



# Skills Investment Plan

## For Scotland's food and drink sector

2nd edition

Skills  
Development  
Scotland

**SCOTLAND**  
OF FOOD & DRINK



Scottish Government  
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## Foreword and introduction



James Withers,  
Chief Executive,  
Scotland Food & Drink

Scotland's food and drink sector has come a long way over the last ten years. From an industry whose growth was static, it is now one of the best performing sectors of the economy. This year, a new record annual turnover of £14.4 billion was announced, a rise of over 40% in the industry's value since 2007. However, whilst pausing to reflect on success is important, our eyes are firmly on the future.

We plan for the future by recognising what the recipe for success has been over the last few years. One ingredient has been more important in our journey than any other; collaboration. The industry now works collectively and in partnership with government and its key agencies. This new culture has forged a unity of purpose, a single strategy for growth and a collective mission to build Scotland's reputation as a land of food and drink and to drive the sector's growth.

Crucially, the creation of the Scotland Food & Drink partnership has brought a renewed focus to the skills agenda, one of the fundamental building blocks of our strategy. Our partners in the public sector and private sector are crystal clear that we need to increase our investment in – and, crucially, our commitment to – skills development.

Food and drink, like most sectors, will say that its most important asset is its workforce. But what do we mean by that statement? Does it mean we are an industry willing to engage properly with our school pupils? Are we willing to commit to the next generation of apprentices? Are we engaged with universities and colleges? Do we recognise how critical skills investment in agriculture and fishing is to our manufacturing base? Unless we can answer emphatically yes to those questions, our statement will ring hollow.

The first Skills Investment Plan was launched in 2012. This refreshed plan – a product of the Scotland Food & Drink partnership alongside wide research and consultation with a range of employers and industry stakeholders from across the sector – is the foundation to tackle those fundamental questions above.

The priorities it identifies – raising the attractiveness of the sector, driving leadership and management excellence, skills for business improvement and skills for business growth – reflect the issues faced by employers across the sector and offer a framework for action that could deliver real and lasting benefits to the industry.

However, success in delivering this plan is a two-way 'deal'. The public sector has shown willingness to invest in this plan; that is critical. But industry must invest itself too. From trade associations to individual companies, the onus on improving the attractiveness of our sector and stimulating our future workforce lies as much with us as anyone else. We recognise that and look forward to a new phase of work. With a new industry strategy for 2030 in development, the timing is right to re-emphasise the central role of skills development in all we do and all we wish to achieve as an industry.

# 1 Purpose

The food and drink Skills Investment Plan (SIP) is a partnership document, facilitated by Skills Development Scotland (SDS) on behalf of the Scottish Government.

SDS published the first food and drink SIP in June 2012. The purpose of the SIP was to:

- validate and bring clarity to the scale and nature of the skills issues facing the sector
- create direction and bring focus to the nature of the response required by both industry and the public sector to address these
- provide a framework for public and private sector investment in skills development to meet the needs of industry.

It is important to understand the specific industry sub-sectors that make up the food and drink sector. The SIP is based on the Scottish Government definition of food and drink<sup>1</sup>. This can be split into the following four main categories of activity:

- **agriculture:** including the activities associated with growing crops, raising animals, and hunting
- **fishing and aquaculture:** covering both marine and freshwater activities
- **food manufacturing:** covering all activities associated with the processing, preservation and manufacture of food
- **drinks manufacturing:** including the manufacture of soft drinks, mineral waters and alcoholic beverages.



<sup>1</sup> A full list of the Standard Industrial Classification (SIC) codes included within this definition can be found in Annex D.

# 1 Purpose continued

Much has been achieved through collaboration on skills development since the launch of the food and drink SIP, with a range of new initiatives introduced to address the key skills issues and challenges facing the industry. However, there remains ongoing demand for new and replacement labour across the sector. It is therefore vital to continue to build on what has been achieved so far, and to target future investment to ensure that the industry has the right supply of people and skills to support future growth.

The SIP is a strategic document, setting out the key priorities for skills development within the food and drink sector. It is designed as a three-year plan, with annual review to enable flexibility and responsiveness to changes in the economic and policy context, including publication of the refreshed Food and Drink Industry Strategy in 2017.

The Scotland Food & Drink Skills Group<sup>2</sup> has overseen the SIP refresh process, having been actively engaged at all stages. The group will be responsible for taking forward implementation of the SIP Action Plan, including consideration of how this will be resourced, and monitoring/reporting progress towards the key themes and priorities identified within this.

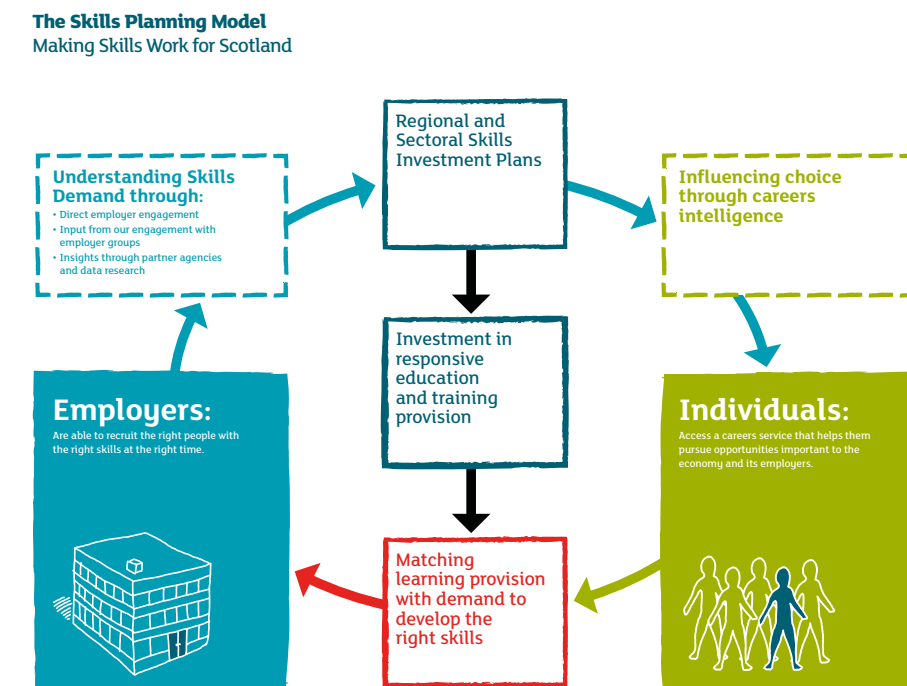
Figure 1.1: SIP refresh process



## The food and drink SIP forms a key component of the Scottish Skills Planning model.

Investment in skills is central to boosting the productivity and competitiveness of the food and drink sector. For this investment to be effective, it must be targeted on meeting the needs of employers and individuals. The food and drink SIP provides a framework and focus to ensure that the skills system is demand-led, linking skills development and growth.

Fig 1.2: Skills Planning Model



<sup>2</sup> See Appendix 2 for details of Skills Group members

# 1

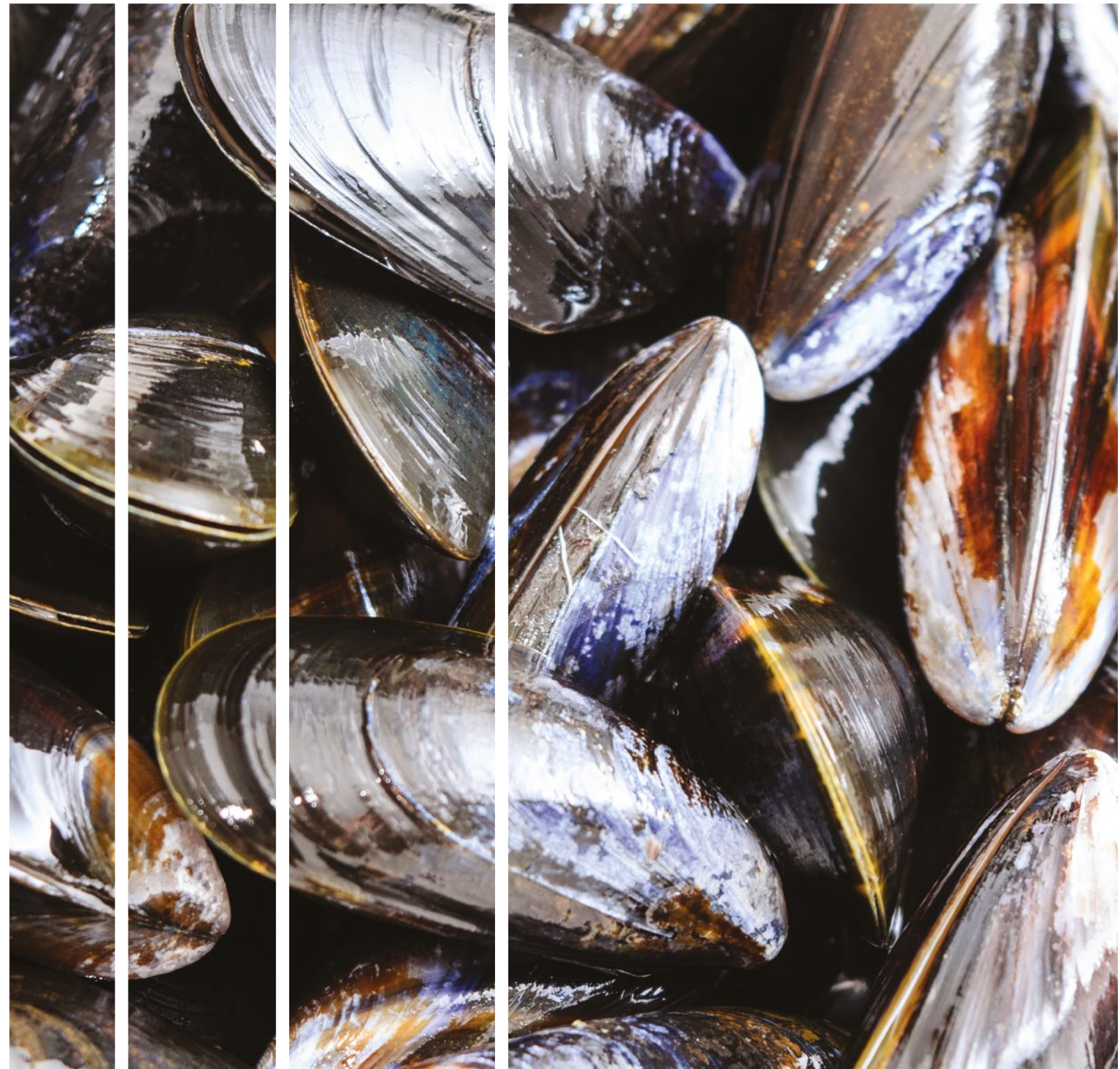
Purpose  
continued

**The food and drink SIP contributes to the priorities set out in the Government's Economic Strategy for Scotland.**

Scotland's economic strategy sets out the Scottish government's purpose as 'to create a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth'. The strategy provides a framework for the achievement of these goals, with actions that will be targeted on four broad priority areas:

- investing in our people and our infrastructure in a sustainable way
- fostering a culture of innovation and research and development
- promoting inclusive growth and creating opportunity through a fair and inclusive jobs market and regional cohesion
- promoting Scotland on the international stage to boost our trade and investment, influence and networks.

The refreshed SIP will make a significant contribution to each of these four priorities.



# 2

## Progress and achievements

Significant progress has been made against the strategic priorities for skills development set out in the food and drink SIP.

When the food and drink SIP was published in June 2012, it identified four strategic priorities for the development of skills within the sector:

- raising the attractiveness of the sector to new entrants and retaining talent
- supporting company capacity to innovate
- driving leadership and management excellence in the sector
- supporting the development of skills for growth in the workplace.

Stakeholders and partners have collectively focussed on the skills issues facing the sector, and developed and delivered a range of interventions across each of the four priorities. A selection of these achievements is highlighted in Table 1 with further narrative outlining progress on each of the skills priorities.

Table 1: Key achievements since 2012

Raising awareness	Capacity for innovation	Leadership & management	Skills for Growth
Development of My World of Work industry pages and delivery of 20+ careers adviser/ influencer events	Research to understand demand for food science/ food technologist skills	150 Scottish food and drink companies receiving support for leadership development each year	Development of food and drink industry pages on Our Skillsforce
250 food and drink skills ambassadors working with schools across Scotland	Creation of Scotland Food & Drink Skills Academy to facilitate better links between food & drinks manufacturing and the skills/training sector	SE account managed companies in the food and drink sector invested £4m in organisational development since 2013	Scottish farmers and crofters given access to consultancy support for growth through Whole Farm Review Scheme
Development of new employability pathways into the industry through initiatives such as the Certificate of Work Readiness and Tasty Jobs	Development and delivery of Food Manufacturing Excellence Qualifications	Over 360 people completed the Rural Leadership Programme	SDI worked with over 900 food and drink companies across Scotland to develop their export skills and capability
Ten-fold increase in take up of Modern Apprenticeships within the aquaculture sector	Seafood Scotland's Innovation and Value Added Support programme	New Level 4 Modern Apprenticeship developed for Aquaculture: Embracing Leadership and Management	More than 5,000 people started Modern Apprenticeships in food and drink related frameworks

# 2

## Progress and achievements continued

### Raising the attractiveness of the sector

Good progress has been made in improving awareness of career opportunities in the food and drink sector, particularly amongst young people. This has been achieved through a series of sector events attended by careers advisers, teachers, parents and young people, as well as the development and dissemination of literature and online resources, such as the dedicated industry pages on My World of Work, Skills Development Scotland's Career Information Advice and Guidance web service.

A number of new career pathways have also been developed, offering pre-employment training, support and work experience opportunities for young people considering a career in the industry. The majority of these have been developed around the Certificate of Work Readiness (CWR) programme, which is designed specifically for young people who are ready for their first experience of work, but need some guided support. It includes a unique employer assessed 'real life' work experience placement, providing a meaningful qualification to support progression. These have been successful, both as 'taster' opportunities for young people and as a route for employers to source new entrants.

There has also been a notable increase in the number of food and drink employers actively engaging with schools across Scotland to promote opportunities in the sector and improve the image and perception of the industry.

## Case Study: National Schools Programme: A Future in Food

The Food and Drink Federation (FDF) Scotland's National Schools Programme is funded by Scottish Government and supported by SDS. It was established to:

- support teachers and educators to understand all aspects of the food and drink manufacturing industry and to empower them to pass this knowledge on to students
- enable students, parents and educators to identify connections between food production and the wider supply chain, understand the relevance of curriculum subjects and their links to the range of career opportunities and skills required by industry
- support the development and delivery of relevant qualifications and pathways into the industry and articulation through education to provide a skilled workforce with qualifications required by industry
- increase the number of skilled employees in the food supply chain to fulfil the demand for new recruits to support predicted growth of the industry
- leave a legacy of resources, materials and partnerships to embed awareness of the industry and make it a career destination of choice.

**A Future in Food** was launched in 2012 and has since supported:

- **13,000** pupils to participate in food education activities
- **1,600** pupils to visit industry sites
- **2,040** teachers to visit industry sites
- **500** teachers to gain a Career Long Professional Learning (CLPL) experience
- the development of legacy materials, which have resulted in over **70,000** downloads of materials from the SFDF website
- careers events attended by more than **26,000** pupils with access to information about careers in food and drink.

FDF facilitated a partnership between Bathgate Academy and red meat processor A K Stoddart called **"Make it with Meat"**. In this activity, S2 pupils are challenged by AK Stoddart to develop a new burger aimed at the teenage market.

Evaluations of this activity demonstrate that pupils gain a better understanding of the careers available in the food and drink industry through the activities carried out in class, site visits and interactions with industry professionals. Industry also benefits as working with schools can support staff development and build relationships with their future workforce.

## 2 Progress and achievements continued

### Supporting company capacity to innovate

A range of measures have been introduced since the launch of the original SIP to increase the capacity of companies in the sector to innovate. The Scotland Food & Drink Skills Academy was established to facilitate better links between food and drink manufacturing companies and the skills and training sector. This project was created to address a market failure in the sector, engaging with businesses to stimulate demand for skills support that would be key drivers of productivity, growth and commercial success.

New Scottish Vocational Qualifications in Food and Drink Operations: Food Manufacturing Excellence at SCQF level 5 and 6 have been developed. They represent a suite of proficiency qualifications offering companies in the food manufacture or supply chain environment a route to implementing a sustainable, continuous improvement programme for the workplace. They focus skills development in areas recognised as critical to achieving sustainable lean practices such as change management, leadership and with a focus on improved productivity. When used together with other food and drink sector qualifications, they support a sustainable lean implementation programme, leading to long term cultural changes rather than 'one off' activities.

There has also been targeted activity within specific sub-sectors of the industry. For example, Seafood Scotland's Innovation and Value Added Support Programme provides support to companies in the sector to innovate and improve. The Dairy Action Plan details a range of measures for partners to support the industry in developing new markets, identifying and sharing best practice, promoting a transparent and efficient supply chain and supporting business transformation. Skills Plans at a sub-sectoral level were also produced to support both the Dairy and Seafood sectors.

## Case Study: Improving Business Efficiencies with Seafood Scotland

Five Scottish companies took part in Seafood Scotland's Innovation and Value Added Support Programme – Nolan Seafoods, Joseph Robertson, Downies of Whitehills, Associated Seafoods and Burgons of Eyemouth.

The aim of the programme was to help companies identify areas where they could improve their operational efficiency, yields or product quality, and reduce waste. Additional funding from Skills Development Scotland was used to support Lean Six Sigma skills development training for management and staff. Lean Six Sigma is a set of tools and techniques designed to help organisations improve efficiency and productivity.

Engagement with the programme has enabled Joseph Robertson to introduce a Short Interval Control System to increase management focus on short term production reporting. As a result, management can now gain a snapshot of how production is delivering against plan, at any given time.

Managing Director Michael Robertson said: "We found the project to be invaluable and the new system has bedded well into our everyday work, making it much easier to keep all the departments on track, which ultimately saves us time and money."

Nolan Seafoods wanted to reduce water usage in their factory without affecting product quality or machine performance. They put key staff through the Lean Six Sigma training.

The firm's Doug Rennie said: "Staff took ownership of a project to conserve water usage, which includes one person being allocated the task of ensuring all taps are turned off during break times, to avoid waste. Seeking ways to make savings has now become ingrained in daily work practices and our bills have already reduced considerably."

Burgons' management wanted to gain a better understanding of the true costs of producing crab claw meat products. A consultant, accessed through the programme, helped them to introduce standardised working practices to improve yield and labour recovery costs. This in turn delivered significant savings to the business.

General Manager Dan Taylor said: "Working with Seafood Scotland has been very beneficial for the company, and was key in enabling Burgons to increase productivity and yield. In addition, the support and training from Skills Development Scotland has left a valuable skills development legacy that we can build on in the future."



# 2

## Progress and achievements continued

### Driving leadership and management excellence

Scottish Enterprise (SE) supports around 1,500 Scottish companies each year with leadership development, around 10% of which are in the food and drink sector.

SE provide access to a global network of industry leaders, leadership expertise and mentors, as well as a suite of development programmes such as Leadership for Growth; Leadership Essentials; Business Mentoring; Managing People for Growth; and Rural Leadership Programme. SE account managed food and drink companies invested almost £4m in organisational development between 2013 and 2016.

Food and drink companies report the following improvements from engagement with SE:

- 65% have increased confidence to lead
- 56% have increased their investment in training
- 71% have lower levels of staff absenteeism
- 68% have higher levels of staff retention
- 69% are more actively encouraging innovation
- 67% are actively seeking new markets.

There is evidence that companies investing in leadership development via Scottish Enterprise increase their turnover by an average of 10% more than those not accessing this support<sup>3</sup>.

## Case Study: Harvesting the Growth

The Harvesting the Growth (HTG) initiative evolved from Scottish Enterprise's Rural Leadership programme and is targeted at individuals with the focus and ambition to deliver a significant increase in the performance of their business.

John Sinclair and his wife Kirsteen run Craigie's Farm Deli and Café at West Craigie Farm, South Queensferry, near Edinburgh. Originally a dairy farm managed by his father, John has gradually expanded the business, opening a new shop, café and butchery and now employing more than 40 people. John was one of a number of business leaders who attended an HTG Learning Journey event in London in 2015.

He confirms that he has continued to reap the benefits of engaging with the GlobalScot network through this event and, in particular, with GlobalScot John Stewart who will step down this year as chairman of Legal & General. John Sinclair said: "As the business has grown over the years, the main issue for me has been around staffing. It's probably fair to say that many businesses in the farming sector employ people because of who they are rather than the skills they have.

"The discussions I had with John really made me look at recruitment and our skills gap in an entirely different way. He encouraged me to look much more closely at our people and really analyse what they were bringing to the business and if they really had the skills we needed. Just taking the time to assess who our best performers were, how to harness their enthusiasm and how to develop staff who we knew could do better was really valuable."

John confirms that the input he received from John Stewart continues to benefit the company. "We now have a much happier working environment and our people are really adding value to the business. We've been able to improve the performance of a number of employees and, in general, any issues with staffing have become much less significant. We've recently doubled the size of our premises and both turnover and profitability are up," he said.

"I'd definitely recommend using the GlobalScot network to other companies in the rural sector – there's no doubt that the input we received from John really has helped change the business."

<sup>3</sup> Source: Evaluation of Scottish Enterprise Engagement with Account Managed Companies, 2013

# 2

## Progress and achievements continued

### Skills for growth

A key focus for activity relating to this theme has been on facilitating access to the range of skills provision available to employers in the sector.

SDS launched Our Skillsforce in 2012, an online and helpline service which aims to support employers with all of their skills needs. Working with partners, Our Skillsforce offers help to employers with recruitment, training and development, as well as restructuring and succession planning. It also provides information on the full range of skills initiatives available to employers in the food and drink industry and details of how to access these.

SDS have a dedicated Employer Engagement Team who actively work with partners including Scottish Enterprise, Highlands & Islands Enterprise and local authorities to engage with businesses and address their skills needs. This activity includes face to face consultation and diagnostic work to develop workforce development plans. A key driver of support is solutions focussed on work based learning.

Other activity in this area has included the Market Driven Supply Chain project which, through knowledge transfer, has helped businesses develop their supply chains in order to meet an identified UK and international market opportunity. Funding from the Scottish Government and Scottish Enterprise of £1.6m was made available in 2013 and to date the initiative has supported 26 projects across a range of sub-sectors including bakery, red meat and seafood.

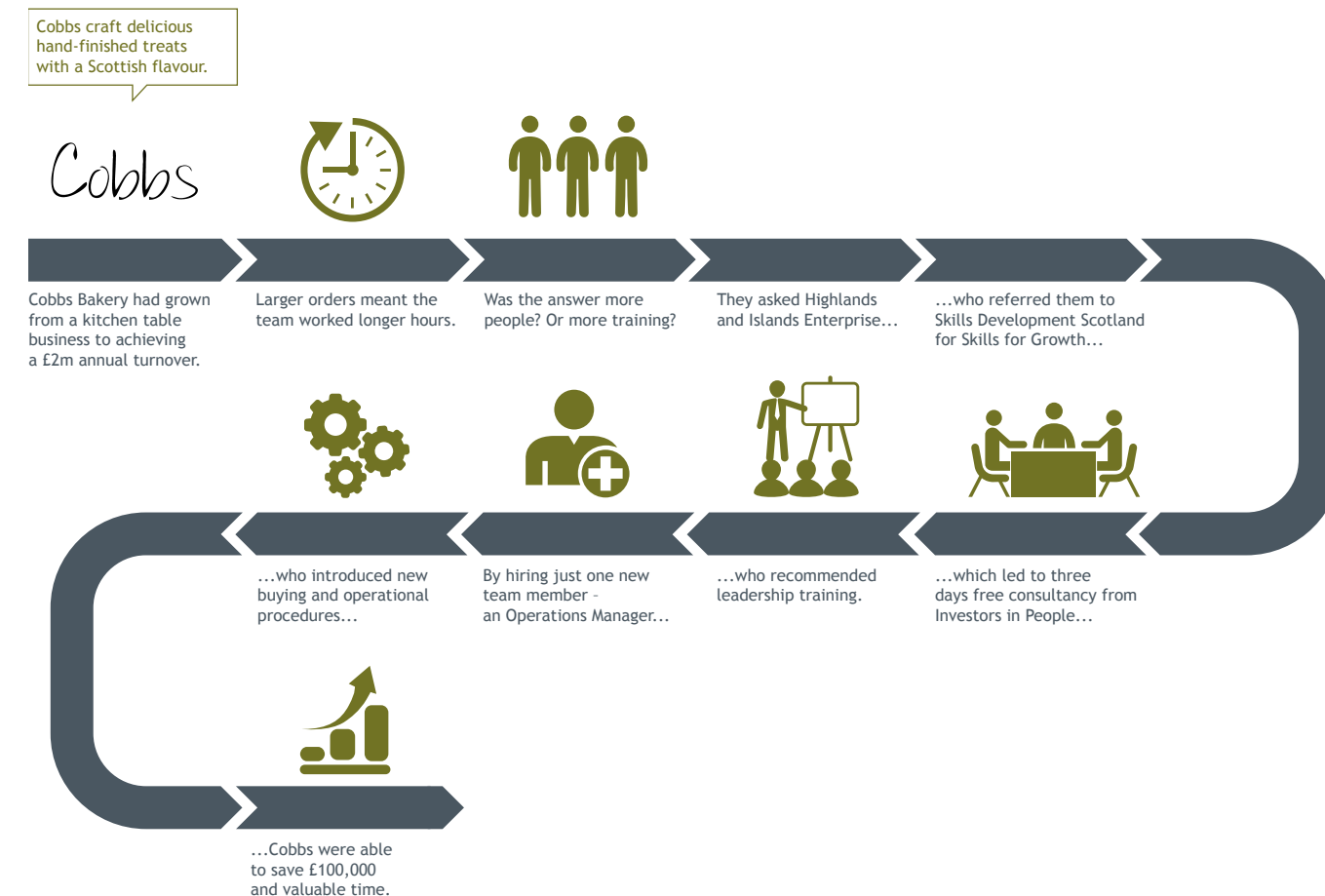
## Case Study: Cobbs Bakery

Cobbs bakery grew from a 'kitchen table' business to having an annual turnover of over £2m. The rapid growth of the company meant that the team was having to work longer and longer hours. Was the solution more people? Or more training? They asked Highlands and Islands Enterprise, who referred them to Skills Development Scotland for support through their Skills for Growth programme.

They received three days of free consultancy from Investors in People, who recommended adjustments to the staffing structure to better facilitate growth. By hiring just one new team member – an Operations Manager, who introduced new buying and operational procedures – Cobbs were able to save £100,000, whilst also reducing the working hours of the team to a more manageable level.

How a Highland bakery saved £100,000 with

## Skills for Growth



# 3 Sector characteristics

## Key points

- the food and drink sector contributed £5.3bn GVA to the Scottish economy in 2013 – 6% of all Scottish output in that year
- drinks manufacturing is the largest sub-sector of the industry in output terms, followed by food manufacturing, agriculture and aquaculture
- productivity in the drinks manufacturing sub-sector is four times higher than the average for all industry sectors, whilst in agriculture it is less than 30% of the average for all industries
- the food and drink sector is characterised by a predominance of sole traders and businesses employing fewer than 10 people, and fewer SMEs and large businesses, relative to the Scottish economy as a whole
- food and drink is an important export sector for Scotland, with particularly strong recent growth in international sales from the sector.

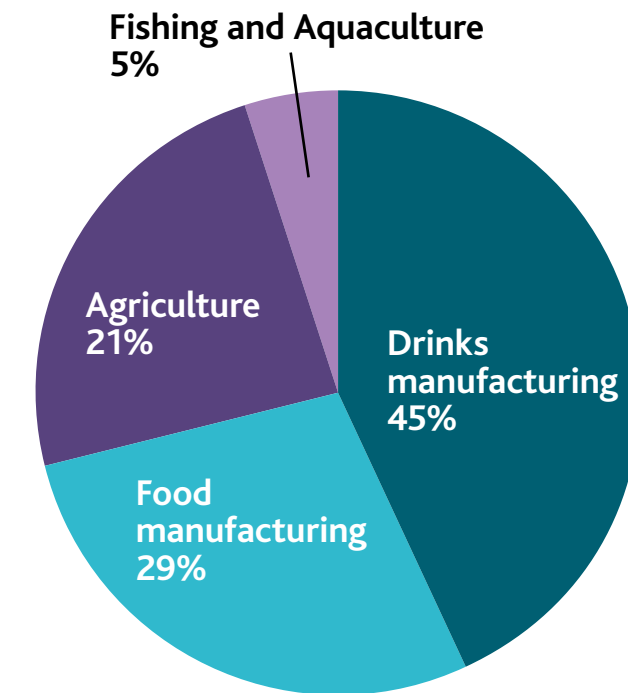
## The food and drink industry accounts for 6% of the Scottish economy – above the sector's share of national jobs.

The food and drink sector contributed £5.3bn to Scottish GVA in 2013. Drinks manufacturing, which is dominated by whisky, is the largest sub-sector of the industry in output terms, accounted for almost half of total GVA in 2013. This is followed by food manufacturing, agriculture and aquaculture.

In addition to its contribution to the economy, the Scottish food and drink industry is an important cultural asset for Scotland and plays a key role in supporting and sustaining many rural communities across the country.

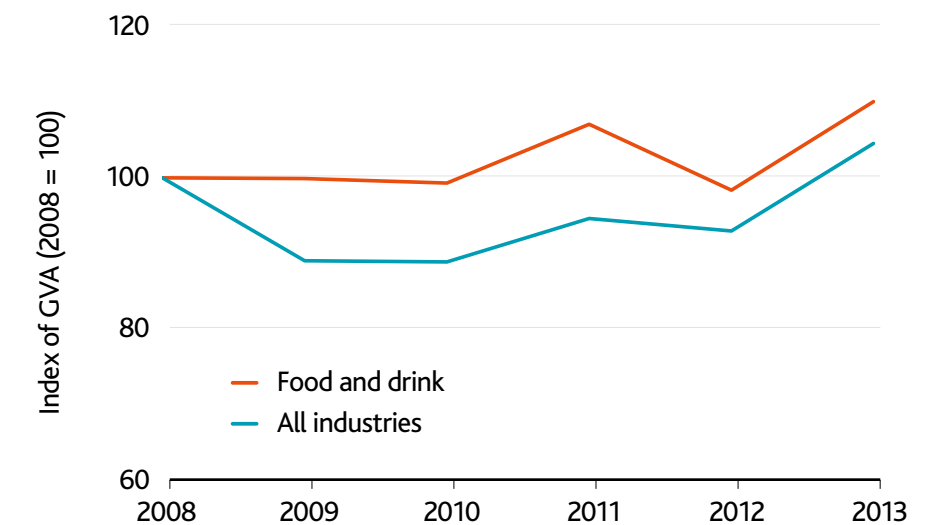
The food and drink sector held up well during the recession, maintaining output between 2008 and 2010 when the rest of the economy was contracting. There was a dip in GVA in 2012, but the most recent data shows a return to growth in 2013.

Figure 3.1: GVA by sub-sector in the food and drink industry, 2013



Source: Scottish Government Growth Sector Statistics  
Based on GVA at current basic prices  
Total GVA in Food and drink sector = £5.3bn

Figure 3.2: Index of GVA, 2008-2013



Source: Scottish Government Growth Sector Statistics  
Based on GVA at current basic prices

# 3

## Sector characteristics continued

**Productivity in the food and drink sector is below the Scottish economy as a whole, although there are wide variations between sub-sectors of the industry on this key measure.**

Drinks manufacturing generates by far the highest level of GVA per head of each of the sub-sectors of the industry, at over £231k in 2013. This was well above the sector average and more than four times the average for all industry sectors in Scotland.

The sectors showing greatest productivity increases in 2013 were seafood and dairy, with bakery maintaining the level it had achieved in 2012 when it had increased 29% from 2011.

**The number of registered businesses in the food and drink sector has remained stable in Scotland in recent years.**

There were 17,320 registered businesses in the food and drink sector in Scotland in 2016<sup>4</sup>, accounting for 10% of the Scottish business base – double the sector's share of national jobs (5%). The vast majority of businesses (85%) in the food and drink industry are in the agricultural sector. A further 10% are in fishing/aquaculture and the remaining 5% are in manufacturing.

There was a minimal fall in the number of registered business in the sector of 0.2% across 2010 to 2016. This is in contrast with an increase of 12.2% in the number of registered businesses in Scotland over the same period. It is not possible to identify sub-sectoral changes in the number of registered businesses, although consultees highlighted a notable increase in craft brewing, distilling and specialist artisan producers over the period.

**Table 2: GVA per head (employment) at current basic prices, 2008-2013**

	2008	2013	Change 2008-2013	
			No	%
Agriculture	£13,000	£16,300	£3,300	25%
Fishing and aquaculture	£46,300	£52,300	£6,000	13%
Food manufacturing	£37,300	£47,400	£10,100	27%
Drinks manufacturing	£238,900	£231,400	-£7,500	-3%
<b>Total - food and drink</b>	<b>£42,100</b>	<b>£45,800</b>	<b>£3,700</b>	<b>9%</b>
<b>Total - all industries</b>	<b>£49,900</b>	<b>£54,600</b>	<b>£4,800</b>	<b>10%</b>

Source: Scottish Government Growth Sector Statistics  
Based on GVA at current basic prices

**Table 3: Number of businesses, 2010-2016**

	2010	2016	Change	
			No	%
Food and drink	17,360	17,320	-40	-0.2%
All industries	155,045	173,995	18,950	12.2%

Source: Scottish Government Growth Sector Statistics  
All figures have been rounded to 100 and calculations have been carried out on the unrounded figures

<sup>4</sup> Refers to all businesses registered for VAT and / or PAYE

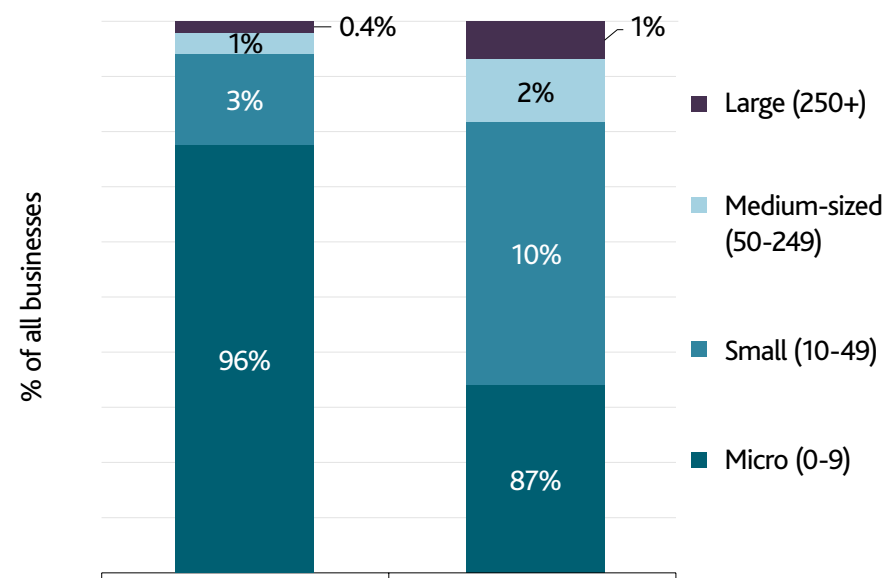
# 3

## Sector characteristics continued

The food and drink sector is characterised by a predominance of sole traders and very small (micro) businesses.

The vast majority (96%) of registered businesses in the food and drink sector are small (micro) businesses employing fewer than 10 people. Figure 3.3 shows that small (micro) businesses also account for the majority of registered business across the Scottish economy as a whole, however SMEs and large companies account for a much larger share of the Scottish business base (13% relative to 4% in the food and drink sector).

Fig 3.3: Business by size band, 2014

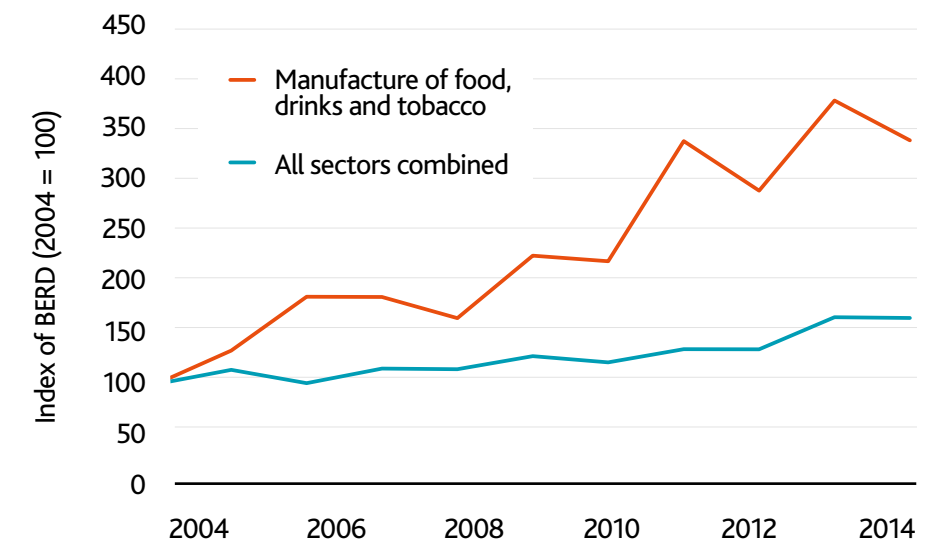


Source: Scottish Government Growth Sector Statistics

There is evidence of a rapid increase in investment in R&D by Scottish food and drink manufacturing businesses over the past decade.

Figure 3.4 shows that investment in R&D by manufacturing companies in the food, drinks and tobacco sector more than tripled over the ten years to 2014<sup>5</sup>. This was much faster than the 66% increase in business investment in R&D across the Scottish economy as a whole. This strong recent growth has brought levels of investment in R&D in the sector up to a level in line with the sector's share of national jobs.

Fig 3.4: Index of Business Investment in Research & Development (BERD) in Scotland



Source: Scottish Government, SQW calculations

<sup>5</sup> It is not possible to separate 'food and drink' from 'tobacco' in the statistics

# 3

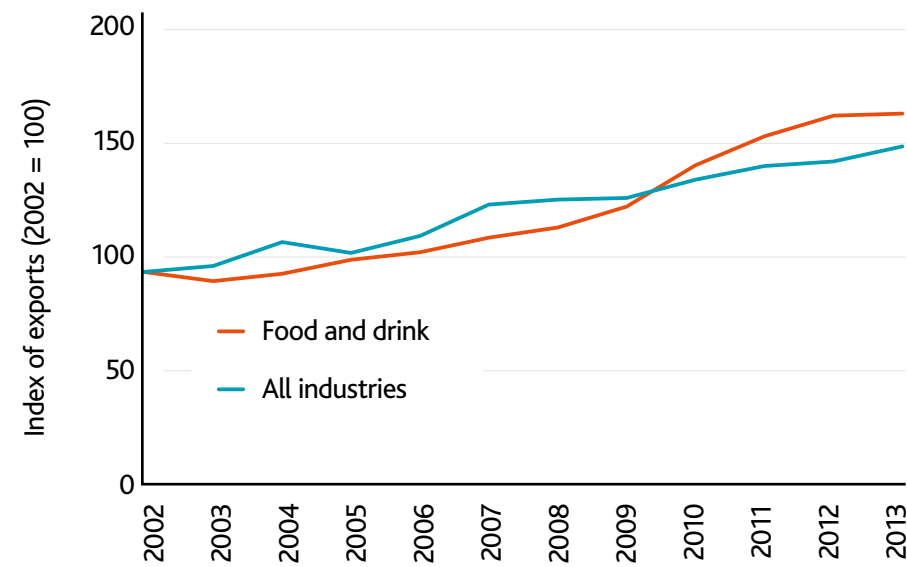
## Sector characteristics continued

### Food and drink is an important international export sector for Scotland.

The total value of exports (both international and domestic) from Scottish food and drink businesses amounted to £10bn in 2013, accounting for 14% of all Scottish exports in that year – almost three times the sector’s share of national jobs (5%). International exports accounted for more than half (53%) of this total, with domestic exports to the rest of the UK accounting for the rest. Figure 3.5 shows a particularly strong recent performance in terms of export sales for the Scottish food and drink sector, with growth outpacing the Scottish economy as a whole since 2010.

The Scotch Whisky industry is a particularly important export sector for Scotland and the UK, with exports valued at £4bn in 2014<sup>6</sup>. Scotland’s seafood sector has also achieved impressive growth in export sales in recent years. Exports of whole fresh salmon rose to a value of £450m in 2013 (up 36% from the previous year).

Fig 3.5: Index of exports, 2002-2013



Source: Scottish Government Growth Sector Statistics  
Refers to both international and domestic exports (to the rest of the UK)



<sup>6</sup> Scotch Whisky Skills Workforce Report, 2016

# 4 Skills demand

## Key points

- agriculture is the largest of the sub-sectors of the food and drink industry in employment terms, accounting for more than half (56%) of all jobs in the sector
- there were 114,700 people employed in the food and drink sector in 2015, in line with the figure for 2009
- over a third of people working in the food and drink sector are employed in skilled trade occupations, which includes many agricultural jobs
- around four in every ten people working in the UK food manufacturing industry in 2014 were foreign born, which raises questions about the current and potential future supply of labour for the industry in the context of the recent Brexit vote
- the long-term shift towards occupations requiring higher skills and qualifications is set to continue
- there will continue to be job opportunities across all occupations, to replace those who retire or move on. Replacement demand will generate approximately 27,000 job openings over the next ten years.

## The food and drink sector is a significant employer and represents 5% of all jobs in Scotland.

There were 119,100 people working in the Scottish food and drink sector in 2014, accounting for 5% of all jobs in Scotland. Agriculture is the largest employing sub-sector of the industry, accounting for more than half (56%) of all food and drink jobs in 2014.

The sector is represented across Scotland, with employment concentrated in more rural areas and plays an important role in sustaining Scotland's rural communities. Aberdeenshire's sector employment was 15,200 and employment in Highland 12,800 in 2014, comprising 12.8% and 10.7% of sector employment respectively. Employment in Dumfries and Galloway follows with 9,700 people working in the sector, 8.1% of total sector employment.

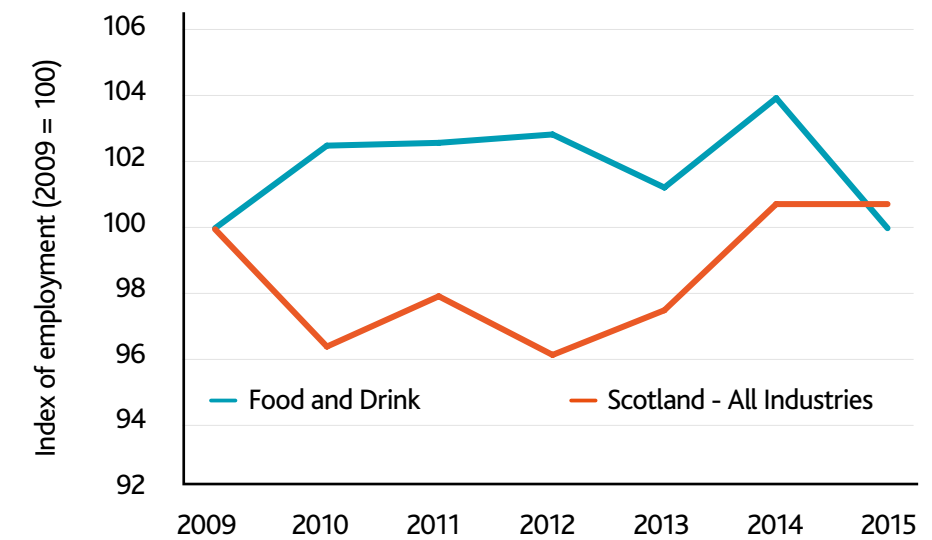
Increases in employment have been seen across most local authority areas. The largest rate of employment growth was found in Dundee City, increasing from 200 to 300 employees (50%) between 2009 and 2014.

There was also a large rate of growth in Falkirk (39%) and Midlothian (33%). The greatest decline in employment was found in West Lothian, decreasing from 2,700 to 1,800 employees (-33%) in the same period. There was also a large rate of decline in East Dunbartonshire, falling from 500 to 400 employees (-20%).

## There were around 114,700 people employed in the food and drink sector in 2015, in line with the 2009 figure.

There were around 114,700 people employed in the food in drink sector in 2015. The food and drink sector actually outperformed the wider labour market in terms of job growth over the period 2009 - 2014, before falling back in 2015. Overall employment in 2015 was in line with the 2009 figure.

Fig 4.1: Employment in Scotland, 2009-2015



Source: Scottish Government Growth Sector Statistics

Table 4: Employment in Scotland, 2009-2015

	2009	2010	2011	2012	2013	2014	2015
Food and Drink	114,700	117,500	117,600	117,900	116,100	119,100	114,700
Scotland - All Industries	2,523,100	2,435,300	2,472,600	2,428,400	2,461,100	2,540,200	2,540,600

# 4

## Skills demand continued

### The UK food and drink industry is highly dependent on migrant labour.

In 2014, almost four in every ten people (38%) working in the UK food manufacturing industry were foreign born, highlighting the importance of migrants as a source of labour for the sector<sup>7</sup>. There has been strong recent growth in the share of the UK workforce accounted for by migrants and this has been fastest amongst process workers (which includes food, drink and tobacco process operatives), increasing from 8.5% in 2002 to 32% in 2014. It is not possible to break these figures down into country of origin, but anecdotal evidence suggests that the vast majority of migrants working in the industry are from elsewhere within the European Union (EU).

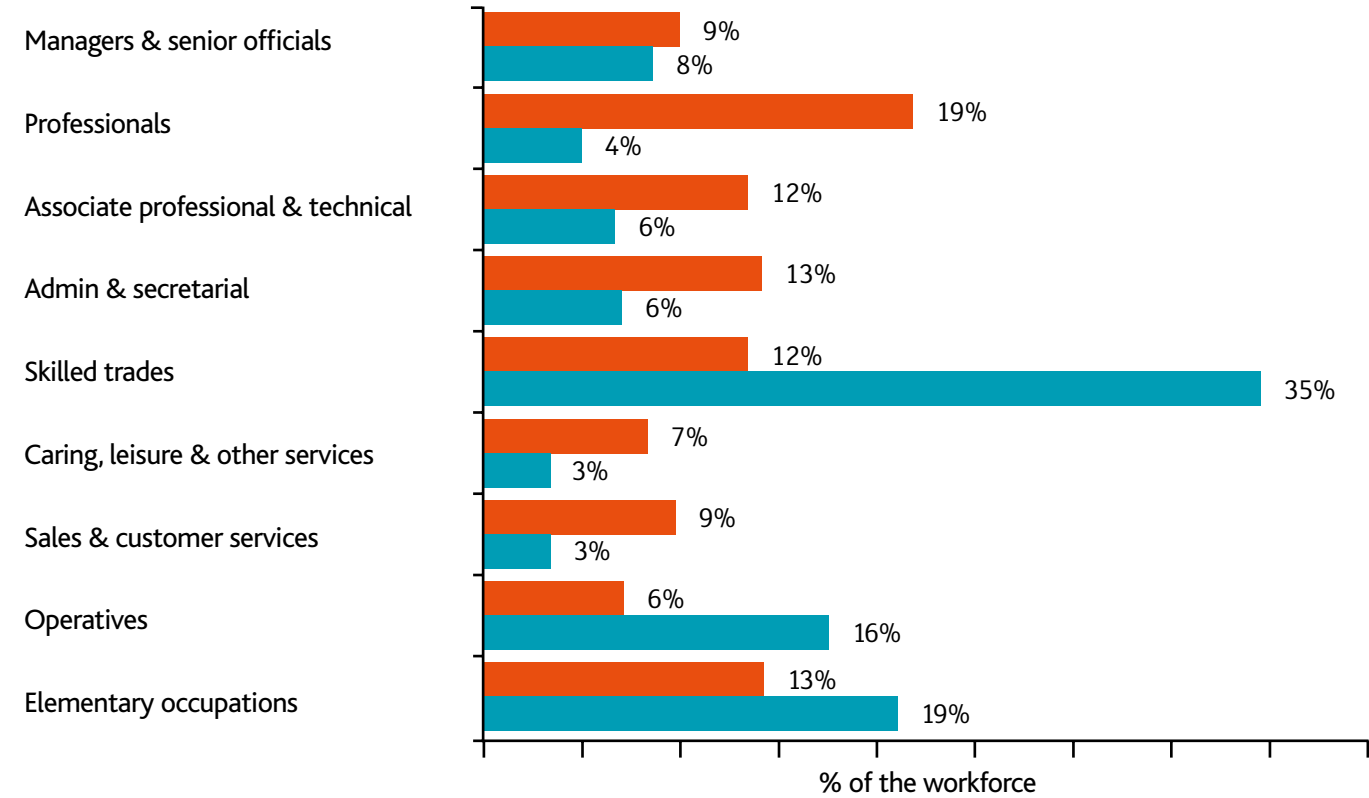
Following the recent Brexit vote, it is not clear whether EU migrants currently working in the UK food and drink sector will be able to continue to do so, or whether employers in the sector will be able to employ EU migrants in future. This is resulting in a lot of uncertainty around the current and potential future workforce for the industry.

### Over a third of jobs in the food and drink sector are in skilled trades.

Figure 4.2 compares the occupational profile of people working in the food and drink sector with the Scottish workforce as a whole:

- more than one in every three people working in the food and drink sector in Scotland are employed in skilled trade occupations, including many agricultural workers
- there are higher shares of people working in operative and elementary (entry-level) jobs than across the Scottish workforce as a whole
- relatively few people in the industry are employed in professional or associate professional roles. The jobs that are within these categories include those in agri-technology and associated consultancy and advisory roles.

Fig 4.2: Occupational profile of the workforce in Scotland 2012



Source: Working Futures 2012-2022

<sup>7</sup> Rienzo, C. (2015) Migrants in the UK Labour Market: An Overview. Migration Observatory, University of Oxford.



# 4 Skills demand continued

**The long-term shift towards occupations requiring higher-level skills and qualifications is set to continue.**

Across the UK and other industrialised nations, there has been a long-term shift away from low skilled occupations towards those requiring higher-level skills and qualifications. This trend is evident in the food and drink sector, where the percentage share of jobs in managerial, associate professional and skilled trade occupations increased between 1992 and 2012. At the same time, there was a decline in the share of jobs in operative and elementary roles – these trends are expected to continue to 2022.

**There will continue to be significant job opportunities across all occupations within the food and drink sector in Scotland.**

There will be around 27,000 net job openings in the industry between 2012 – 2022, taking account of the changing occupational demand for skills and to replace those who retire, change occupations or move away. These job openings will occur across all types of jobs. A third of these opportunities will be in skilled trade occupations, a further 15% will be in elementary (low skilled) roles and 13% will be for managers.

**Table 5: Changing occupational profile of food and drink sector, 1992-2022**

	% share of total employment				Forecast change in % share of total employment
	1992	2002	2012	2022	2012-2022
Managers & senior officials	7%	7%	8%	9%	1%
Professionals	4%	5%	4%	6%	2%
Associate professional & technical	5%	6%	6%	7%	1%
Administrative & secretarial	8%	7%	6%	6%	0%
Skilled trades	28%	30%	35%	33%	-2%
Caring, leisure & other services	2%	3%	3%	4%	1%
Sales & customer services	2%	3%	3%	4%	1%
Operatives	22%	20%	16%	13%	-3%
Elementary occupations	23%	20%	19%	18%	-1%

Source: Working Futures 2012-2022

All figures have been rounded to the nearest 100; percentages have been calculated on the unrounded figures

**Table 6: Expansion and replacement demand in food and drink, 2012-2022**

	Total requirement to 2022	% of Total Requirement
Managers & senior officials	3,500	13%
Professionals	2,300	8%
Associate professional & technical	2,500	9%
Administrative & secretarial	2,100	8%
Skilled trades	9,300	34%
Caring, leisure & other services	1,400	5%
Sales & customer services	1,500	5%
Operatives	700	3%
Elementary occupations	4,000	15%
<b>Total</b>	<b>27,400</b>	<b>100%</b>

Source: Working Futures 2012-2022

All figures have been rounded to the nearest 100; percentages have been calculated on the unrounded figures

# 4 Skills demand continued

**The restructuring of the food and drink sector workforce towards higher skilled occupations is reflected in the changing demand for qualifications.**

The share of food and drink jobs that require individuals qualified to at least SCQF Level 7 is expected to increase from 34% in 2012 to 46% in 2022.

There are also expected to be fewer jobs requiring low or no qualifications in future. However, the industry will continue to be a source of entry-level opportunities, with one in every five vacancies suitable for people qualified up to SCQF Level 4.

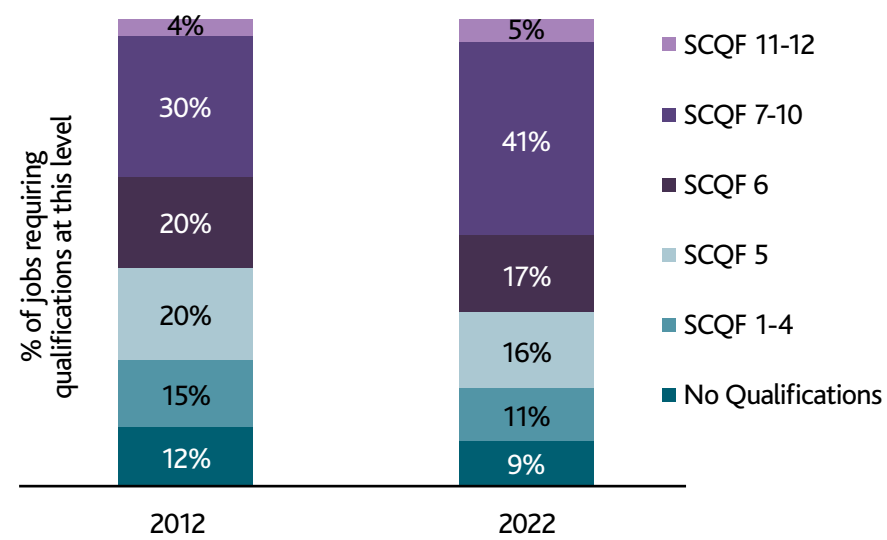
**People working in the food and drink sector are more likely to be male and employed on a full-time basis than across the economy as a whole.**

Around one in every three jobs in the Scottish food and drink sector are full-time, above the average for all industry sectors. Self-employment is also more prevalent in the industry. Women account for less than a third of the food and drink sector workforce, compared to almost half across all industry sectors.

**The food and drink sector has an ageing workforce.**

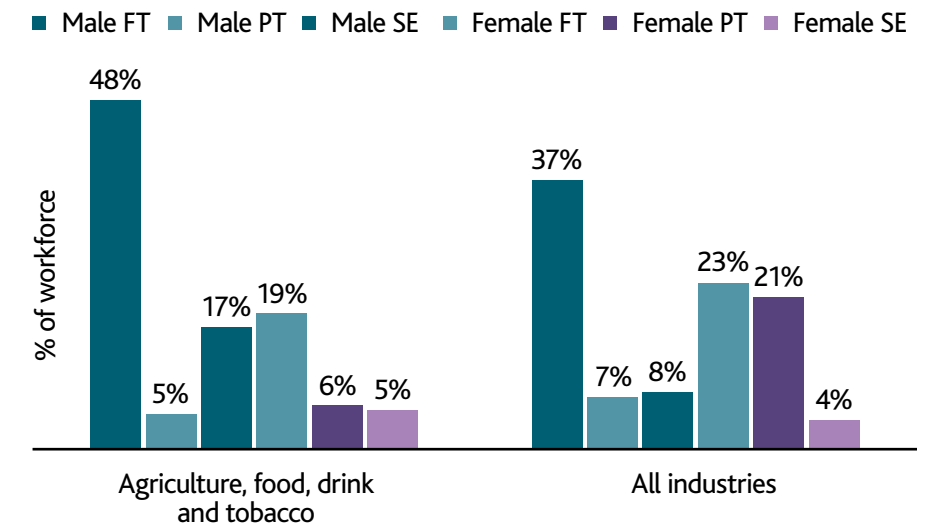
Almost half of all people working in the food and drink sector are over the age of 50 and therefore likely to be retiring in the next 10-15 years. At the other end of the scale, just 9% are under the age of 25 – lower than the equivalent rate of 13% for all industry sectors.

**Fig 4.3: Qualification profile of the food and drink workforce in Scotland, 2012-2022**



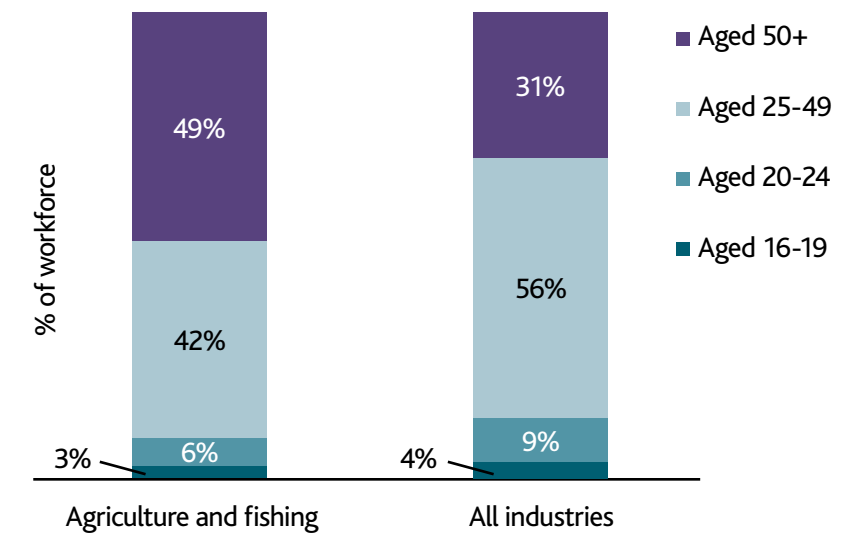
Source: Working Futures 2012-2022

**Fig 4.4: Profile of the workforce in Scotland by gender and employment status, 2012**



Source: Working Futures 2012-2022

**Fig 4.5: Age profile of the workforce in Scotland 2014**



Source: Working Futures 2012-2022

# 5 Current provision

## Key points

- there were 1,200 Modern Apprenticeship starts on food and drink related frameworks in 2014/15
- food and drink frameworks accounted for 5% of all Modern Apprenticeship starts in 2014/15 – in line with the sector’s share of national jobs
- there has been a decline in the overall number of students on food and drink related courses at Scotland’s colleges in recent years, partly driven by a shift from part-time to full-time provision across Scotland’s colleges which has reduced overall student numbers
- much of the college provision for the food and drink sector consists of ‘lifestyle’ courses, or non-advanced certification such as food safety/hygiene
- most food and drink graduates are in full-time employment six months after graduation, although the share going into full-time work is below the average for graduates of all subjects.

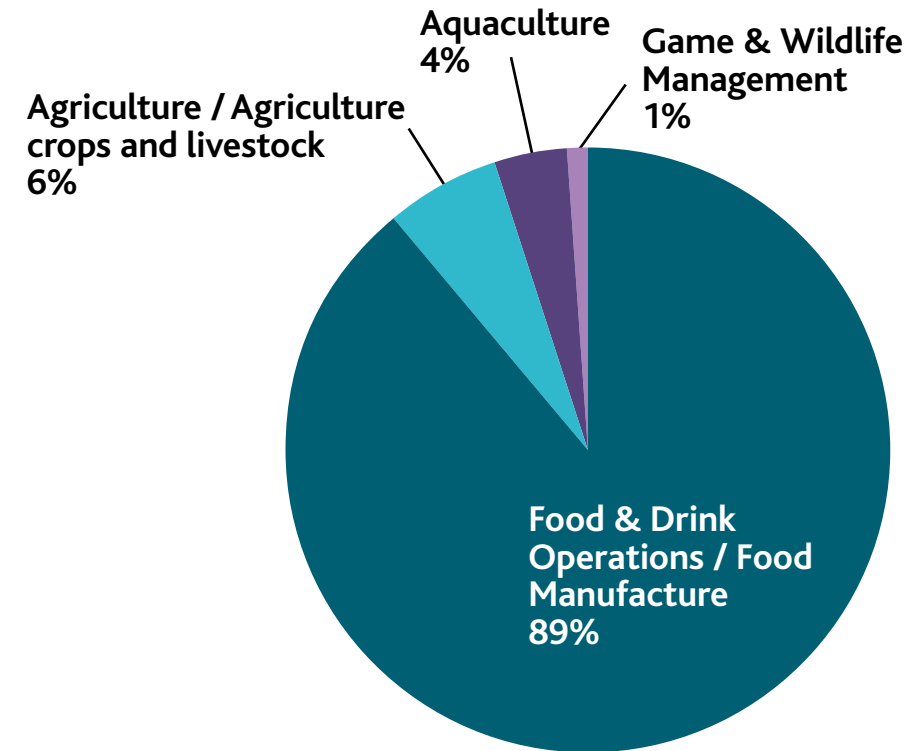
## Provision in the sector

As part of the SIP refresh a review has been undertaken on the scale and nature of current skills provision for the food and drink sector in Scotland, covering Modern Apprenticeships, college and university provision. Whilst this covers the majority of public investment in skills provision for the sector, there are a range of other smaller scale, bespoke initiatives targeted at developing skills for the food and drink industry that are not covered here. It also excludes a lot of the investment in skills development made by individuals themselves and employers working in the sector, a lot of which is delivered by work-based learning providers.

### There were 1,200 Modern Apprenticeship starts on food and drink related frameworks in Scotland in 2014/15.

This accounted for 5% of all new MA starts in Scotland – in line with sector’s share of national jobs. The large majority (89%) of new MA starts in the industry were in the Food & Drink Operations /Food Manufacture framework. The remainder were in agriculture, aquaculture and game & wildlife management frameworks.

Fig 5.1 Modern Apprenticeship starts in food and drink, 2014/15



Source: Skills Development Scotland  
Base: MA starts in food and drink = 1,200

Table 7: Modern Apprenticeship starts in food and drink, 2009/10 – 2014/15

Framework	2009/10	2014/15	Change 2009/10 – 2014/15	
			No	%
Food & Drink Operations/Food Manufacture	589	1,060	471	80%
Agriculture/Agriculture crops and livestock	41	80	39	95%
Aquaculture	4	50	46	1150%
Game & Wildlife Management	0	20	20	-
<b>Total food and drink</b>	<b>750</b>	<b>1,200</b>	<b>450</b>	<b>60%</b>

Source: Skills Development Scotland

# 5 Current provision continued

**The number of new apprenticeship starts on food and drink related frameworks increased by 60% between 2009/10 and 2014/15.** There was a 60% increase in the total number of new MA starts in the food and drink sector between 2009/10 and 2014/15. The majority of this increase was due to an expansion of the Food & Drink Operations/Food Manufacture framework. There was also strong growth in take up of the other three frameworks, although the actual numbers involved were much lower.

**The majority of Modern Apprenticeship starts on food and drink related frameworks are at Level 2.**

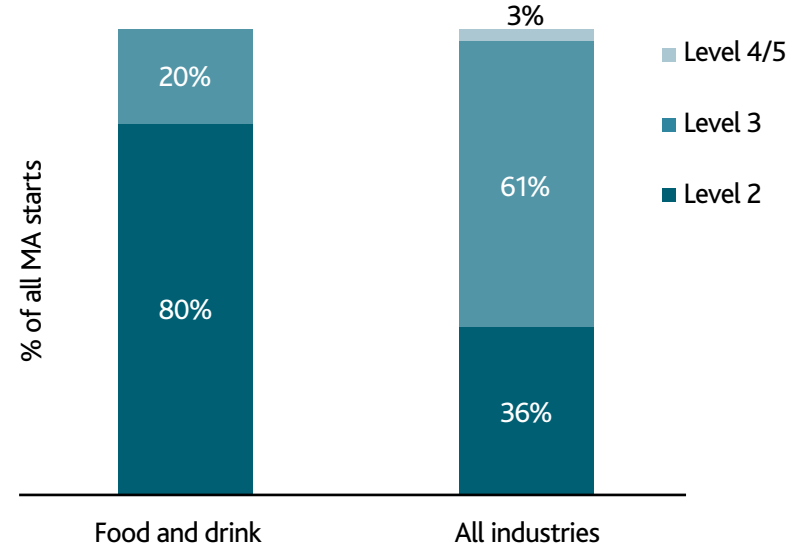
Across the MA programme as a whole, just over a third of new apprenticeship starts are on Level 2 frameworks. This compares to 80% of new MA starts on food and drink related frameworks.

**Modern Apprentices in the food and drink sector have an older profile than those across the Scottish MA programme as a whole.**

Around a fifth (19%) of all new MA starts in food and drink related frameworks are aged 16-19 – less than half the equivalent figure of 52% for the Scottish MA programme as a whole. The proportion of new MA starts that are over the age of 25 on these frameworks is three times higher than for the MA programme as whole.

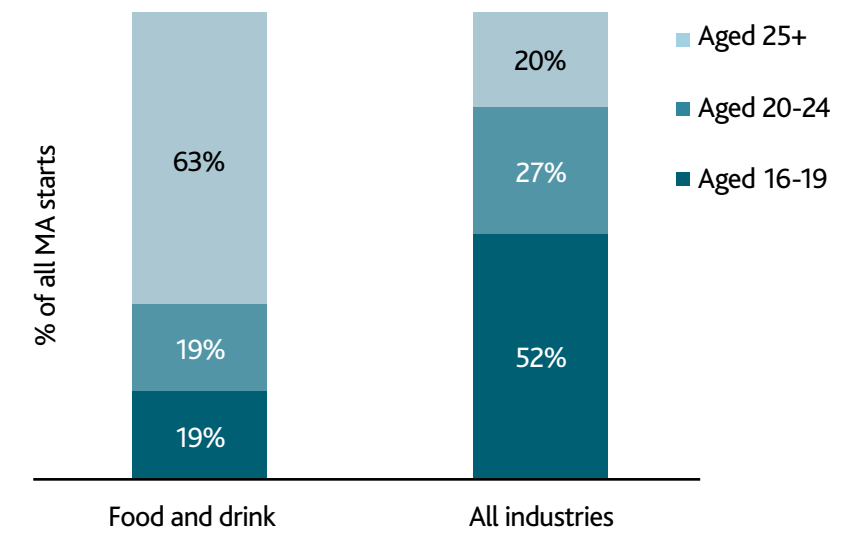
This suggests that MAs are being used to support upskilling of the existing workforce in the food and drink sector and possibly also career-changers.

**Fig 5.2 Modern Apprenticeship starts by level, 2014/15**



Source: Skills Development Scotland  
Base: Total MA starts

**Fig 5.3 Modern Apprenticeship starts by age band, 2014/15**



Source: Skills Development Scotland  
Base: Total MA starts in 2014/15

# 5

Current provision continued

**New Modern Apprenticeships have been developed and other occupational areas are being explored in response to employer demand.**

Sector Skills Councils, Improve and Lantra have worked with industry to develop new MA frameworks to support the needs of employers.

A new MA framework in Food & Drink Manufacturing Excellence has been introduced by Improve to support the sector to develop skills focussed on lean manufacturing and continuous improvement. In recent years there has been a greater emphasis on businesses aiming to improve their productivity levels and efficiencies. The new MA offered at Level 2 and Level 3 can raise skills levels across the workforce and supports delivery of the industry Productivity Plan and the Scottish Government's Manufacturing Action Plan.

There has been a demand for a higher level MA in the growing aquaculture sector. Aquaculture businesses, particularly salmon and trout producers have recognised that MAs provide a very effective route for developing staff, leading to a steady growth in their popularity at Levels 2 and 3. This has led to a demand for the more advanced MA, and Lantra has worked in partnership with aquaculture companies and other industry stakeholders to develop the Aquaculture Technical MA Level 4 for those looking to make the move into management or for existing managers wanting to get formal training.

While the number of people doing MAs in aquaculture may be relatively small compared to other industries, they do make a significant contribution to our more rural areas. As well as the economic benefits they bring to the sector, local people gain nationally recognised qualifications whilst continuing to live and work within their community.

SDS is working with industry and key stakeholders to assess demand for a new MA in Brewing. There has been significant growth in the craft brewing sector over the past few years, with micro, small and large businesses operating across the country. A programme of work including workshops with key businesses is planned to define job roles in the sector and explore opportunities for the development of a new MA.

**There are opportunities to expand the 'Apprenticeship Family' for the food and drink sector.**

As SDS further develops the Apprenticeship Family there will be opportunities to explore with the sector how new Foundation and Graduate Level Apprenticeships could be utilised.

Although at the early stages of consultation, there has been interest amongst businesses in introducing these new pathways and attracting talent into the sector. SDS will work with industry partners to assess demand for Foundation Apprenticeships in agriculture, aquaculture, food science and technology roles.



# 5

## Current provision continued

College provision - there has been a decline in the total number of students on food and drink related courses at Scotland's colleges in recent years.

In 2013/14, there were 7,800 students at colleges in Scotland on food and drink related courses. Around a third of these were on agriculture/horticulture courses and a further quarter were on food science technology courses. The remainder were spread across a range of subject areas.

Students on food and drink-related courses accounted for 3% of all college students in Scotland in 2013/14 – below the sector's share of national jobs (5%). The number of students on these courses fell by 37% between 2009/10 and 2013/14 – faster than the equivalent decline of 32% in the total number of students at Scotland's colleges over this period.

Analysis of changes in college provision (as measured by hours of learning) points to a shift away from part-time to full-time provision – a trend witnessed across the Scottish college sector as a whole in recent years.

Much of the college provision for the food and drink sector is made up of 'lifestyle' courses, or non-advanced certification such as food safety/hygiene.

It is worth noting that, despite the increasing emphasis on full-time provision, less than a fifth (19%) of students on food and drink related courses at Scottish colleges were studying full-time in 2013/14.

Almost half (48%) were on part-time day courses and a further 9% were on part-time evenings and weekend courses.

Around half of all students on Baking/Dairy/Food & Drink Processing courses were studying part time in the evenings and/or weekends, suggesting that most of these are 'lifestyle' rather than vocational courses. This is further evidenced by the fact that over a third (36%) of students on these courses are not working towards a recognised qualification.

The majority (75%) of students on Food Sciences/Technology courses in 2013/14 were working towards a non-advanced certificate, which includes food safety/hygiene courses.

Table 8: Students at Scottish colleges (headcount) 2009/10 – 2013/14

Subject	2009/10	2013/14	Change 2009/10 – 2013/14	
			No	%
Agriculture/Horticulture (general)	4,300	2,400	-1,800	-43%
Food Sciences/Technology	4,300	1,900	-2,400	-56%
Baking/Dairy/Food and Drink Processing	900	1,100	200	28%
Animal Husbandry	1,300	1,000	-300	-23%
Crop Protection/Fertilisers/By products	400	400	0	8%
Agricultural Engineering/Farm Machinery	600	300	-300	-43%
Agricultural/Horticultural Maintenance	300	200	-100	-35%
Rural/Agricultural Business Organisation	100	200	100	100%
Other	200	200	0	-29%
<b>Total Headcount – Food and drink</b>	<b>12,300</b>	<b>7,800</b>	<b>-4,500</b>	<b>-37%</b>
<b>Total Headcount – All subjects</b>	<b>399,800</b>	<b>271,000</b>	<b>-128,900</b>	<b>-32%</b>

Source: Source: Scottish Funding Council  
Base: Headcount

All figures have been rounded to the nearest 100; percentages have been calculated on the unrounded figures

Table 9: Food and drink graduates by institution

	2009/10	2013/14	Change 2009/10 – 2013/14	
			No	%
Scotland's Rural College	120	180	60	53%
University of the Highlands & Islands	115	90	-25	-23%
Heriot-Watt University	100	70	-30	-29%
University of Edinburgh	55	65	10	16%
University of Stirling	35	40	5	14%
Other	30	60	30	100%
<b>Total food and drink</b>	<b>460</b>	<b>505</b>	<b>45</b>	<b>10%</b>
<b>Total all subjects</b>	<b>64,290</b>	<b>71,615</b>	<b>7,325</b>	<b>11%</b>

Source: Scottish Funding Council

All figures have been rounded to the nearest 5; percentages have been calculated on the unrounded figures

# 5

Current provision continued

**University provision - the number of graduates of food and drink-related courses at Scottish HEIs has grown in recent years, in line with an increase across all subject areas.**

There were 45 more graduates from food and drink related courses at Scottish HEIs in 2013/14 than in 2010/11, representing a 10% increase. This was in line with the equivalent increase of 11% in the number of graduates across all subject areas combined. Table 8 shows that Scotland's Rural College has accounted for the largest share of this expansion and that several institutions have started providing courses since 2010/11.

Whilst there was growth in the numbers of graduates from Agricultural courses over the period, there was a fall in the number of graduates from Food and Beverage courses.

**The majority of university provision in food and drink-related subjects is at undergraduate level.**

Undergraduates accounted for over half (60%) of all graduates from food and drink-related courses at Scottish universities in 2013/14. The majority of the recent increase in graduates in these subjects has also been at this level (Table 9). Postgraduates (SCQF Level 11/12) accounted for two-fifths (40%) of all graduates of food and drink courses at Scottish HEIs in 2013/14.

**Graduate destinations: most food and drink graduates are in full-time employment six months after graduation and an above average share go into further study.**

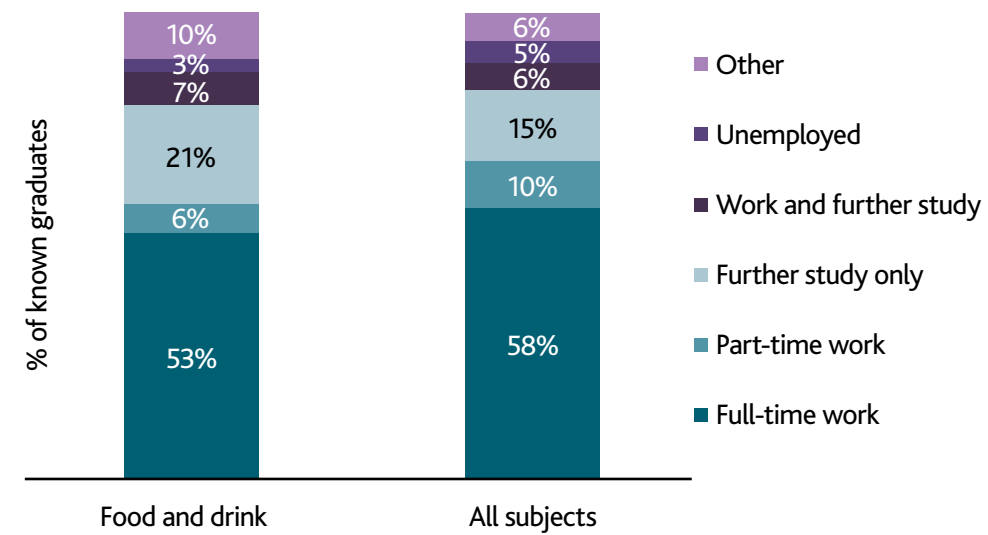
More than half (53%) of known graduates from food and drink related courses were in full-time employment six months after graduation in 2013/14 – below the equivalent rate of 58% for all subjects combined. Around a fifth (21%) of food and drink graduates went into further study within six months of graduating, higher than the equivalent rate of 15% across all subject areas.

**Table 10: Food and drink graduates by level, 2010/11-2013/14**

	2010/11	2013/14	Change 2010/11 – 2013/14	
			No	%
Postgraduate (research)	15	30	15	88%
Postgraduate (taught)	180	170	-10	-4%
First degree	100	105	5	8%
Other undergraduate	160	195	35	23%
<b>Total food and drink</b>	<b>460</b>	<b>505</b>	<b>45</b>	<b>10%</b>

Source: Scottish Funding Council  
All figures have been rounded to the nearest 5; percentages have been calculated on the unrounded figures

**Fig 5.4 Employment status of food and drink graduates, 2013/14**



Source: HESA Destination of Leavers Study; Scottish Funding Council  
Bases: Food and Drink; 290; All subjects; 40,200

# 6

## Skills issues and challenges

Much has been achieved through collaboration on skills development since the launch of the food and drink SIP in 2012, with a range of new initiatives introduced to address the key skills issues and challenges facing the industry. However, there remains ongoing demand for new and replacement labour within the sector. It is therefore vital to continue to build on what has been achieved so far, and to target future public and private sector investment to ensure that the industry has the right supply of people and skills to support future growth. This means increased collaboration and joint investment between public and private sector stakeholders.

Following widespread evidence gathering and stakeholder engagement, the consensus amongst consultees was that the four priority areas identified within the food and drink SIP should continue to be the focus for skills development within the sector. These are:

- **Priority 1** – Raising the attractiveness of the sector
- **Priority 2** – Driving leadership and management excellence
- **Priority 3** – Skills for business improvement
- **Priority 4** – Skills for business growth

The Scotland Food & Drink Skills Group were also keen that the specific issues and the priorities for action should be clear and distinct for agriculture and food and drink manufacturing sub-sectors.





# 6

## Skills issues and challenges continued

### Priority 1: Raising the attractiveness of the sector

This priority covers activity aimed at attracting young people into the sector, as well as mature new entrants and career changers. For employers in the agriculture sector, location can be a major barrier to recruitment, particularly for young people who may not have access to their own transport. Employers in the sector often rely on informal recruitment methods, such as friends and family, which acts to limit the potential pool of new entrants to the sector. There is also a common misperception that careers within the agricultural sector are manual and low skilled, when in fact many are highly technical and specialist.

For the manufacturing sector, there is a perception that jobs are often low skilled and low paid, offering limited career development and progression opportunities. In some businesses, particularly those in the drinks manufacturing sector, low staff turnover can act as a barrier to bringing in new staff. When opportunities do become available, vacancies are often filled from elsewhere within the industry, thereby limiting the pipeline of new talent into the sector. Negative press coverage relating to particular elements of the industry was also reported to be influencing public perceptions of the industry.

The UK food and drink industry is highly dependent on migrant labour, with around four in every ten people working in the food manufacturing industry being foreign born, many of which come from elsewhere within the EU. Following the recent Brexit vote, it is not clear whether EU migrants currently working in the UK food and drink sector will be able to continue to do so, or whether employers in the sector will be able to employ EU migrants in future. This is resulting in a lot of uncertainty around the current and potential future workforce for the industry.

### Actions

The four key priorities for action to address the issues and challenges facing employers in relation to raising the profile and image of the sector to attract new entrants are to:

- further develop entry routes into the sector for both young people and career changers
- raise awareness of career opportunities and pathways within the sector
- foster greater partnership working between industry and the public sector to promote opportunities within the sector
- explore potential implications of the vote to leave the European Union on the current and future supply of labour for the industry.

Fig 6.1 Raising the attractiveness of the sector: Key issues

Agriculture	<ul style="list-style-type: none"> <li>• Location/rurality</li> <li>• Family-owned/run businesses</li> <li>• Reliance on informal recruitment methods</li> <li>• Perception that the industry is not for those who are more academically able</li> </ul>
Food & Drink Manufacturing	<ul style="list-style-type: none"> <li>• Perception that jobs are low skilled/low paid</li> <li>• Low staff turnover can make it difficult to create opportunities</li> <li>• 'Demonisation' of the industry - salt, fat, alcohol, sugar etc.</li> <li>• High dependency on migrant labour</li> </ul>

# 6

## Skills issues and challenges continued

### Priority 2: Driving leadership and management excellence

A key challenge for many businesses in the primary sector, particularly those that are family-owned/run, relates to succession planning.

That is, the process for identifying and developing staff who have the potential to fill business leadership positions within the company.

Recent challenges facing the primary and producer sector means that many businesses have had to diversify in order to survive, a process that requires effective leadership and management.

The primary sector is characterised by a predominance of sole traders, family businesses and self-employment, with the notable exception of Scotland's multi-national salmon producers. For many small businesses in the sector, the time and costs associated with investment in leadership and management training can be a major barrier. There are also often geographical barriers to accessing this type of training, particularly within remote/rural areas, which add to the costs and time involved.

In food and drink manufacturing businesses, individuals are often promoted to managerial roles based on their technical skills and abilities, rather than their suitability to manage and develop teams. Low levels of staff turnover at leadership/management level means that it then becomes difficult to bring in new talent to these roles and so the emphasis needs to be on training and development.

#### Actions

The three key priorities for action to drive leadership and management excellence in the food and drink sector are to:

- review the range of existing leadership and management training, support and advisory services available with a view to making it more flexible and accessible to companies in the sector
- increase take up of publicly funded/subsidised support for leadership and management development amongst food and drink companies
- develop and promote opportunities for networking, mentoring and sharing of best practice within and between companies in the sector and in other sectors.

Fig 6.2: Driving leadership and management excellence: Key issues

Agriculture	<ul style="list-style-type: none"> <li>• Succession planning for family-owned/family-run businesses</li> <li>• Skills for diversification</li> <li>• Time/cost of participation in training</li> <li>• Sourcing appropriate training</li> </ul>
Food & Drink Manufacturing	<ul style="list-style-type: none"> <li>• Promotions often based on technical skills</li> <li>• Low turnover of staff and less opportunity to bring in new talent, therefore training is vital to develop capability</li> <li>• Experience doesn't always equal competence</li> </ul>

# 6

## Skills issues and challenges continued

### Priority 3: Skills for business improvement

Productivity in the food and drink sector is below the Scottish economy as a whole, although there are wide variations between sub-sectors of the industry on this measure. Previous research identified investment in developing people and skills for business improvement as a route to improving the productivity performance of the sector<sup>8</sup>.

The issues and barriers facing food and drink businesses in terms of investment in business improvement fall into three main categories. Firstly, access to skills and training was cited as a key barrier to this type of activity. In particular, there was a reported lack of training in food technology and new product development. There was also an issue highlighted in relation to sourcing people who have both the academic and technical skills required to develop new products. These cover the skills required for all aspects of product development – from concept, idea generation, formulation, optimisation, pilot trials and product evaluations through to commercialisation and launch. Individuals who have these skills have often developed them over many years on the job, and there is concern that the future pipeline is not being developed.

The second barrier relates to resource, particularly for sole traders and small (micro) businesses, many of which do not have the time to engage in this type of activity and cannot justify employing dedicated staff to work on this. There is always a risk associated with investment in R&D, or the skills required to enable R&D and innovation, with no guaranteed return on investment.

Finally, many of the mainstream support programmes are targeted at large businesses and there is a reported lack of support tailored to the needs of SMEs/micro-businesses. The support available is often project-specific, thereby limiting the potential impacts beyond the period of the funding. Small businesses can also face challenges in navigating the funding landscape, writing successful bids, project management and reporting.

### Actions

The four priorities for action to support the development of skills for business improvement in the food and drink sector are to:

- promote better communication and engagement between employers and the skills system
- support the development of skills for innovation in the food and drinks manufacturing sector
- develop and promote provision that is specifically targeted at meeting the skills needs of employers in the primary sector
- explore options for using the expansion of the Modern Apprenticeship programme and Apprenticeship Family to address specific skills gaps and shortages.

Fig 6.3: Skills for business improvement: Key issues

Access to skills and training	<ul style="list-style-type: none"> <li>• Gaps in food technology/new product development training</li> <li>• Skills shortages/gaps – getting people with the right academic and technical skills</li> </ul>
Resource	<ul style="list-style-type: none"> <li>• Below average levels of R&amp;D spend within some companies</li> <li>• Resource (cost/time) is a barrier, particularly for small businesses</li> </ul>
Access to Support	<ul style="list-style-type: none"> <li>• Less support available for SMEs and small (micro) businesses</li> <li>• Often project-specific</li> <li>• Funding/grant writing skills</li> </ul>

<sup>8</sup> SQW (2014) Productivity Research for Scotland's Food & Drink Sector: A Report to Scotland Food and Drink.

# 6

## Skills issues and challenges continued

### Priority 4: Skills for growth

In terms of skills for growth, food and drink businesses report challenges in sourcing people with marketing, design and branding skills. For smaller businesses, the challenge is in accessing external support for sales and marketing, rather than developing this capacity in-house.

A specific requirement has also been identified for the development of skills provision to support the forecast growth of the aquaculture sector.

A broad range of skills, expertise and knowledge are required by food and drink companies looking to grow their export sales. In addition to business development skills, a range of technical skills are required to ensure compliance with international regulations, pricing, packaging, etc.

Companies that are looking to grow require commercial business development skills, as well as financial skills to manage orders and cash flow to enable growth. In the food and drink sector, they also often require individuals with expertise in Fast Moving Consumer Goods (FMCG) markets.

### Actions

The three priorities for action to support the development of skills for growth in the food and drink sector are to:

- facilitate access to information on the range of provision available to companies to support growth
- facilitate collaboration between companies on skills for growth
- deliver targeted support for the growing aquaculture sector.

Fig 6.4: Skills for growth: Key issues

Marketing, design & branding	<ul style="list-style-type: none"> <li>• Sourcing people with skills in sales and marketing</li> <li>• Resourcing these roles – particularly for small/primary producers</li> </ul>
Exporting & Internationalisation	<ul style="list-style-type: none"> <li>• Identifying and accessing new markets</li> <li>• Technical skills required around regulations/pricing/packaging etc.</li> </ul>
Business Development	<ul style="list-style-type: none"> <li>• Commercial skills for negotiating with supermarkets etc</li> <li>• Sourcing people with experience of FMCG market</li> </ul>

# 7 Action Plan

The Scotland Food & Drink Skills Group has overseen the SIP refresh process, having been actively engaged at all stages. The group will be responsible for taking forward implementation of the SIP Action Plan and monitoring/reporting progress towards the priorities set out within this.

The Scotland Food & Drink Skills Group are keen to demonstrate effective collaboration and partnership working to deliver the industry SIP. Through the development process a public sector lead and private sector champion has been identified to lead and co-ordinate delivery of each of the four skills priorities and these are set out in Table 10. It is noted that, although taking a co-coordinating role, partners will only be able to contribute within the scope of their organisational remits. These specific roles and responsibilities are detailed in Table 12.

The SIP Action Plan provides further detail on the range of activities expected to be delivered in relation to each of the skills priorities, as well as the anticipated outcomes. These will be finalised by the sub-groups responsible for taking these forward. The sub-groups will also be responsible for agreeing how the actions will be resourced, identifying specific targets for each and monitoring/reporting of progress.

**Table 11: Public sector leads and private sector champions**

Priority	Priority lead	Priority champion
1. Raise the profile and image of the sector to attract new entrants	SDS	Lantra/SFDF
2. Driving leadership and management excellence	SE / HIE	SWA
3. Skills for business improvement	SFC	SB / NFUS
4. Skills for business growth	Scottish Bakers	SFD

**Table 12: Roles and responsibilities of priority leads and champions**

Priority lead	Priority champion
<ul style="list-style-type: none"> <li>Take a leading role in finalising the Action Plan, securing agreement from partners to take forward specific actions</li> <li>Co-ordinate implementation of the Action Plan</li> <li>Report on delivery and progress towards expected outcomes</li> <li>Act as the liaison/point of contact with the Scotland Food &amp; Drink Skills Group</li> </ul>	<ul style="list-style-type: none"> <li>Support the priority lead by being an advocate for the theme, both within your sub-sector and across the industry as a whole</li> <li>Take the lead on specific actions and support implementation of others where possible</li> <li>Act as a secondary liaison/point of contact with the Scotland Food &amp; Drink Skills Group</li> </ul>

Priority 1 – Raise the profile and image of the food and drink sector to attract new entrants

Action	Activities	Expected outcomes	Partners	Start date
Raise awareness of the range of career opportunities and pathways within the sector	<p>Develop a communications plan aimed at raising the profile of the sector as a career destination of choice through activities such as:</p> <ul style="list-style-type: none"> <li>production and dissemination of information on career opportunities for careers advisers, teachers and parents</li> <li>review and refresh the food and drink industry pages on My World of Work and other online sources of careers information</li> </ul> <p>Engage with the Institute of Food Science &amp; Technology (IFST) Review of Learning Materials to identify and collate best practice in the sector</p>	Greater awareness of career opportunities in the sector amongst young people, parents, teachers and careers advisers	<p>Scotland Food &amp; Drink</p> <p>Food and Drink Federation Scotland</p> <p>Skills Development Scotland</p> <p>Education Scotland</p> <p>Lantra</p> <p>Improve</p>	2016 – ongoing

Action	Activities	Expected outcomes	Partners	Start date
Further develop entry routes into the sector for both young people and career changers	<p>Map articulation and progression routes for careers within the sector</p> <p>Develop, expand and promote existing employability pathways, through initiatives such as the Certificate of Work Readiness and Tasty Jobs</p> <p>Develop new Foundation and Graduate Level Apprenticeships</p> <p>Encourage companies to broaden their approach to recruitment</p>	<p>Increased numbers of young people working in the sector</p> <p>Increased take up of apprenticeships</p> <p>Reduction in hard-to-fill vacancies</p>	<p>Skills Development Scotland</p> <p>Food and Drink Federation Scotland</p> <p>Lantra</p> <p>Improve</p> <p>Industry representative bodies</p> <p>Developing Scotland's Young Workforce</p>	2016/17
Foster greater partnership working between industry and the public sector to promote opportunities within the sector	<p>Support and encourage employers in the sector to engage with the newly formed Developing the Young Workforce (DYW) Regional Groups</p> <p>Promote the FDF National Schools Programme to encourage more business and education partnerships</p>	<p>Improved image/perception of careers within the industry amongst young people, parents, teachers and careers adviser</p> <p>Improved links between employers and schools</p>	<p>Industry representative bodies</p> <p>Food and Drink Federation Scotland</p> <p>Scotland Food &amp; Drink Skills Group members</p>	2016/17

Priority 1 continued – Raise the profile and image of the food and drink sector to attract new entrants

Action	Activities	Expected outcomes	Partners	Start date
Promote the sector and create opportunities for under represented groups	<p>Pilot project with key stakeholders to identify opportunities to improve diversity in the recruitment practices of employers</p> <p>Explore and develop employability pathway into Modern Apprenticeships to address specific skills shortages and take positive action to recruit under represented groups</p>	<p>More diverse workforce and realisation of the benefits of such for employers</p> <p>Awareness of job opportunities in sector by under-represented groups</p> <p>More diverse representation in sector</p> <p>Modern Apprenticeships. New entrants into sector</p>	<p>Skills Development Scotland</p> <p>Developing the Young Workforce</p> <p>Industry representative bodies</p>	2017/18
Explore potential implications of the vote to leave the European Union on the current and future supply of labour for the industry and options for addressing these	<p>Consult with employers and industry representative bodies to fully understand the potential implications of Brexit</p> <p>Consider options for responding to:</p> <ul style="list-style-type: none"> <li>repatriation of EU migrants currently living in the UK</li> <li>restricted movement of labour within the EU</li> </ul> <p>Provide a co-ordinated response to any relevant consultations on the implications of Brexit on the UK labour market</p>	<p>The implications of Brexit on the current and potential future supply of labour for the industry are fully understood</p> <p>There is an outline response in place in the event of repatriation of EU workers and/or restricted movement of labour within the EU in future</p> <p>The views of industry are represented in any consultations on this issue</p>	<p>Industry representative bodies</p> <p>Scotland Food &amp; Drink Skills Group members</p>	2016/17

Priority 2 – Driving leadership and management excellence

Action	Activities	Expected outcomes	Partners	Start date
Review the range of existing leadership and management training, support and advisory services available with a view to making it more flexible and accessible to companies in the sector	<p>Identify barriers to employer engagement and investment in leadership and management development</p> <p>Engage providers to consider alternative models of delivery to address identified barriers, which could include the development of "bite-sized" courses and online learning opportunities</p>	Provision for leadership and management development that is more accessible and relevant to needs of employers in the industry	<p>Scottish Enterprise</p> <p>Highlands &amp; Islands Enterprise</p> <p>Food and Drink Skills Partnership</p> <p>Business Gateway</p>	2016/17
Increase take up of publicly funded/subsidised support for leadership and management amongst food and drink companies	<p>Publish case studies and other evidence of the potential impacts and benefits of investment in leadership and management development</p> <p>Target existing support, such as the Rural Leadership Programme and Leadership Essentials, to companies in the food and drink sector</p> <p>Promote and encourage take up of the Farm Advisory Service, which offers advice and guidance on leadership and management development</p>	Increased investment in leadership and management development by companies in the sector	<p>Scottish Enterprise</p> <p>Highlands &amp; Islands Enterprise</p> <p>Industry representative bodies</p> <p>Lantra</p> <p>Improve</p>	2016 – ongoing

Priority 2 continued – Driving leadership and management excellence

Action	Activities	Expected outcomes	Partners	Start date
Develop and promote opportunities for networking, mentoring and sharing of best practice within and between companies in the sector and in other sectors	<p>Promote and encourage take up of existing business mentoring support</p> <p>Encourage and develop more sector leaders to act as mentors to support emerging and future leaders across the sector</p> <p>Develop and disseminate new and existing resources, such as guides/toolkits, to inform and support formal and informal mentoring within food and drink companies</p> <p>Identify and promote existing networks and alumni of leadership programmes to employers in the sector</p> <p>Create new opportunities/programmes of events for leaders and managers to network and share best practice</p>	Improved company performance through increased networking, mentoring and sharing of best practice between employers within the sector	<p>Industry representative bodies</p> <p>Scottish Enterprise</p> <p>Highlands &amp; Islands Enterprise</p> <p>Business Gateway</p>	2016 – ongoing

Priority 3 – Skills for business improvement

Action	Activities	Expected outcomes	Partners	Start date
Promote better communication and engagement between employers and the skills system	<p>Establish a Food and Drink Skills Partnership to lead the development of learning provision to meet the needs of the sector through activities such as:</p> <ul style="list-style-type: none"> <li>influencing the work-based learning activity with the National Strategy for Land-based Education and Training to ensure it meets the needs of the sector</li> <li>developing annual demand statements to support college regional outcome agreements and MA allocations</li> </ul>	<p>Skills provision is more closely aligned to industry demand</p> <p>Reduction in skills gaps/shortages</p>	<p>Scottish Funding Council</p> <p>Skills Development Scotland</p> <p>Developing the Young Workforce</p> <p>SQA</p> <p>Food and Drink Federation Scotland</p>	2016/17
Support the development of skills for innovation in the food and drinks manufacturing sector	<p>Further explore issues of supply and demand for technical skills within the sector, with a view to identifying specific skills gaps and shortages and options for addressing these</p> <p>Encourage take up of the MA in Food Manufacturing Excellence and Business Improvement Techniques</p> <p>Develop and promote training aimed at developing skills for innovation and business improvement techniques, such as lean manufacturing</p>	<p>Reduction in skills gaps/shortages within technical roles</p> <p>Increased investment in innovation/R&amp;D by food and drinks manufacturing employers</p>	<p>Skills Development Scotland</p> <p>Scottish Funding Council</p> <p>Scottish Enterprise</p> <p>Highlands &amp; Islands Enterprise</p> <p>Scotland Food &amp; Drink</p> <p>Resource Efficiency Scotland</p> <p>SQA</p>	2016 – ongoing



Priority 3 continued – Skills for business improvement

Action	Activities	Expected outcomes	Partners	Start date
Develop and promote provision that is specifically targeted at meeting the skills needs of employers in the primary sector	<p>Promote the range of existing provision available to the primary sector to support skills development</p> <p>Develop a programme of short courses designed to address the specific skills requirements of farmers</p> <p>Promote and encourage participation in Monitor Farms and other initiatives aimed at developing and sharing best practice</p> <p>Promote and encourage participation in the Farm Advisory Service, which offers advice and guidance on skills development</p> <p>Deliver a programme of Train the Trainer to support skills development and succession planning within the sector</p>	<p>Increased engagement and investment in skills development by employers in the primary sector</p> <p>Improved succession planning within employers in the primary sector</p>	<p>National Farmers Union Scotland</p> <p>Lantra</p> <p>Quality Meat Scotland</p> <p>Scotland Food &amp; Drink</p> <p>Scotland's Rural Colleges</p> <p>SQA</p>	2016 – ongoing

Action	Activities	Expected outcomes	Partners	Start date
Explore options for using the expansion of the Modern Apprenticeship programme to address specific skills gaps and shortages	<p>Options for consideration include:</p> <ul style="list-style-type: none"> <li>development of new MA frameworks to address identified skills gaps and shortages (for example in craft brewing/distilling)</li> <li>development of Graduate Level Apprenticeships within the food and drink sector, which would again be targeted at addressing specific technical skills gaps and shortages</li> <li>development of a shared apprenticeship model to address barriers to take up of MAs, particularly amongst small/ micro-businesses</li> <li>review of existing MA frameworks to ensure that they meet the skills needs of the sector</li> </ul>	<p>MA provision more closely aligned to the needs of employers in the sector</p> <p>Increased take up of MAs</p> <p>Reduction in skills gaps/ shortages</p> <p>Higher qualified workforce</p>	<p>Skills Development Scotland</p> <p>Improve</p> <p>Lantra</p> <p>Scotland Food &amp; Drink</p>	2016/17

Priority 4 – Skills for business growth

Action	Activities	Expected outcomes	Partners	Start date
Encourage employers to use work-based learning to address some of their skills challenges Facilitate access to information on the range of provision available to companies to support growth	Promote Our Skillsforce as an online resource for employers to access information about the range of skills support available to them Deliver regional employers' events, which showcase the range of skills related support available to companies Promote the tailored support offered by SDS to diagnose skills needs, develop training plans and signpost companies to relevant provision Signpost companies in the primary sector to support for business growth through initiatives such as the Farm Advisory Service	Increased engagement and take up of support for skills development by employers in the sector Increased investment in skills development by employers in the sector	Skills Development Scotland Scottish Enterprise Highlands & Islands Enterprise Scottish Development International Business Gateway Industry representative bodies SQA	2016 – ongoing

Action	Activities	Expected outcomes	Partners	Start date
Facilitate collaboration between companies on skills for growth	Explore opportunities for bringing companies together to collaborate on skills for growth, including through existing networks Develop relevant case study examples of where companies have collaborated on skills for growth and the impact this has had on sales/turnover	Greater collaboration between companies in the sector on skills for growth, particularly SMEs	Industry representative bodies Scottish Enterprise Highlands & Islands Enterprise Skills Development International Scottish Agricultural Organisation Society Business Gateway	2016 – ongoing
Deliver targeted support for the growing aquaculture sector	Assess current and forecast demand for employment and skills within the sector Review current skills provision, including MAs and FE/HE, with a view to identifying potential gaps or areas for development Develop and implement a workforce planning strategy to ensure that the sector has the supply of skills required to support future growth	Investment in skills for the aquaculture sector is aligned to industry demand The sector has the right supply of people and skills to support future growth	Highlands & Islands Enterprise	2016/17

# 8 Monitoring framework

The following monitoring framework will form the basis for ongoing monitoring and reporting of progress towards delivery of the SIP.

## Priority 1 – Raise the profile and image of the food and drink sector to attract new entrants

Theme/area of activity	Output /deliverables	Outcomes/impact
Raise awareness of the range of career opportunities and pathways within the sector	<ul style="list-style-type: none"> <li>Communications plan</li> <li>Promotional materials (case studies, infographics, brochures, videos) illustrating career opportunities</li> <li>New/updated online careers resources (including MyWoW/social media)</li> <li>Number of food and drink careers events delivered</li> <li>Number of attendees (employers, individuals, careers advisers, parents) at food and drink careers events</li> </ul>	<ul style="list-style-type: none"> <li>Greater awareness of career opportunities amongst young people, parents, teachers and careers advisers</li> <li>Increased numbers of young people working in the sector</li> <li>Increased take up of Modern Apprenticeships</li> <li>Reduction in hard-to-fill vacancies</li> <li>Improved image/perception of careers within the industry amongst young people, parents, teachers and careers advisers</li> </ul>
Further develop entry routes into the sector for both young people and career changers	<ul style="list-style-type: none"> <li>Number of young people completing food and drink employability pathways</li> <li>New Foundation and Graduate Level Apprenticeships</li> <li>Number of advertised vacancies</li> <li>Map of articulation/progression routes in the sector</li> </ul>	<ul style="list-style-type: none"> <li>Improved links between employers and schools</li> </ul>
Foster greater partnership working between industry and the public sector to promote opportunities within the sector	<ul style="list-style-type: none"> <li>Number of food and drink companies engaged with DYW regional groups</li> <li>Number of business and education partnerships established</li> <li>Number of food and drink employers engaging with schools</li> <li>Number of school pupils engaged in projects/activities with food and drink employers</li> </ul>	

## Priority 2 – Driving leadership and management excellence

Theme/area of activity	Output /deliverables	Outcomes/impact
Review the range of existing leadership and management training, support and advisory services available with a view to making it more flexible and accessible to companies in the sector	<p>Articulation of barriers to employer engagement with leadership and management training and options for addressing these</p> <p>New flexible models of leadership and management development</p>	<p>Provision for leadership and management development that is more accessible and relevant to needs of employers in the industry</p> <p>Increased investment in leadership and management development by companies in the sector</p> <p>Improved company performance through increased networking, mentoring and sharing of best practice between employers within the sector</p>
Increase take up of public funded/subsidised support for leadership and management amongst food and drink companies	<p>Number of employers/individuals in the sector completing leadership and management development programmes</p> <p>Evidence of the impacts and benefits of investment in leadership and management development</p>	
Develop and promote opportunities for networking, mentoring and sharing of best practice within and between companies in the sector and in other sectors	<p>Number of employers/individuals taking up new and existing mentoring opportunities</p> <p>Resources (e.g. guides/toolkits) to inform and support formal/informal mentoring</p> <p>Number of alumni of leadership programmes engaging in networking/best practice events</p> <p>Number of employers participating in leadership and management training</p>	

## Priority 3 – Support for business improvement

Theme/area of activity	Output /deliverables	Outcomes/impact
Promote better communication and engagement between industry and the skills system	<p>Food and Drink Skills Partnership</p> <p>Clearly articulated statement of demand for technical skills within the industry</p>	<p>Skills provision is more closely aligned to industry demand</p> <p>Reduction in skills gaps/shortages within technical roles</p> <p>Increased investment in innovation/R&amp;D by food and drinks manufacturing employers</p> <p>Increased engagement and investment in skills development by employers in the primary sector</p> <p>MA provision more closely aligned to the needs of employers in the sector</p> <p>Increased take up of MAs</p> <p>Higher qualified workforce</p>
Support the development of skills for workplace innovation in the food and drinks manufacturing sector	<p>Number of employer/individuals in the sector taking up MAs in Food Manufacturing Excellence and Business Improvement Techniques</p> <p>Number of employers/individuals in the sector completing training on workplace innovation and business improvement</p> <p>Case study evidence of impacts/benefits to businesses from investment in skills for innovation</p>	
Develop and promote provision that is specifically targeted at addressing the skills needs of employers in the primary sector	<p>Number of employers/individuals in the primary sector completing training</p> <p>Number of employers participating in Monitor Farms</p> <p>Number of employers participating in the Farm Advisory Service/skills audit</p> <p>Number of employers and individuals participating in 'train-the-trainer' opportunities</p>	
Explore options for using the expansion of the Modern Apprenticeship programme to address specific skills gaps and shortages	<p>Review/update of existing MA frameworks</p> <p>New MA frameworks to address specific skills gaps and shortages</p> <p>New Graduate Level Apprenticeships</p> <p>Number of employers/individuals taking up MAs</p>	

#### Priority 4 – Support for business growth

Theme/area of activity	Output /deliverables	Outcomes/impact
Facilitate access to information on the range of provision available to companies to support growth	<p>Number of food and drink employers accessing support through Our Skillsforce</p> <p>Number of food and drink companies attending 'Making Skills Work for Employers' events</p>	<p>Increased engagement and take up of support for skills development by employers in the sector</p> <p>Increased investment in skills development by employers in the sector</p> <p>Greater collaboration between companies in the sector on skills for growth, particularly SMEs</p>
Facilitate collaboration between companies on skills for growth	<p>New opportunities for companies to collaborate on skills</p> <p>Number of food and drink companies engaged in opportunities for collaboration on skills</p> <p>Case study examples of companies that have collaborated on skills for growth</p>	<p>Investment in skills for the aquaculture sector is aligned to industry demand</p> <p>The aquaculture sector has the right supply of people and skills to support future growth</p>
Delivery targeted support for the growing aquaculture sector	<p>Articulated demand for employment and skills within the aquaculture sector</p> <p>Workforce planning strategy to support growth</p>	

#### Appendix 1: References

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## Appendix 2: Consultees and Skills Group members

### List of Consultees

Name (s):	Organisation
Amanda Brown	Scottish Director Kantar & Skills Committee Member
Board Members	Scotch Whisky Association
Board Members	Scottish Bakers
Board Members	Scotland Food & Drink
Board Members	Food & Drink Federation Scotland
Ceri Ritchie	SRUC Consulting
Elaine Jamieson	Highlands & Islands Enterprise
George Jamieson	National Farmers Union Scotland
Ian Collinson	Scottish Manufacturing Advisory Service
James Graham	Scottish Agricultural Organisation Society
Justine Fosh	Improve
Kevin Patrick and Ishbel Crawford	Lantra
Lynn Curran 3 x Account Managers 1 x Organisational development Specialist	Scottish Enterprise
Susan Beattie and Thomas Mushnet	Scottish Development International
Douglas Bell	Quality Meat Scotland
Richard Yates	The Brewers Alliance
Alan Rowe	The Rowett Institute
Mark McHugh	Bakers Food & Allied Workers Union

## Appendix 2 continued: Consultees and Skills Group members

### Food & Drink Skills Group Members

Name (s):	Organisation
Lynn Curran	Scottish Enterprise
Alan Clarke	Scottish Bakers
Justine Fosh	Improve
Kevin Patrick	Lantra
Alison Galbraith	Scotch Whisky Association
Andre Reibig	Scottish Funding Council
David Reid	Highland & Islands Enterprise
George Jamieson	National Farmers Union Scotland
Gerry McBride	Skills Development Scotland
Graeme Findlay	Scottish Qualifications Authority
Graham Young	Scotland Food & Drink
Kirsty George	Scotland Food & Drink
Moira Stalker	Food & Drink Federation Scotland
Ewan Scott	Scottish Government

## Appendix 3: Defining the sector

Scottish Government definition of food and drink
SIC 01: Crop and Animal Production, Hunting and Related Service Activities
SIC 03: Fishing and Aquaculture
SIC 10: Manufacture of Food Products
SIC 11: Manufacture of Beverages

Based on Standard Industrial Classification (SIC) Codes 2007

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**Skills Development Scotland**  
Monteith House, 11 George Square, Glasgow G2 1DY.  
T 0141 285 6000 F 0141 285 6001 E [info@sds.co.uk](mailto:info@sds.co.uk)  
[www.skillsdevelopmentscotland.co.uk](http://www.skillsdevelopmentscotland.co.uk)