.

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

SIC	Description
11.0	Manufacture of beverages

Across York and North Yorkshire there are a number of drinks manufacturers – mainly breweries. Some do not just produce beverages but have tours/taster sessions and food facilities:

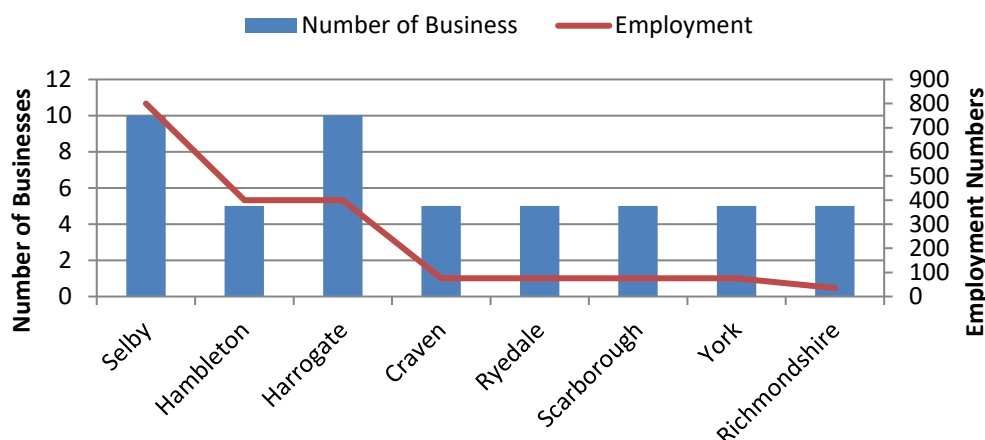
- Black Sheep Brewery, Masham. <http://www.blacksheepbrewery.com/>
- Scarborough Brewery <http://www.scarboroughbrewery.co.uk/>
- Theakston Brewery, Masham, Ripon <https://www.theakstons.co.uk/>
- York Brewery, York <http://www.york-brewery.co.uk/About>
- Brass Castle Brewery, Malton <http://brasscastle.co.uk/>
- Rudgate Brewery, Tockwith York <http://www.rudgatebrewery.co.uk/>
- Great Heck Brewery, <http://greateheck.siba.co.uk/>
- Yorkshire Heart Vineyard and Brewery, www.yorkshireheart.com
- Ryedale Vineyards, <https://www.ryedalevineyards.co.uk/>
- Raisthorpe Manor Fine Foods, www.raisthorpemanor.com
- Yorkshire Brewing Company Ltd, www.yorkshirebrewing.co.uk
- Cawingredients Ltd - Northallerton
- Sarnia Food & Drink Manufacturers, <http://www.sarniafoods.co.uk/>
- Yorkshire Wolds Apple Juice, www.yorkshirewoldsapplejuice.co.uk

2.2 Manufacture of Beverages economy and employment

In total the York and North Yorkshire MDA has approximately 50 businesses operating in the manufacture of drinks subsector, employing around 2,000 individuals. Greatest employment is found within the Selby district accounting for 41% of the workforce. A further 21% are employed in then Hambleton district and 21% across Harrogate.

Seven in ten (69%) businesses employ less than 10 individuals and 23% employ 10 to 49 individuals. There are no large (250+) drink manufacturing businesses in the area.

Figure 3 Distribution of beverage manufactures' businesses and employment in North Yorkshire



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

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

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

Other positions prominent in this subsector nationally include sales and business development managers, elementary storage occupations and marketing and sales directors.

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 highlights that employers in the subsector in the MDA frequently do not have either of the above, particularly the smaller firms. Smaller establishments are clearly focussing on operational matters, and whilst there is some understanding of the need to plan this is clearly a gap.

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 but within the manufacture of drinks this appears to be lower.

From our primary research many firms did not have any recruitment needs within the manufacture of the drinks. Some had positions in the associated bars, bistros, restaurants that are run alongside.

Black Sheep Brewery, Masham

Forecasting & Planning Scheduler

Reporting to the Head Brewer, the brewery are looking for someone with a minimum of 1-2 years' experience in a planning / forecasting role.

The Scheduler will support our Production and Sales functions, planning external and internal production schedules in line with forecasts obtained from our sales teams. All required raw materials will be ordered to ensure that agreed stock levels are maintained and final product stocks are kept at agreed levels.

2.1.3 What are your current skills needs and skills gaps?

Skills levels

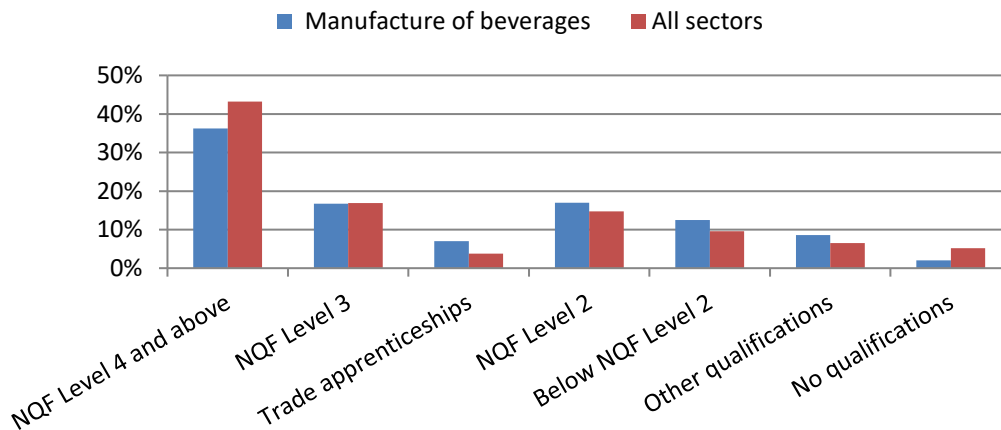
At a national level the manufacture of beverages subsector has a similar qualification profile to the all sector average (Figure 4).

36% of the workforce hold a level 4 or above qualification, compared to all sectors in which 43% have this qualification. Only 2% have no qualifications.

The qualification profile reflects the occupational profile in which 45% of the workforce are in skilled positions (i.e. managers, professional and technical positions).

The subsector is much less reliant on migrant workers than the wider food and drink sector. Only 12% of the national subsector workforce was born overseas and this is reflected in the lower proportion of 'other qualifications'.

Figure 4 Qualifications levels of manufacture of beverages subsector (UK)



(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 over 21,200 individuals in the LEP are not proficient in their job.

From our primary research firms that do report skills gaps confirmed that main causes are generally due to individual's 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 once staff have 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.
- Sales and Marketing.

Within brewery, the skills required are:

- A background in science (chemistry or microbiology) for brewing positions.
- Flexible, and prepared to work long hours.
- Tasting skills come with practice, so most brewers go through some form of taste training.

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 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.

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

The British Soft Drinks Association (BSDA) offers training specific to the needs of the industry and supports the British Soft Drinks Industry Foundation in its work to provide funding for apprentices working within the soft drinks industry.

2.1.5 Apprenticeships

Across York and North Yorkshire there has been a steady number of individuals starting an apprenticeship. In 2011/12, 11,400 individuals started one, while by 2015/16 this had risen slightly to 11,570 (Table 3 **Error! Reference source not found.**). Two in five (39%) of all starts have been within Richmondshire and 15% in York and 12% in Scarborough (DfE, et al., 2017).

The majority (70%) of apprenticeship starts were at an intermediate level. 4% were at a higher level. A quarter of all starts were by individuals under the age of 19 and 35% over the age of 25.

Table 3 Apprenticeship Programme Starts by level and age, York and North Yorkshire

Year	Total	Level (%)			Age (%)		
		Intermediate	Advanced	Higher	Under 19	19-24	25+
2011/12	11,400	75%	25%	*	31%	36%	33%
2012/13	11,520	72%	27%	1%	29%	38%	34%
2013/14	9,770	76%	22%	1%	27%	44%	28%
2014/15	12,920	76%	22%	2%	23%	45%	32%
2015/16	11,570	70%	27%	4%	25%	40%	35%

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

The most popular frameworks across the area were across the subject area of health, public services and care (49% of all starts). Business, administration and law accounted for a further 17% starts and Retail and commercial enterprise contributing 15% (Table 6 **Error! Reference source not found.**).

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 1,140 starts have been on engineering and manufacturing technologies frameworks in the MDA, 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. 72% were at an intermediate level and 28% at advanced level. Specifically there is a Brewing Industry Skills pathway within the Food Manufacture apprenticeship framework, yet nationally only 20 individuals began one in 2014/15 (Table 4).

In contrast to the York and North Yorkshire all sector data in which we see 35% of starts by those over 25 years of age, 62% of food manufacture apprenticeship starts are by those over 25 (Table 5).

Table 4 Apprenticeship Programme Starts by Pathway (national)

Food Manufacture pathways	2013/14	2014/15
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)

Table 5 Food Manufacture Apprenticeship Starts by level and age (national)

Year	Total	Level (%)			Age (%)		
		Intermediate	Advanced	Higher	Under 19	19-24	25+
2013/14	3,010	80%	20%		12%	33%	54%
2014/15	2,700	72%	28%	-	13%	24%	62%

Source (DfE, et al., 2017)

In our primary work we found there is a general support for the principle of Apprenticeship, it was felt that they were often too large an intervention for this subsector. In our primary research, employers were simply unaware of the brewing pathway, but did support in principle an apprenticeship in this area.

From our primary work we can see that the challenge, particularly for SMEs, in hiring apprenticeships continue to be significant and this is very important in the MDA and the subsector, given as we have shown, that there are many micro employers and no large ones. There are issues around awareness, relevance and perceived bureaucracy, and we were unable to decide whether the pathway was the answer. Certainly smaller employers still require support to encourage them to engage with apprenticeships.

Table 6 Apprenticeship Programme Starts by Parliamentary Constituency and Sector Subject Area (2013/14)

Sector Area	Craven	Hambleton	Harrogate	Richmondshire	Ryedale	Scarborough	Selby	York	North Yorkshire	MDA Area
Agriculture, Horticulture and Animal Care	20	50	30	30	40	10	20	10	200	220
Arts, Media and Publishing	-	-	-	-	-	-	-	10	10	-
Business, Administration and Law	110	200	370	160	100	300	290	460	1,520	1,810
Construction, Planning and the Built Environment	50	60	50	50	40	50	70	160	370	440
Education and Training	10	-	30	-	10	20	10	10	80	90
Engineering and Manufacturing Technologies	80	120	180	100	90	170	150	230	910	1,060
Health, Public Services and Care	70	200	380	4,000	100	330	190	410	5,270	5,460
Information and Communication Technology	-	20	30	10	10	20	10	60	100	110
Languages, Literature and Culture	-	-	-	-	-	-	-	-	-	-
Leisure, Travel and Tourism	10	20	30	10	20	40	20	30	160	180
Preparation for Life and Work	-	-	-	-	-	-	-	-	-	-
Retail and Commercial Enterprise	90	170	310	180	80	250	150	340	1,220	1,370
Science and Mathematics	-	-	-	-	-	-	-	-	10	-
Unknown	-	-	-	-	-	-	-	-	-	-
Total	440	850	1,420	4,540	490	1,190	920	1,720	9,850	10,770

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

2.2 Future requirements

2.2.1 Sector growth and replacement demand

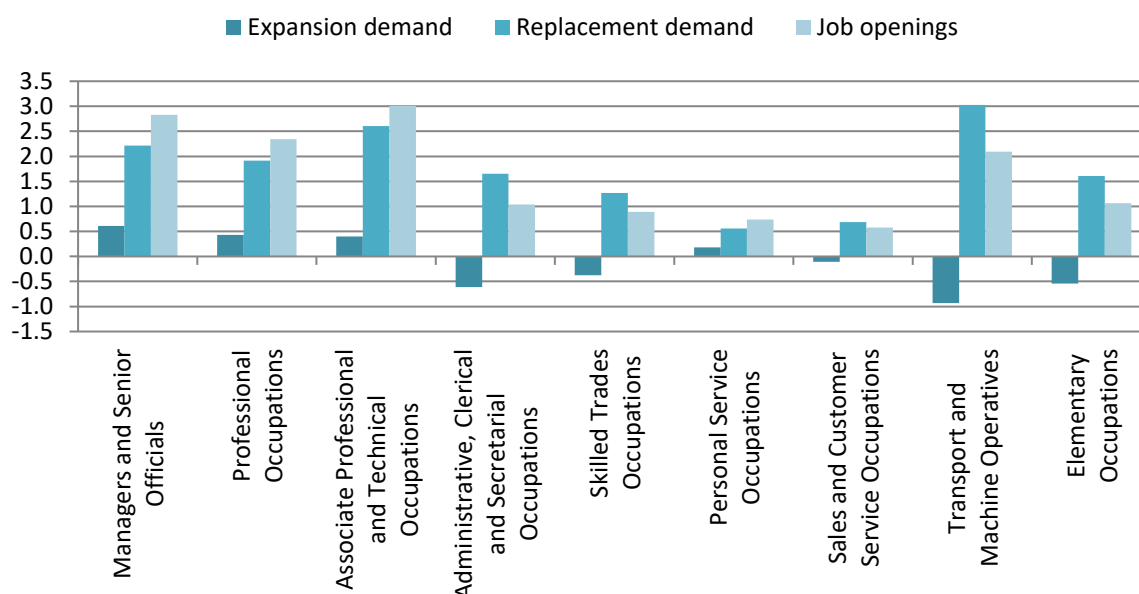
Future workforce projections for the subsector are available at a UK level – data for Yorkshire and Humber region is considered too small to be reliable - but this still provides a useful indication of changes in the workforce moving forward.

Nationally the beverage and tobacco subsector employs around 40,000 individuals, of which 2,000 are located in Yorkshire and Humber. Nationally the subsector employment will decline 2% between 2014 and 2024, with employment levels in the Yorkshire and Humber anticipated to be remaining the same (UKCES, 2016).

Overall the UK subsector is expected to have 15,000 job openings between 2014 and 2024. Very few (less than 1,000) job openings will be across Yorkshire and Humber.

Most openings will be seen across higher skilled positions – associate professionals and technical occupations and managers (Figure 5).

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



Source: UKCES Working Futures VI

2.2.2 Qualifications

The change in qualification levels of the workforce shows that there will be a shift towards more people holding higher qualifications (Table 7).

By 2024, 48% of people employed in the UK beverage and tobacco manufacturing subsector are expected to be qualified at level 4 and above, whilst the proportion of people with no formal qualifications or level 1 is expected to fall to 17%.

Table 7 Change in qualification profile in the beverage and tobacco manufacturing subsector, UK

	No qualifications and level 1	Level 2	Level 3	Level 4 – 6	Level 7 – 8
Qualification example	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)
2014 level	10,777	8,445	8,394	12,100	1,982
2024 level	7,035	6,948	7,211	17,209	2,344
2014 – 2024 % change	-35%	-18%	-14%	42%	18%
2014 % share	26%	20%	20%	29%	5%
2024 % share	17%	17%	18%	42%	6%

Source: UKCES Working Futures VI

2.2.3 Future roles and skills

The above Working Future projections demonstrate that there will be a small decline 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.

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.

However, the medium-to-long-term result may be more positive, increasing the probability of a soft Brexit.

Uncertainty over the stability of a minority Conservative government also means food and drinks companies will delay making significant investments in British facilities or staff. The months ahead will determine the strength of the British government and its Brexit negotiating position. It is only once this is more apparent that companies will feel comfortable committing to long term investment programmes. Equipment suppliers will 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.

Legislation / Regulations

Employers are not expecting there to be significant new legislation in the next few years other than the Soft Drinks Industry Levy (Sugar Tax)

This is a new levy that applies to the production and importation of soft drinks containing added sugar.

Sugar filled soft drinks will see a tax increase in April 2018. Tax on drinks with more than five grams of sugar per 100ml will be levied by 18p per litre, while those with eight grams or more of sugar per 100ml will have an extra tax of 24p per litre. Alcoholic drinks with an alcohol by volume of up to 1.2% are included in the levy.

The levy will encourage producers to:

- Reformulate their products to reduce the sugar content.
- Reduce portion sizes for added sugar drinks and importers to import reformulated drinks with low added sugar to encourage consumers of soft drinks to move to healthier choices.

In this way the levy is expected to impact on the sector in that it will likely change its output rather than passing the price rise on to consumers. Consequently, there is already work being done on recipes and changes to production to reduce sugar content and there will be more work on marketing and packaging changes. The levy is expected to be a significant driver of change across consumption and this is likely to be mirrored in the production and marketing of drinks and beverages. Where there may be a particular change, is as we have already seen, more producers are looking for sugar substitutes, either in terms of organic alternatives or developed chemicals with similar properties. In this way the levy is expected to have an impact on consumption and production.

2.3.2 Economic

Rising Costs

The whole subsector is affected by rising operating costs. For example increasing energy prices impacts 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.

The BDO Food and Drink report (2017) found in a recent survey that 66% of food and drink manufacturers 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 North Yorkshire has been improving. Unemployment rates in the area have declined from a high of 7.5% in 2011 to 2.3% at the end of 2016. Of those claiming JSA, 43% have been out of work for six months or more (ONS, 2017) and are therefore statistically more of a challenge to get back into work.

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

2.3.3 Social

Consumer needs

The beverage subsector has been characterised by changing consumer tastes and increased product innovation. Those in the industry have altered traditional products and introduced new soft drinks that appeal to increasingly health conscious consumers. Health campaigns, particularly about sugar content have shaped the subsector in recent years and encouraged the proliferation of low-calorie and low-sugar alternatives and have clearly been the driving factor behind production and marketing changes in recent years.

2.3.4 Technological

Technology is expected to play an ever-increasing role in the subsector, meaning that digital skills are going to be important across all job roles.

Social media, in its various forms, present businesses with a direct way of reaching customers as well as communicating key information about the accommodation and any promotional offers they are running. But this presents a challenge, especially for the smaller businesses: expertise and time is required. Social media skills in a business context are required and they need to have the time to use it effectively while also running the business.

2.4 Key Points

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

- 50 businesses operating in the manufacture of drinks subsector in the MDA of York and North Yorkshire, employing around 2,000 individuals.
- There are no large (250+) drink manufacturing businesses in the area. This is a subsector dominated by small and micro firms.
- Many firms did not have any recruitment needs within the manufacture of the drinks.
- This subsector does not rely on migrant labour compared to the wider food manufacture sector. Only 12% of the subsector workforce was born overseas
- An educational background in science is important in the sector, particularly in the brewery area.
- The brewery sector does have a specific pathway within the Food Manufacture apprenticeship framework yet take up nationally is low.
- In the future there will not necessarily be new roles, rather there will be same changes.
- The sugar levy is going to have an impact on the consumption of drinks. In turn firms will need to consider the drink production and also sales and marketing

3 Annex

Table 8 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)

3.1 Food, Drink and Tobacco Process Operatives

Food, drink and tobacco process operatives set, operate and attend machinery to bake, freeze, heat, crush, mix, blend and otherwise process foodstuffs, beverages and tobacco leaves.

Typical Entry Routes and Associated Qualifications

There are no formal academic entry requirements, though some GCSEs grades can be an advantage. Off- and on-the-job training is available. Vocational qualifications are available.

Tasks

- sets, operates and attends machinery and ovens to mix, bake and otherwise prepare bread and flour confectionery products;
- operates machinery to crush, mix, malt, cook and ferment grains and fruits to produce beer, wines, malt liquors, vinegar, yeast and related products;
- attends equipment to make jam, toffee, cheese, processed cheese, margarine, syrup, ice, pasta, ice-cream, sausages, chocolate, maize starch, edible fats and dextrin;
- operates equipment to cool, heat, dry, roast, blanch, pasteurise, smoke, sterilise, freeze, evaporate and concentrate foodstuffs and liquids used in food processing;
- mixes, pulps, grinds, blends and separates foodstuffs and liquids with churning, pressing, sieving, grinding and filtering equipment;
- processes tobacco leaves by hand or machine to make cigarettes, cigars, pipe and other tobacco products

Related Job Titles

- Bakery assistant
- Brewery worker
- Dairy worker
- Process worker (food products manufacturer)