



Supporting progression into the Food and Drink Manufacturing Sector

This call seeks to develop a comprehensive package of support for unemployed and economically inactive residents to gain skills to secure employment in the Food and Drink manufacturing sector in the D2N2 LEP area. The activity should aim to address the key recruitment and skills challenges experienced by employers in the sector which has been identified as a core innovation sector in the refreshed Strategic Economic Plan 2019-2030. The programme should aim to develop technical skills to meet the future skills needs for the sector and address skills issues emerging from the sector Productivity and Growth Plan.

Local Economic Context

Food and drink manufacturing is specialised in GVA and more productive than sector benchmarks, although below the national level of productivity. It accounts for over 2% of both D2N2's GVA and jobs and is growing on both measures. The ONS (Office for National Statistics) has shown that Derbyshire and Nottinghamshire have been the main contributors to the increase in food and drink manufacturing GVA in the East Midlands. In 2012, D2N2 accounted for 28.7% (£840m) of Food and Drink manufacturing GVA in the East Midlands (£2,926). In 2015, D2N2 accounted for 36.4% (£1,209) of GVA in the East Midlands (£3,320). This is an increase in GVA of £369 million in D2N2, i.e. a 43.9% increase.

There are significant global opportunities for food and drink manufacturing. It is estimated that demand for food will increase by c.90% by 2050. This includes expected increases in meat consumption in low income countries, and dairy product consumption in developing countries.

By 2020, revenue in the global packaged food market is expected to reach \$3.03tn. Non-alcoholic drinks and baked foods constitute the largest product markets, accounting for 75% of the market value. Baby food and yoghurt are predicted to be the two fastest growers, at 6.4% and 6% respectively. Overall, the global groceries market is forecast to reach \$11.8tn by 2020. China is expected to be the largest global groceries market followed by the US and India.

We need to exploit D2N2's competitive edge and build upon those parts of the economy which offer global opportunities for growth. Alongside Transport Engineering and Manufacturing and Life Sciences, the Food and Drink

Manufacturing sector has been identified as one of our 3 science and innovation core sectors.

The Food and Drink Sector has the capacity to support innovation led growth and productivity with the potential to exceed international benchmarks and increase the adoption of productivity raising innovative technologies and practises across the economy.

However, to realise this potential the sector needs to be supported to find the talent they need, take advantage of the core specialist capabilities in the knowledge base and equip their workforce with the skills of the future.

D2N2 has a diverse and high number of entrepreneurial SME manufacturers. According to the MINT data base in 2013 there were 217 manufacturers in Derbyshire and 185 in Nottinghamshire. There are also large enterprise manufacturers such as Nestlé which has largescale facilities at the very northern and southern edges of our area.

The Food and Drink Manufacturing sector employs over 16,000 people and it is important for a number of the local areas, particularly the Peak District, Newark & Sherwood, Bassetlaw and Amber Valley, and especially in rural areas because of links to D2N2's agricultural base.

Despite making one of the biggest contributions to England's economic output, overall D2N2 suffers from an inefficient economy. Compared to our competitors we produce too little output for the number of hours we work – the so-called 'productivity deficit'. Despite having the 5th largest workforce outside London, we have only the 9th largest economy. Too many of our businesses aren't productive enough.

In D2N2 our workforce is not as well qualified as the workforce in the UK overall, with just 32% qualified to NVQ4 level or above in D2N2 compared to 37.9% in the UK.

Looking ahead to 2030, we can expect our working-age population to grow only very slightly. In D2N2, the working age population will rise by just 1% between 2014 and 2039 - so there won't be a lot of new labour coming into the economy. We can also expect the jobs of tomorrow to look a lot different – as digitalisation and automation gather pace – requiring a different skills' set. If we're to become a more efficient and internationally-competitive economy and, at the same time maintain a high level of employment (and minimise unemployment), we need to find ways to produce much more output with the labour we have, as well as attracting the best talent from elsewhere.

This further conceals significant variations in workforce skills between areas with D2N2. Productive firms demand more highly skilled workers who earn higher wages. Our current skills profile limits opportunities for workers and firms in our area.

Local priorities

The local challenge which this call needs to address is to ensure a pipeline of skilled workers for the Food and Drink Manufacturing sector, exploit our advantages in our knowledge base, support the industry to adapt to digitisation and address the recruitment and skills challenges experienced by employers in the sector.

The industry suffers from a poor image against other career choices due to the perception that jobs are related to manual work in factories which are low-paid and hours are long. There are perceptions that jobs are low paid with long working hours, are temporary jobs and not career options and are manual and low skilled roles.

Contrary to these common perceptions, however, the weekly earnings of employees in the food and drink manufacturing are above those of the economy as a whole and job tenure is over nine years on average for employees of food and drink manufacturers with only 6% temporary workers (IFM, 2010).

However, the poor perception of the industry means there is difficulty in attracting young and talented people. In D2N2 there are substantial skills gaps, especially in Machine Operatives and Managerial positions, and training requirements for Lean Manufacturing and Leadership Management (Improve, 2010). Importantly, there is a significant shortage of food science/technologists and production engineers that are crucial for future innovation and industry survival.

There is a need to raise the awareness of career paths including the awareness of Apprenticeships available within the sector.

The progression into the Food and Drink Manufacturing sector programme will improve the image and profile of the industry, raising the awareness of career opportunities in the industry to attract talented people to ensure the long-term sustainability of the industry. It will work with business and individuals to enable a smooth transition to employment in the sector and develop progression pathways into higher skills including management and supervisor roles which are required to increase business productivity and growth.

The Food and Drink programme should be focused on technical skills and retraining opportunities, in particular for those groups that are underrepresented in the labour market, i.e. women and older people. The activity should aim to develop skills to help meet future sectoral needs in relation to new technologies e.g. lean manufacturing, digitisation and environmental technologies.

Examples of activities that may be supported include:

- Raise awareness of the opportunities and skills sets required to enter and progress in the sector amongst those who are unemployed or inactive
- support for collaborative projects, placements, internships or other activities that will enable unemployed individuals to gain industry-relevant experience and skills. Including brokering opportunities to encourage and increase work experience, work placements, traineeships, apprenticeships, and graduate placements particularly through wider employer engagement and involving supply chains;
- support for collaborative projects and other activities within the Food and Drink sector to improve the employability of long-term unemployed people, so that they can compete effectively in the labour market. For example, additional and innovative approaches to pre-employment training, to ensure individuals have the

core work-related skills that employers require, including preparation for apprenticeships;

- support for those who need pre-traineeship and pre-Work Programme assistance, to prepare them for the next step.
- Offer a flexible range of Information, Advice & Guidance (IAG) and job skills workshops and other activities targeted on specific localities and communities which have current and emerging food and drink clusters of employers
- developing skills, including basic skills, to meet the skills priorities of the sector
- provide individuals from groups which face labour market disadvantage with additional support so that they can compete effectively in the sector working with wider employer engagement and involving supply chains;
- promoting apprenticeships as next steps (especially at higher levels to support the construction sector) including working with wider employer engagement and supply chains;
- provide support for women at a disadvantage in the sector and particularly those who are currently inactive, to contribute to our efforts to reduce the gender employment gap.
- Ensure strong partnerships with organisations working in the sectorial footprint particularly the Food and Drink Forum and the D2N2 Growth Hub

The outcomes of the project will enable participants to move into employment, further training, apprenticeships or traineeships.

The provision is to develop a comprehensive package of support for unemployed and economically inactive residents, to gain the skill to enter and progress within the Food and Drink Manufacturing sector. Activities supported through the project should build on and help focus existing relevant mechanisms such as Jobcentre Plus services, along with additional support already provided by local authorities and the voluntary sector.

The Supporting Progression into the Food and Drink Manufacturing Programme will support the delivery of Key Action 5 of our refreshed Strategic Economic Plan
INCLUSION AND PROGRESSSION IN THE LABOUR MARKET.

The programme will deliver joined-up targeted support to get people who are seeking employment in the food and drink sector but who may have barriers to getting a job into sustainable employment. It will support individuals' career progression through raising their skills levels, to meet the changing requirements of businesses within the sector.

Contracting and funding allocation

The programme will be procured though the ESF Managing Authority (DWP) open call process.

The ESF funding allocation to support the programme is £1,100,000. Applicants will need to have eligible match funding at 50% which must be from a source other than the European Union.

Proposals should: deliver activities eligible for ESF; cover the whole D2N2 area; and be in line with the D2N2 LEP Core Delivery Principles. The Managing Authority may award more than one contract should applications of sufficient quality and scale be received that in combination provide for LEP wide coverage without duplication of activities or geography. There is a requirement for all contracts to clearly evidence how they will interact with each other to ensure they complement existing and future planned provision.

This document provides the strategic intent for this programme. Full details of the bidding, contracting and confirmed criteria will be provided within the published specifications.

The table below provides an indicative breakdown of the funding allocation and targets.

Investment Priority	1.1
	Supporting Progression into the Food and Drink Manufacturing sector
ESF	£1,100,000
Match Funding	£1,100,000
Outputs	Volumes TBC
Priority Groups	Unemployed
	50+
	Inactive
	Ethnic Minorities
	Disabilities
	Basic skills
	Single adult household with dependent children