

Leeds University Business School – Research and Innovation Podcast

Episode: Labour shortages, automation, and upskilling in UK food and drink manufacturing

Speakers: Dr Gabriella Alberti, Dr Jo Cutter, Caroline Keohane and Tanya Barringer

[00:00:00] **Gabriella:** Hello everyone. Welcome to the Research and Innovation podcast. This is the fourth episode of our series of the research project, Labour Mobility in Transition. This is a four-year funded project by the UKRI.

My name is Gabriella Alberti. I'm associate professor in Work and Employment Relations in the business school, and I'm leading on this project. And today we have the pleasure of hosting two of our key partners in the project from the Food and Drink Federation.

We will introduce them in a minute, but first of all, I'm here with my colleague, Jo Cutter. Jo, would you like to introduce yourself?

[00:00:50] **Jo:** Hi everyone, thanks Gabriella. Yes, my name is Jo Cutter and I'm a lecturer here at Leeds University Business School and a member of the LIMITs Project team.

[00:00:59] **Gabriella:** Thank you Jo. So, yes, as I said, in our project we've been looking at the question of how the workforce is changing since the end of free movement of labour from the European Union. And we've been focusing on four particular sectors that have been historically relying on migrant labour.

And now we have gone through quite a few crises, really, since Brexit. We also had the global pandemic, and then the Cost of Living crisis and, more recently also, the war in Ukraine had a particular impact on sectors like food manufacturing. So food processing, manufacturing, and drink manufacturing is one of the key sectors in our research alongside hospitality, social care and logistics.

Today we have the pleasure of hearing the [00:02:00] views of our key partners from the Food and Drink Federation, Caroline and Tanya. Caroline, would you like to first introduce yourself?

[00:02:10] **Caroline:** Hi, everyone. And my name is Caroline Keohane. I'm head of industry growth at the Food and Drink Federation.

[00:02:16] **Gabriella:** Thank you. And Tanya, please.

[00:02:19] **Caroline:** Hi everyone. My name is Tanya Barringer and I'm a senior industry growth policy executive at FDF.

[00:02:26] **Gabriella:** Welcome to our podcast. You have been involved in our project since the beginning, really, as part of the advisory board for the project. We really care about hearing the views of people directly involved in workforce issues, that are directly involved in the industry policy level. So today we really would like to explore some of the issues that are still pretty much alive in

the industry since Brexit. And of course, as a result of the subsequent crisis, the sector is also suffering ongoing shortages. We are going to look at some of these issues, step by step, but first of all, Caroline, perhaps you can provide some basic information about what is the Food and Drink Federation and what is your job in it. Thank you.

[00:03:21] **Caroline:** Yeah, yeah, no problem. So the Food and Drink Federation - we are a membership organisation and we represent food and drink manufacturers. So that's anything from large global manufacturers, branded manufacturers, such as Nestle, Kellogg's, PepsiCo, to name a few, right through to kind of small and medium sized businesses and family owned businesses, actually. So yeah, a really diverse membership.

And we provide advice and support to our members, and we represent them, to key stakeholders such as government, media, academia. And there's sort of [00:04:00] of four key areas that we tend to focus on. So firstly, around food safety and science, secondly around diet and health, and then we have environmental sustainability, and then finally industry growth.

And that's where Tanya and I sort of fit within the organisation. So we lead an industry growth team, which really focuses on sort of opportunities for growth and investment in food, food and drink manufacturing, but also looking at barriers and how we can work with government to remove those barriers.

And so it's things such as trade policy and exports and providing economic insights about the industry. And then we also focus around supply chain issues, skills, and then also the adoption of technology. So sort of a quite a broad area. And yeah, I'll let Tanya say a little bit about what you do.

[00:04:52] **Tanya:** So, yes, as Caroline says, I work in the industry growth team and my main areas of focus are our policy areas around skills, employment, and migration, but I also lead our work on the automation and digitalization for the sector and, helping both the large and the small companies with the uptake of automation.

And then I also support our members with work around supply chain fairness, through the Grocery Code Adjudicator and making sure that the relationship with retailers is as it should be. So I help our members with that as well.

[00:05:26] **Gabriella:** That's great. You have already highlighted several of the topics that we're really looking at in our research project, including skills, automation, migration. But I pass it on to Jo now, who's got some more specific questions about the current developments in the UK context.

[00:05:44] **Jo:** Thanks everyone. Yeah, I'm really interested, Caroline and Tanya, to hear more about your manifesto, as I understand it your document - "Powering our nation into the next decade" is not just thinking about this immediate electoral cycle, but obviously there's some of the longer-term sustainability challenges for the food and drink sector.

So I'd be really interested if you could just tell us the key points of the manifesto, and especially some of the key challenges to realizing that vision in relation to the LIMITs project, which is really much focused on the questions that Gabriella has highlighted - work, labour shortages, the kind of connection to immigration and, indeed, the connection to innovation and automation. So only a section of the themes that you've covered, but really important ones.

[00:06:40] **Caroline:** Yeah, and I'm sure, yeah, we can get into the detail as we go along, but I think firstly, just to mention on the manifesto, it is very much about celebrating the food and drink manufacturing sector. We are the largest manufacturing sector in the UK, which not everyone knows. So really celebrating the industry and our contribution to the UK economy.

So we contribute 38 billion pounds worth to the UK economy every year. We employ nearly half a million people across the country, and that's every part, every region and nation of the UK. So yeah, a really important part of the UK economy. But having said that, it has been a difficult few years and Gabriella, you kind of hinted to some of that earlier.

You know, we've had the pandemic, we've had a changing trading relationship with the EU, a war in Ukraine and food price inflation, just to name a few of those structural changes that we've seen. And they've really had an impact on the industry and eroded our long-term resilience.

And as a result of that, particularly around food price inflation, you know, we saw food price inflation at 19 percent last March, that has come down obviously significantly 2.9 percent last month. But food and drink manufacturers have worked really hard during that period to [00:08:00] keep the costs down as much as they could.

And that has impacted investment as a result of that. And we've actually seen investment fall by nearly a third since 2019. And so I guess the manifesto, it's taking all of that, it's looking ahead, okay.

Over the next decade, we know that we have to transform our food system to be healthier, more sustainable, to ensure that we're productive. And in order to do that, we need to have a really strong partnership with government, industry. You know, we want to do all of this, but we can't do it alone. We need to collaborate. And that needs to be with government, with academia, with other key stakeholders. So our manifesto really sets out this sort of bold partnership over the next decade.

And it's looking at three key areas to ensure that we're green and adaptive. And that's looking at things like achieving our Net Zero ambition, reducing food waste, delivering a truly sort of circular economy when it comes to packaging, for example.

And then the second area is around a productive and growing sector. So that's one of the things around skills, technology, ensuring that we have a positive trade strategy, looking at exports, but also imports. And then the final area is around nourishing and innovative sector. And that's really looking at having a healthier, people having sort of more healthier, balanced diet and taking a whole systems approach around that where, again, government... We've got industry working with local communities.

How can we really, there's already best practice happening, and how can we sort of elevate that even further?

And then there's things around innovation and reformulating our products to make sure that they're healthier. How can we do more of that? \so that's broadly the manifesto, and I'm sure we can get into the detail of the skills and technology piece.

[00:09:55] **Jo:** Absolutely. And before we move on to the skills, issues of skills and [00:10:00] migration for work, in particular, you've mentioned a few times this of the desire for collaboration,

and the work particularly of the Federation in terms of speaking to governments, employers, other labour market actors, communities.

I'm interested - just your reflection on how you see the kind of dia-, one word that we've been using in the project is dialogue with those different stakeholders, and how you'd like to see it develop, because clearly there's a whole raft of challenges that you've highlighted. For example, in the manifesto, you mention a more formal food and drink innovation partnership with government.

So yeah, just interested in seeing how you would like to see those, if you like, channels for dialogue develop in order to help you realize the ambition for the sector.

[00:10:48] **Caroline:** So what we're looking for is a long-term plan from government to really set out the direction of travel for the UK economy and as part of that manufacturing and the food system as a whole. And what that will do is to attract private sector investment so that the industry clearly knows where government wants us to head.

And then we can then invest to make that transition. And dialogue needs to be part of that really. So I think, yeah, we're just keen to have a long-term strategy, around manufacturing and food specifically to be part of that, so that we can move forward together. And specifically on the innovation partnership.

[00:11:27] **Tanya:** Yeah. So I think with innovation, you know, it is a very complex landscape and I think all parts of it find it quite a tricky landscape to navigate. But there are some great examples of government working really closely with other sectors. They do a lot for agri food sector. They do a lot for automotive and aerospace. And I think it's what we're looking at is how we can engage even more with government, especially UKRI and Innovate UK, on building, but not [00:12:00] just for more funding, but also expertise through them and having that collaboration to really support the food and drink manufacturing sector as much as possible.

And that may be expanding out some of the current opportunities that are for the agri food sector and opening it up to eligibility to food manufacturers. It may be working more closely with some of the stakeholders across the sector to make sure that the opportunities are appropriate for manufacturers as well.

And then just helping the industry to properly engage with that landscape and making sure they're making the most use of what is out there. One example is, there's a lot of research that happens at the very low, or yeah, the very low levels of technology readiness level. So pure research and developing new innovative ideas, but a lot of our smaller and medium sized companies need technology that is almost ready now, that's just ready to go into a factory floor, and we don't really have that connection with the research landscape to help those companies bring in that later stage technology work straight into what they need to support the sector. So I think there's a lot of work around that that we can all do.

[00:13:14] **Gabriella:** Thank you, Tanya. That's brilliant. From our research, we know that the food sector has relied on migrant workers from the EU or from outside the EU for a long time, and this has to do also with the nature of work, but also just the way in which recruitment systems have been developed. Now, we also know that especially since January 2021, there has been a decrease in the number of migrant workers from the European Union.

I was just looking at some statistics yesterday from the ONS, the latest, data from the end of 2023, that they were actually minus [00:14:00] 86,000 coming from the EU. And a big jump in non-EU migrants. We are interested in mapping these changes. Of course, now there might be a decrease in immigration because new restrictions have been put in place by the government.

But from your point of view, what is the ideal immigration system that you hope for, for the sector? In your manifesto, you talk about a globally competitive system of immigration. How would that compare with the current points-based, skills-based system?

[00:14:40] **Caroline:** Before we get on to immigration, I think the most important thing is, building our domestic skilled workforce, but that does take time, and we are looking for some key things to support that, and very much reforming the apprenticeship levy is one of the key things that would really help our industry.

So we are investing in apprenticeships, but sometimes apprenticeships are not necessarily... they're not going to address every skill shortage that we have. So, if I give you an example of a production operative in the factory environment, it might not be appropriate to put them on a three, four year engineering apprenticeship.

But actually, if you could take some of those modules from that apprenticeship, looking at sort of automation processes, productivity, you know, lean manufacturing, take some of those modules and upskill that person, that would really deliver such significant productivity improvements. So if we were able to use our apprenticeship levy to invest in apprenticeships, but also non apprenticeship training, and it might even be pre apprenticeship training, so those individuals might go on to an apprenticeship later on in their career, that would really help the industry.

So there's some things there that would be really helpful. And I think again, you know, some [00:16:00] work around sort of encouraging schools to work with local food and drink manufacturers to really showcase the industry and all the fantastic diverse opportunities that we have. Again, some of these things will take some time to have that pipeline come through.

So I think where food and drink manufacturers have exhausted all avenues, and again, we work closely, some of our members work closely with local job centres. Again, some manufacturers have had fantastic experiences with local job centres. But there is an issue around consistency across the UK and that we don't necessarily get that service everywhere.

So, yeah, we've looked at all different avenues looking to recruit the domestic workforce. Where we can't do that and we have a skill shortage, I think, you know, it makes sense to be able to bring talent from overseas, where we are, where we do have a shortage and when we know it will take time to build that domestic pipeline.

I think the current system, it is complex. It is very costly, and we are global manufacturers and even the smaller businesses, I should say, we operate on a global market and we have to be globally competitive. And the current immigration system isn't. It isn't competitive. It's prohibitively costly. And I think it was the Royal Society had a report that showed that UK has one of the most expensive immigration systems. So yeah, and it's not just even about the cost. It's even just...

[00:17:37] **Tanya:** The speed is slow. It's a very slow system, which adds more costs to it as well. And I think also with some of the recent changes to salary threshold, what little immigration we were using to bring over what we need has now very much almost stopped unless it is those very [00:18:00] high level roles that the companies will pay for anyway. So it has made the shortages just that much harder to fill while we're building that domestic pipeline.

[00:18:13] **Caroline:** I think what's missing is, I think immigration has been seen in isolation, but actually what we'd like to see is a whole workforce strategy, where you're looking at the role of DWP, you're looking at the education sector, you're looking at skills policy and apprenticeships and immigration in the round, and actually looking at your overall workforce, whether that's overseas, domestic, and making decisions in a more informed way. I think, I think that's really important.

[00:18:42] **Gabriella:** That's brilliant and it goes to the core of what we've been discussing in terms of a more holistic, multi-actor, multi-stakeholders approach to the question of migration for work that actually links it to the wider issues about work and conditions in the sector and, you know, supporting a sustainable pipeline.

We just finished the report of the survey of employers we have conducted at the national level, including food and drink manufacturing. And we found that only, on average, 5 percent of employers in our 1, 600 employer sample, used the immigration system to respond to labour shortages.

So this is a very small percentage and reflects precisely the limitations and the constraints that you have been describing in your answer. So thank you so much for that. And just, to bring a more like daily experiences, do you have any feedback from your members in terms of alternative sources of labour that they've been looking at?

Do you know if, like, in the absence of the usual supply of workers from Eastern Europe, they have targeted other specific groups of immigrants or students or older [00:20:00] generations?

[00:20:05] **Caroline:** Labour shortages have been a key issue. Our vacancy rate is running at 5% in the last quarter. And that was down from 5 or 6% at the back end of last year. But during the real peaks of labour shortages, it was as high as 9%. That is still, so there are sustained labour shortages in the industry and that are actually significantly higher than the wider manufacturing sector, which is more at sort of 2.8%, or 3%, I think it is. So, we are feeling it more acutely. So as a result of that, we, you know, employers have tried, trying a number of things, looking at pay. Pay has increased by 6% over the last year in our sector, looking at benefits and again, I know Tanya can give you a number of examples of workplace health initiatives that our industry are leading on, flexible working is sort of been, looked at, for example, what members have talked about using, or piloting shorter shift patterns.

So let's say four hour shift patterns that parents and people with caring responsibilities could take on this job, but also deliver their other commitments, their personal commitments. Our members also, supporting the food and drink careers passport. We worked with the National Skills Academy for food and drink developing this pre-employment tool. So it's online training. It's looking at health and safety, food safety, and allergens awareness. So some of the basic training that you need to kind of help more people come into the industry. So we're looking at a number of areas.

[00:21:48] **Tanya:** I mean, there's also just beyond what businesses are doing, there's also some kind of sector initiatives.

So the Food and Drink Sector Council, which is a cross set food [00:22:00] chain government partnership. They've pulled together a workforce group that's taking some of the recommendations from an independent review in to labour shortages in the food chain that was done by John Shropshire last year.

Governments recently come out with their response to that, but one of his recommendations was looking at sector attractiveness and how to bring in more young people into the sector who don't consider it. So there's a lot of work that's crossed not just manufacturing, but also agriculture all the way through to retail and hospitality, that's looking at ways of doing that and helping our sector have a, have a better outward look to people coming in.

And there's also quite a lot happening around, you know, automation as well of, can we reduce the lowest skilled repetitive roles, upskill our workforce so that they have higher value roles that they can, they can do within a company and kind of cover some of those shortages that way.

[00:23:03] **Gabriella:** On that exact point, Tanya, it just leads very well to my next question. How do you see, as the Food and Drink Federation, how do you see the relationship between technology either in the form of digitalization or automation, which is, you know, a very hot topic in our field of work and employment and that kind of workforce development.

Is there a tension there are people afraid of losing their jobs, of being replaced by machines, or do you have, actually, positive examples of how automation can be used as a way to upskill the workforce?

[00:23:41] **Tanya:** I think, I mean, there is always a fear from workers that, yeah, they're going to be replaced by robots, but I think our sector has a long way to go before that's an issue. And there are some fantastic examples of how productivity, so one great example that I use far too often, is [00:24:00] one of our SME members who's in Wales.

He's a small bakery, and he went to one of the Catapult Centres for research during COVID and said, I know that there's things I can be doing to improve my factory. So they took a look around and they advised him to get sensors for all of his fridges and freezers, because at a weekend when the factory was shut down, if the power goes out, he'll lose 10 - 20,000 pounds worth of raw product.

So for about 2-300 pounds, he installed sensors. That meant that the person who had been working for him, that spent a portion of their day every day, checking all of the fridges and freezers could now move on and get up-skilled and do a better, more fulfilling job than just checking the temperature.

It also saved money for the company. So then he was able to put that back and spend it on the next round of automation and help take that employee and train him up to an even better role. So there is kind of a step change, especially that I think SMEs can do, through small bits of automation and digitalization to increase their productivity and help their employees to grow and find fulfilling roles.

But there's also, I was recently talking... One of our members is doing fantastic stuff with AI. And through that they can, it's less to deal with how their employees, but it means their employees, rather than looking at sugar beets in a field and saying, "Oh, I think this is a good crop this year", or "it's too wet" - it's all tracked digitally. And then they can go talk directly to the supplier and say,

“this is how it's looking. This is what the product will be like. This is the sugar content.” And it can give those employees more ability to predict better into the future. So there's some really fascinating, positive stuff.

And a lot of our members are being very proactive about trying to make the best of it, rather than, you always have this image of [00:26:00] companies that are like, “Oh, well, I'll just replace all my employees with robots”. Very few, if any, of our members see it that way. They see their workforce as a very valuable asset to the success of their business.

[00:26:12] **Caroline:** Yeah, so technology, it's not about replacing jobs. It's actually about creating higher skilled, better paid, more rewarding jobs. So yeah, there's definitely, yeah, significant potential there.

[00:26:25] **Gabriella:** That's brilliant. I actually had the question about how do you see diversity in the workforce, whether it's, you know, ethnic diversity or gender diversity or age or other forms of diversity, including disabled workers. Do you think this is part of the workforce challenge?

[00:26:46] **Caroline:** Again, I think, you know, it very much is an opportunity. So back to our point around labour shortages, actually, we need to be diversifying the recruitment channels that we're using and making sure that we're bringing the best talent into our industry. And there's some fantastic examples of where companies are, you know, removing the requirement for a degree for some of their roles. So again, just opening that up, you know, that social mobility and letting people from all different sort of education backgrounds come into the industry.

Yeah, we've got many examples. An individual I know who left school, just giving you one or two examples here, but a young guy who'd left school with no GCSEs, had quit school, decided they were going to go into the caring sector, but then had a change of heart and got a summer job with one of our members. With the right support, they're now, they've just completed their engineering apprenticeship and they're thriving. So I think with the right support, any individual can progress in our industry and come into our industry at any entry level, and still, you know, develop a fantastic career. So I think, yeah, to your point, Gabriella, diversity [00:28:00] is essential. We've got some significant challenges, environmental sustainability, health, and we need as many minds and ideas on the solutions. So having a diverse workforce is key to that.

[00:28:17] **Gabriella:** That's brilliant. Thank you, Caroline.

[00:28:20] **Jo:** Just a final question. In terms of thinking about that combination of trying to attract talent into the sector, whilst I guess also recognizing that there is a, there's a high degree technological innovation. I mean, whilst Tanya mentioned that there's plenty of scope to expand the use of different technologies, perhaps there's a relative lack of awareness of how, if you go into a food factory, how much automation there already is and scope to, you know, to think about a wide variety or perhaps a wider variety of careers in the sector than people might initially imagine.

So just as a final question, what do you think could be done to enhance awareness of those opportunities?

[00:29:11] **Caroline:** It's not an easy one and it's been, it's been a challenge for many years, I think.

[00:29:15] **Tanya:** Well, yeah, it is, it's a tricky one. I think some of it is, we'll see if this sector council group can help. I think part of it is we are quite a fragmented sector. So there is an element of bringing all the various groups together to combine resources and pull together a campaign that can really raise that because it's... we think there's automation roles, but there's so many roles across our sector within any company, you know. There's a factory operative and engineers, but there's also lawyers and marketers and, lots of roles around sustainability and Net Zero. And so there's such a wealth of skills that go into our businesses. [00:30:00] So I think it's just kind of continuing to plug that, and raise awareness.

[00:30:07] **Caroline:** So what we find is actually when people do join the industry, they do tend to stay actually, because it is a fantastic industry. So around a third of our workforce has been within the food and drink industry with their employer for over 10 years.

But it's almost just getting people into the industry is the difficulty. And I think that is around awareness of what the opportunities are and what actually a modern factory and modern food factory looks like in this day and age. So I think that is about opening our doors. Working with schools, job centres, and other areas to kind of really bring people in and show them what our industry is about.

And I know you've, Tanya, you've mentioned the sector council work. So I think that's really about bringing together... Because again, food and drink manufacturers are already going into schools and talking about opportunities. And what the Sector Council work is planning to do is really have common language so that everyone is talking about the food and drink industry in the same way.

And so that everyone, when we are going out into schools and talking to job centres, work coaches, that we're all talking about the industry in a way that, yeah, that's common, but then also you can then talk about your specific company and what it does, but broadly, just showcasing what the opportunities are.

So that work has just started. We think it will be launched in the coming months. So, watch out for that, but it's really, it's sort of a nationwide campaign that we're all supporting and working together on. So I think more of that we need to be doing.

[00:31:44] **Tanya:** And it's, and it's getting that message out to younger people, you know, it's not just people that are starting to look for work now. It's starting in primary schools and teaching our younger generations about food right from the start so that they're [00:32:00] aware of not just for their own health benefits, but also the opportunities that are there available in the sector.

[00:32:07] **Jo:** And yes, I guess also employees in the sector themselves can be great champions, you know, and raise awareness of the work that they're doing. And, yeah, so good luck with those campaigns.

Tanya, Caroline, that's been a fantastic discussion and just a brief introduction to the huge raft of work that you're doing. Thanks both.

So it just remains for me to add that, as Gabriella mentioned, this is a part of a series of podcasts, so we'll have some show notes that you can find both details of other podcasts in the series, the survey

report that Gabriella mentioned, and also we can put a link to the manifesto from the FDF so that if you'd like to know more you can get in touch with our speakers.

[00:32:52] **Gabriella:** Thank you both very much.

[00:32:53] **Caroline:** Thank you so much for having us.

[00:32:55] **Tanya:** It's been a pleasure. Thank you very much.

[00:32:58] **Gabriella:** Thank you for listening and goodbye.

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