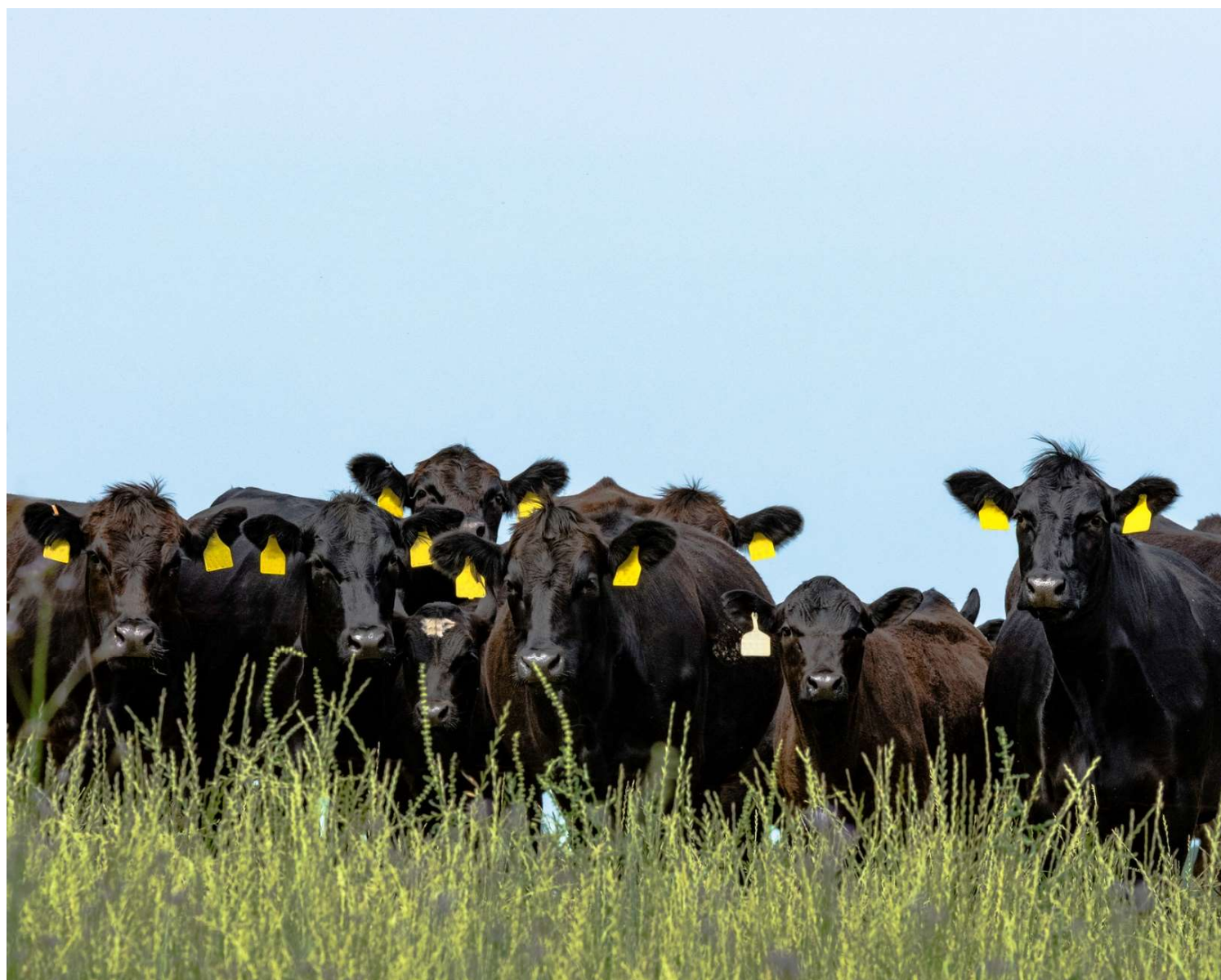


# Profile of the Food and Drink Sector in Angus

A Report to Angus Council

July 2017



# SQW

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# 1. Introduction

- 1.1 Food and drink is an important sector for Angus, both in economic terms and for its contribution to the culture and heritage of the area. Angus Council commissioned SQW to develop a baseline assessment of the size, profile and outlook for the sector locally to inform interventions aimed at supporting future growth. This document reports on the key findings from this work.

## Methodology

- 1.2 The study has involved **gathering, analysing and reporting on secondary economic and labour market data** for the food and drink industry within Angus. For most indicators, data is presented for Angus relative to Scotland as a whole. In cases where data is not available at local authority level, figures have been provided for the wider Tayside region, which is made up of the local authorities of Angus, Dundee and Perth & Kinross.
- 1.3 For the purposes of the analysis within this report, we have adopted 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.

## Report Structure

- 1.4 The remainder of this document is structured as follows:
- **Chapter 2** – Reports on economic contribution and performance of the sector locally
  - **Chapter 3** – Looks at the profile of the food and drink workforce in Angus
  - **Chapter 4** – Considers people and skills supply for the industry
  - **Chapter 5** – Provides an overview of existing support for business growth.
  - **Chapter 6** – Considers the potential for future growth of the industry.

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

## 2. Economic Performance

### Chapter summary

- The food and drink sector contributed **£44.5m** to the Angus economy in 2014 – 4% of all economic output in that year.
- Total output from the sector **grew strongly between 2010 and 2013**, although there is evidence of a recent slowdown – in line with the trend across the economy as a whole.
- Across Scotland, **drinks manufacturing is the largest sub-sector of the food and drink industry in output terms**, followed by food manufacturing, agriculture and aquaculture.
- Productivity in the Angus food and drink sector is **above the average for the local economy as a whole**, but below the Scottish industry average.
- Productivity in the Scottish drinks manufacturing industry is **four times higher than the average for the food and drink sector as a whole**.
- Earnings in the food and drink sector in Angus are **below the average for all industry sectors combined** and also below the average for the Scottish sector as a whole. This reflects the high concentration of agricultural employment in Angus, which is lower value added than other elements of the industry, particularly drinks manufacturing.
- The food and drink industry is characterised by a **predominance of micro-firms employing fewer than 10 people**, and fewer SMEs and large businesses, relative to the economy as a whole.
- Food and drink is an important export sector for Scotland, with **particularly strong recent growth in international exports**.

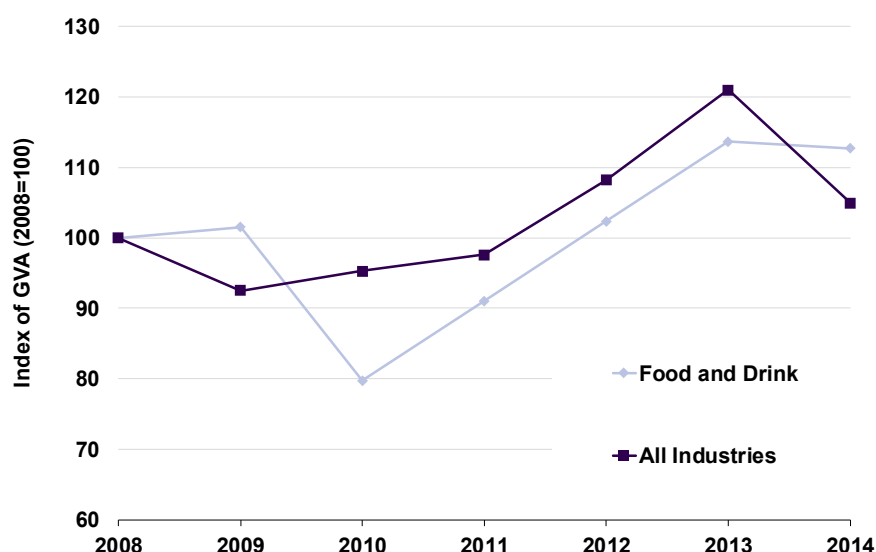
### Economic contribution

*The food and drink sector accounts for 4% of the Angus economy. It has been growing strongly in recent years, although there is evidence of a recent slowdown.*

- 2.1 Economic output (as measured by Gross Value Added) from the food and drink sector in Angus amounted **£44.5m** in 2014. This was 4% of the total of £999.6m for all industries combined.
- 2.2 Figure 2-1 shows a decline in output from the food and drink sector in Angus between 2009 and 2010, immediately following the global economic downturn. This is followed by a return to **strong growth between 2010 and 2013**. There is evidence of a slowdown in the most

recent year for which data is available (2014), but this is less marked than the contraction in output across the Angus economy as a whole in that year.

Figure 2-1: Index of Gross Value Added in Angus, 2008-2014

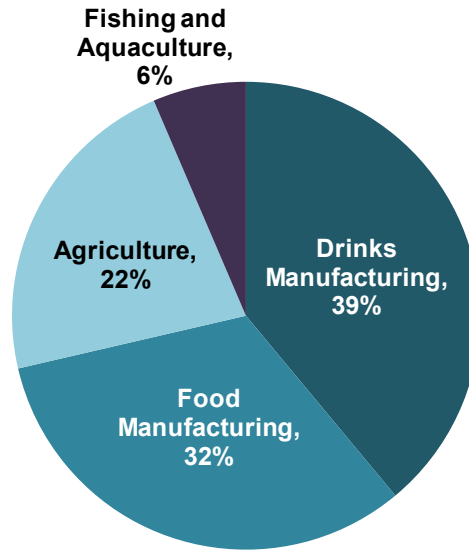


Source: Scottish Government Growth Sector Statistics  
Based on GVA at current basic prices  
The 2011 and 2012 figures for food and drink are SQW estimates  
These figures exclude some elements of the agricultural sector

**The majority of economic output from the food and drink sector in Scotland comes from manufacturing, with agriculture and aquaculture combined accounting for less than a third of the total.**

- 2.3 It is not possible to get a breakdown of output from the Angus food and drink industry by sub-sector. However, this is available for Scotland as a whole. Figure 2-2 shows that **drinks manufacturing** is the largest sub-sector of the Scottish food and drink industry in output terms, accounting for two fifths (39%) of all output from the sector in 2014. This was followed by **food manufacturing** (32%). **Agriculture and aquaculture** are smaller, combined accounting for around a quarter (28%) of total output from the Scottish sector as a whole in 2014.

Figure 2-2: GVA by sub-sector in the food and drink industry in Scotland, 2014



Source: Scottish Government Growth Sector Statistics  
Based on GVA at current basic prices  
Total GVA in the Scottish Food and Drink sector = £4.2bn

## Productivity

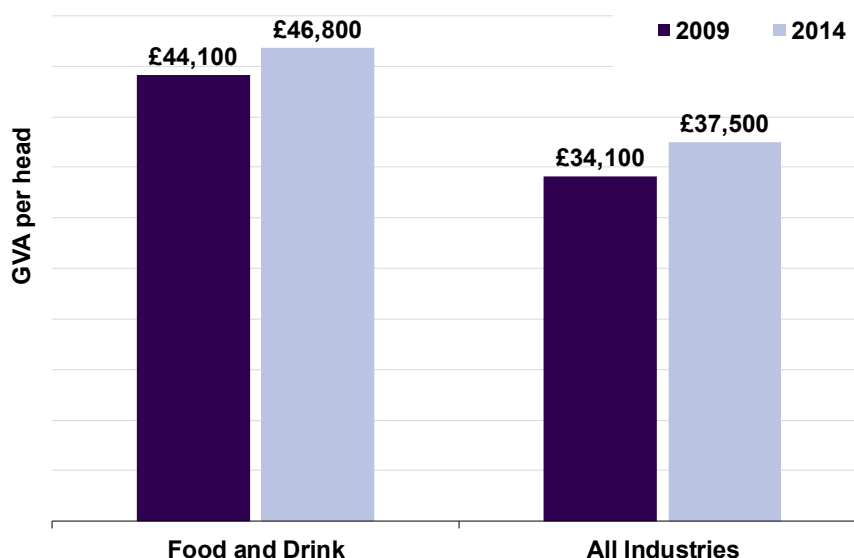
***Food and drink is a high value added sector for Angus, with levels of productivity above the average for the economy as a whole.***

In 2014, productivity (as measure by GVA per head) from the food and drink sector in Angus amounted to £46,800 – 25% higher than the average of £37,500 for all industry sectors combined (

2.4 Figure 2-3).

2.5 However, recent productivity increases in the sector locally have **not kept pace with the wider economy or the Scottish food and drink sector as a whole**. There was a **6%** increase in productivity levels with the food and drink sector in Angus between 2008 and 2014, compared to **10%** across the economy as a whole. Across Scotland, productivity in the food and drink sector increased by **9%** over this period.

Figure 2-3: GVA per head (employment) in Angus, 2009 & 2014



Source: Scottish Government Growth Statistics  
Based on GVA at current prices  
These figures exclude some elements of the agricultural sector

**Productivity in the food and drink sector in Angus is broadly in line with the Scottish average, but lower than many other local authorities in Scotland.**

- 2.6 Figure 2-4 shows how productivity within the food and drink sector in Angus compares to the other Scottish local authorities for which data is available. It shows that productivity in the sector locally is **96% of the national average, but less than half that of South Ayrshire, Aberdeen and Dumfries and Galloway**, which have the highest levels of all Scottish local authorities.
- 2.7 This analysis suggests that the food and drink sector in Angus sector is characterised by a **predominance of relatively low value added activities**. It also suggests that there is scope for improving productivity levels within the sector to bring them up to a level in line with the Scottish average.

Figure 2-4: GVA per head in Food and Drink, 2014



Source: Scottish Government Growth Sector Statistics  
Figures are unavailable for the local authority areas of Clackmannanshire, East Ayrshire, East Lothian, East Renfrewshire, Falkirk, Fife, Inverclyde, North Ayrshire, North Lanarkshire, Renfrewshire, West Dunbartonshire, West Lothian.

*The wide variations in levels of productivity within the food and drink sector across Scotland can be explained by the profile of the sector within each area, with drinks manufacturing generating by far the highest levels of GVA per head.*

- 2.8 Table 2-1 shows that **drinks manufacturing is the most productive sub-sector of the food and drink industry in Scotland**, with GVA per head amounting to almost £185k – four times the average of £45k for the food and drink industry as a whole. It also shows that **agriculture is the least productive sector**, generating less than £18k per head in 2014.
- 2.9 There is **some evidence that this gap has narrowed in recent years**. There has been a decline in productivity levels within the Scottish drinks manufacturing sector since 2008, in contrast to increases across each of the other three sub-sectors of the industry over this period. Nevertheless, the gap remains substantial.
- 2.10 This analysis goes some way to **explaining the variations in levels of productivity** within the food and drink sector across Scotland. Areas with a high concentration of drinks manufacturing have the highest levels of GVA per head in the sector.



**Table 2-1: GVA per head (employment) in Scotland, 2008-2014**

	2008	2014	Change 2008-2014	
			No	%
<b>Agriculture</b>	£13,800	£17,900	£4,100	30%
<b>Fishing and aquaculture</b>	£46,300	£61,200	£14,900	32%
<b>Food manufacturing</b>	£37,300	£49,400	£12,100	33%
<b>Drinks manufacturing</b>	£238,900	£184,700	£-54,200	-23%
<b>Total – food and drink</b>	<b>£42,500</b>	<b>£45,200</b>	<b>£2,700</b>	<b>6%</b>

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

## Earnings

*The average earnings of those working in food and drink manufacturing in Angus are below the Scottish average for the industry.*

- 2.11 It is not possible to get data on average earnings for those working in the Angus food and drink sector as a whole. However, there is some data available for the manufacturing sub-sector of the industry.
- 2.12 Table 2-2 shows that people working in the manufacture of food, drink or tobacco in Angus **earned an average of £14,600 per year 2014**. This was 84% of the average for all industries and 61% of the average of £23,700 for the Scottish sector as a whole. This earnings gap is more pronounced than across the Angus economy as a whole, where average earnings amounted to **81%** of the national average in 2014.

**Table 2-2: Gross annual salaries, 2014**

	Angus	Scotland	Angus as % of Scotland
Manufacture of food, drink & tobacco	£14,600	£23,700	61%
All industries	£17,300	£21,500	81%

Source: Annual Business Statistics

## Business base

*There has been some recent growth in the number of businesses in the food and drink sector in Angus, in contrast to a slight decline across the Scottish sector as a whole.*

- 2.13 There were **645 registered enterprises<sup>2</sup>** in the food and drink sector in Angus in 2016, accounting for 17% of all businesses in the area (Table 2-3). There were **40 more registered firms** operating in the sector locally in 2016 than in 2010, an increase of 7%. This was faster than the equivalent increase of 2% across the Scottish food and drink sector over the period, but slower than the increase of 17% across the Angus economy as a whole.

<sup>2</sup> An enterprise can be thought of as the overall business, made up of all the individual sites or workplaces. It is defined as the smallest combination of legal units (generally based on VAT and/or PAYE records) that has a certain degree of autonomy within an enterprise group.

- 2.14 The growth that has occurred has been **mainly concentrated in agricultural sector**, with 30 more businesses in the sector in 2016 than in 2010. There have also increases in the numbers in **fishing / aquaculture and drinks manufacturing businesses**, but the actual numbers involved are much smaller.

**Table 2-3: Registered enterprises in Angus, 2010-2016**

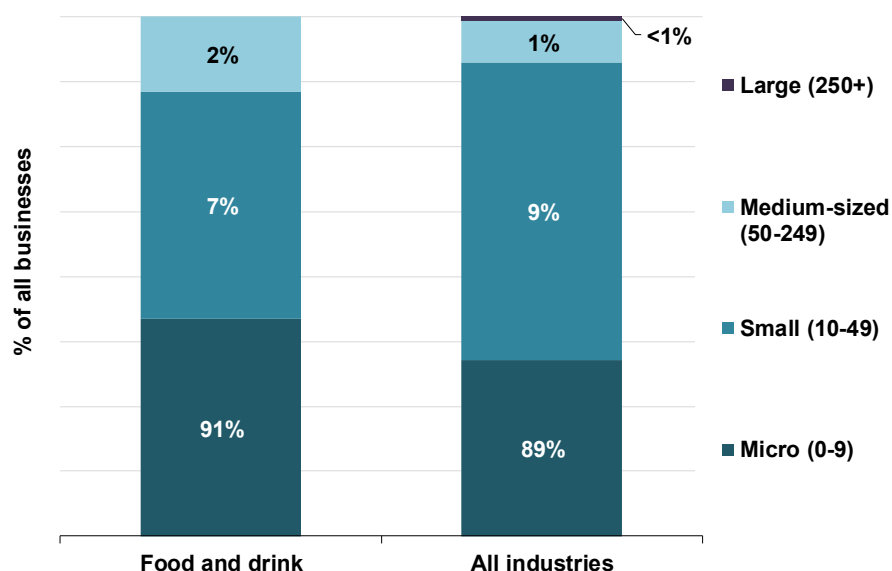
	2010	2016	Change 2010-16	
			No	%
Agriculture	570	600	30	5%
Fishing & aquaculture	25	30	5	20%
Food manufacturing	10	10	0	0%
Drinks manufacturing	0	5	5	-
<b>All food &amp; drink</b>	<b>605</b>	<b>645</b>	<b>40</b>	<b>7%</b>
<b>All industries</b>	<b>3,355</b>	<b>3,925</b>	<b>570</b>	<b>17%</b>

Source: UK Business Counts - Enterprises

**The food and drink sector in Angus is characterised by a predominance of sole traders and micro firms.**

- 2.15 The majority (91%) of businesses in the food and drink sector in Angus are **micro businesses**, employing fewer than 10 people. Of these, more than two fifths (44%) are actually **sole traders with no employees**. This broadly mirrors the local economy as a whole, where micro businesses accounted for 89% of all firms in 2016.
- 2.16 Another distinguishing feature of the Angus food and drink sector is that there are **no large firms employing more than 250 people**. Large firms account for less than 1% of all businesses in Angus.

**Figure 2-5: Business by size band, Angus 2016**



Source: UK Business Counts - Enterprises  
Base: Food and drink (645); All industries (3,925)

## Exports

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

- 2.17 It is not possible to get official statistics on the level and value of exports from the food and drink sector in Angus, but data is available for the Scottish industry as a whole.
- 2.18 The total value of exports from Scottish firms operating in the food and drink sector was **£9.8bn** in 2014, accounting for 13% of all Scottish exports in that year – well above the sector's share of national jobs (5%). **International exports accounted for more than half of this total** (52%), with domestic exports to the rest of the UK accounting for the rest. Across all industry sectors, international exports account for 36% of all exports from Scotland.
- 2.19 The value of export sales from the food and drink sector in Scotland **increased by 62% between 2002 and 2014** – faster than the equivalent increase of 55% across all industries over the period. This has been driven by a **substantial increase in international export sales**, as well as a modest increase in domestic exports.

**Table 2-4: Scottish Exports 2002-2014 (£ billion)**

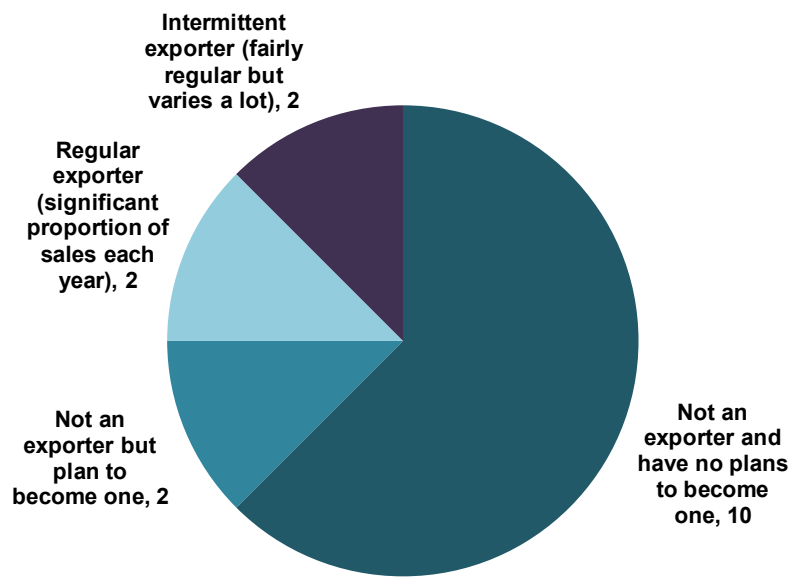
	Change 2002-2014			
	2002	2014	No.	%
Food and drink exports to:				
Rest of UK	3.1	4.7	1.6	51%
Rest of world	2.9	5.1	2.2	74%
Total food and drink exports:	6.0	9.8	3.7	62%
All Scottish exports to:				
Rest of UK	28.8	48.5	19.8	69%
Rest of world	20.2	27.5	7.3	36%
Total Scottish exports:	48.9	76.0	27.1	55%

Source: Scottish Government Growth Sector Statistics

### *There is some evidence that the strong export performance of the Scottish food and drink sector is not reflected in Angus.*

- 2.20 SQW carried out a survey of businesses located in Angus during March 2017 to explore current and projected future trends in export activity. Of the 48 companies that responded to the survey, **16 were in the food and drink industry** (a third of the total). These were evenly split between agriculture, forestry and fishing (8) and the wider food and drink sector (8).
- 2.21 The majority of the food and drink firms that responded (10/16) said that they **were not an exporter and had no plans to become one** (see Figure 2-6). A further two said that they were not currently exporting, **but were planning to do so** within the next one to two years. A further two were **exporting intermittently** and two were **regular exporters**. Of the four who are currently exporting (regular or intermittently), the largest export markets identified were Europe (2), Asia (1) and Africa (1).

Figure 2-6: Export status of food and drink firms in Angus, March 2017



Source: SQW survey of Angus Businesses  
Base: 16 food and drink firms that responded to the survey

### 3. Profile of the workforce

#### Chapter summary

- There were **4,500 people** working in the Angus food and drink sector in 2015.
- The majority (81%) of these were in the **agricultural sector**, with relatively few in food and drinks manufacturing or fishing / agriculture.
- There was an **8% increase in employment in the Angus food and drink sector** between 2010 and 2015 – in contrast to a decline of 2% nationally over this period.
- This recent jobs growth has been **mainly concentrated in the agricultural sector**.
- The Angus food and drink sector is characterised by high concentrations of employment in the **processing / preserving of fruit and veg, manufacture of malt and several other agricultural-related industries**.
- Two out of every three people employed in the Tayside food and drink industry are **male** and more than a third are **self-employed** – higher proportions than across the economy as a whole.
- **Men account for more than two thirds** of all people working in the food and drink industry in Tayside there is a **high prevalence of self-employment** in the sector.
- Almost half of all jobs in the food and drink sector in Tayside are in **skilled trade occupations** and relatively few are in **professional and administrative roles**.
- The lack of professional jobs in the food and drink sector is reflected in the **qualification profile of the workforce**, with relatively few jobs requiring individuals qualified to degree level and many requiring no qualifications at all.

#### Total Employment

***Agriculture is the largest employing sub-sector of the food and drink industry in Angus, accounting for over 80% of all jobs in the sector.***

- 3.1 There were **4,500 people** working in the Angus food and drink sector in 2015. The majority of these (82%) were employed in the **agricultural sector**. A further 13% worked in **food manufacturing** and relatively few were in **drinks manufacturing or aquaculture** (4% and 1% respectively).
- 3.2 Table 3-1 shows that there were **300 more jobs** in the industry locally in 2015 than in 2010 – an increase of 8%, which was in contrast to a decline of 2% across the Scottish food and drink industry as a whole. The increase in Angus has been **concentrated in agriculture** (+400 jobs) and **drinks manufacturing** (+100), which offset a decline in **food manufacturing** jobs over the period (-100).

**Table 3-1: Employment in the food and drink sector, 2010-15**

	2010	2015	Change 2010-15	
			No	%
Agriculture	3,300	3,700	400	11%
Fishing and aquaculture	0	100	0	25%
Manufacture of food	700	600	-100	-14%
Manufacture of drinks	100	200	100	40%
<b>Total food and drink - Angus</b>	<b>4,200</b>	<b>4,500</b>	<b>300</b>	<b>8%</b>
<b>Total food and drink - Scotland</b>	<b>117,500</b>	<b>114,700</b>	<b>-2,800</b>	<b>-2%</b>

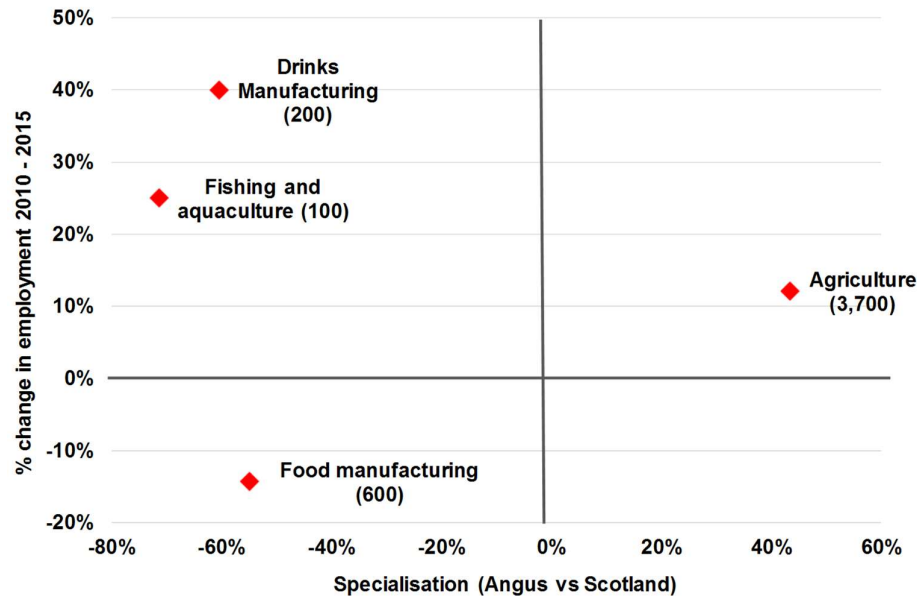
Sources: Business Register and Employment Survey; Agricultural Census  
All figures have been rounded to the nearest 100 – percentages have been calculated on the unrounded figures

## Employment Growth and Industry Specialisation Analysis

**Angus has high a high concentration of employment in agriculture, and low concentrations of employment in food and drinks manufacturing and fishing / aquaculture, relative to Scotland as a whole.**

- 3.3 Figure 3-1 provides a snapshot of the employment structure of the food and drink industry in Angus. All industries to the right of the vertical axis are those within which the area has an **above average concentrations of employment** relative to Scotland as a whole. The vertical axis represents change in employment between 2010 and 2015. All industries above the axis experienced **employment growth over this period**, whilst those below experienced employment decline.
- 3.4 This analysis shows that Angus has:
- **A high level of employment specialisation in agriculture** – the concentration of agricultural jobs in the area is almost double the average for the Scottish economy as a whole
  - **Low concentrations of employment in food and drinks manufacturing and fishing / aquaculture** – combined, these sectors are the source of 900 jobs for Angus. However, they would each need to double in size in order to get to a level in line with Scotland as whole
  - **Experienced recent jobs growth in most of the sub-sectors of the industry** – there was an increase in employment in all of the sub-sectors, with the exception food manufacturing, which declined in between 2010 and 2015.
- 3.5 As highlighted in the previous chapter (Table 2-1), **drinks manufacturing** has the highest levels of productivity (as measured by GVA per head) of all sub-sectors of food and drink industry, whilst **agriculture** has the lowest. Angus's high concentration of agricultural jobs, combined with relatively few drinks manufacturing jobs, goes some way to explaining the below average levels of productivity within the sector locally.

Figure 3-1: Employment Growth and Specialisation in the Angus Food and Drink sector 2010 – 2015



Source: Business Register and Employment Survey; Agriculture Census; SQW Analysis

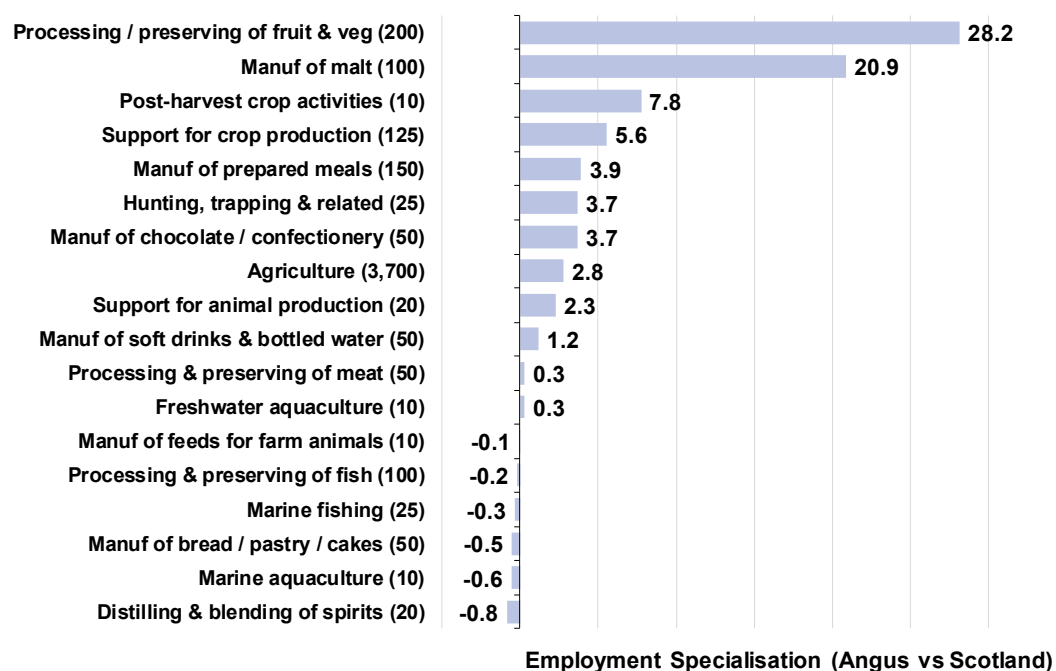
## Industrial specialisation

*The Angus food and drink sector is characterised by high concentrations of employment in the processing / preserving of fruit and veg, manufacture of malt and a number of other agricultural-related industries.*

3.6 Figure 3-2 shows concentrations of employment within each of the sub-sectors of the Angus food and drink sector relative to the average for the Scottish industry as a whole. It shows that:

- Angus has particular strengths (as measured by concentrations of employment) in **fruit and vegetable processing and the manufacture of malt**
- The other sub-sectors within which Angus has above average concentrations of employment are **mainly within the primary sector**, including crop and animal production, hunting and general agricultural related activities
- The area also has above average concentrations of employment in the **manufacture of prepared meals and chocolate / confectionery**
- Relative to the Scottish economy as a whole, Angus has low representation in the **distilling and blending of spirits, marine aquaculture and fishing and manufacturing of bread, pastry and cakes.**

Figure 3-2: Employment specialisation in the food and drink sector in Angus, 2015



Source: Business Register and Employment Survey; SQW Calculations  
The numbers in brackets represent total employment in 2015

## Profile of Workforce by Gender and Employment Status

**Two out of every three people employed in the Tayside food and drink industry are male and more than a third are self-employed.**

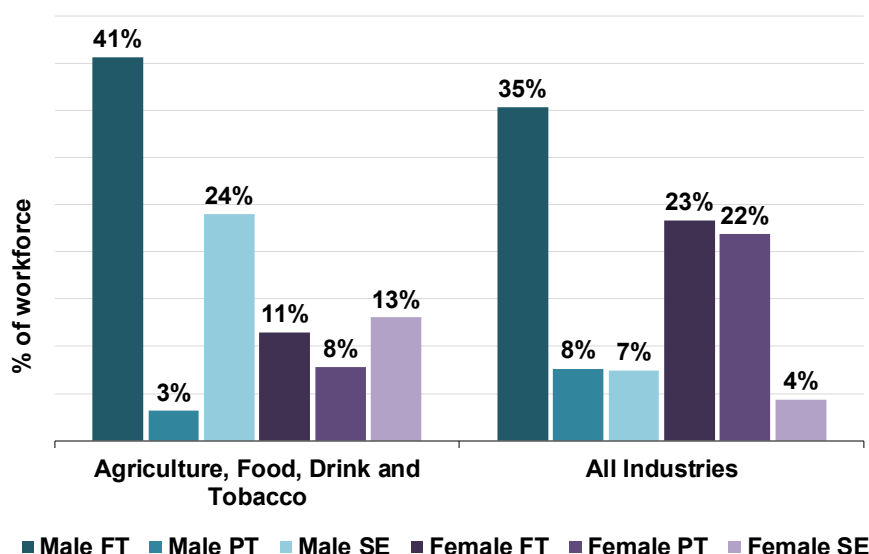
3.7 Figure 3-3 profiles the **gender and employment status** of those working in the food and drink industry in Tayside<sup>3</sup>, relative to the economy as whole. It shows that:

- **Men account for the majority (68%)** of all people working in the food and drink industry in Tayside, relative to 50% across all industries
- There is a **high prevalence of self-employment** in the sector, accounting for 37% of total employment, compared to 11% across all industries.

<sup>3</sup> Made up of the local authority areas of Angus, Dundee City and Perth and Kinross



Figure 3-3: Profile of Tayside workforce by employment status, 2014



Source: Working Futures 2014-2024

## Occupational Profile of the Workforce

*Almost half of all jobs in the food and drink sector in Tayside are in skilled trade occupations and relatively few are in professional and administrative roles.*

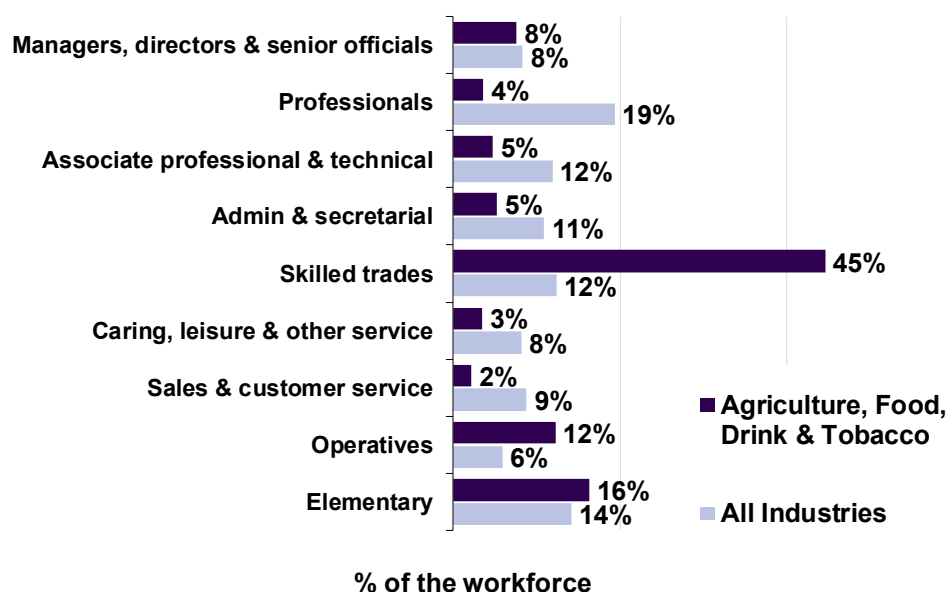
- 3.8 Figure 3-4 shows that almost half (45%) of all people working the food and drink industry in Tayside are in **skilled trade occupations** – much higher than the equivalent figure of 12% across all industry sectors combined. This is a broad category of employment which includes **skilled agricultural and related trades**<sup>4</sup>.
- 3.9 The Tayside food and drink sector is also characterised by a **high prevalence of operative**<sup>5</sup> **and elementary**<sup>6</sup> **roles**, and relatively few **professional, associate professional and administrative** jobs relative to the wider labour market.

<sup>4</sup> For example cultivate crops, raise animals and catch fish for consumption, grow plants and trees for sale, tend gardens, parks, sports pitches and other recreational areas, and maintain areas of forestry).

<sup>5</sup> 'Operatives' operate and attend machinery to manufacture, process, treat a wide range of products including foodstuffs and beverages.

<sup>6</sup> 'Elementary' occupations include cultivating and harvesting crops, breeding and rearing animals, catching and breeding fish and other aquatic life and performing forestry and related tasks.

Figure 3-4: Occupational profile of the workforce Tayside, 2014



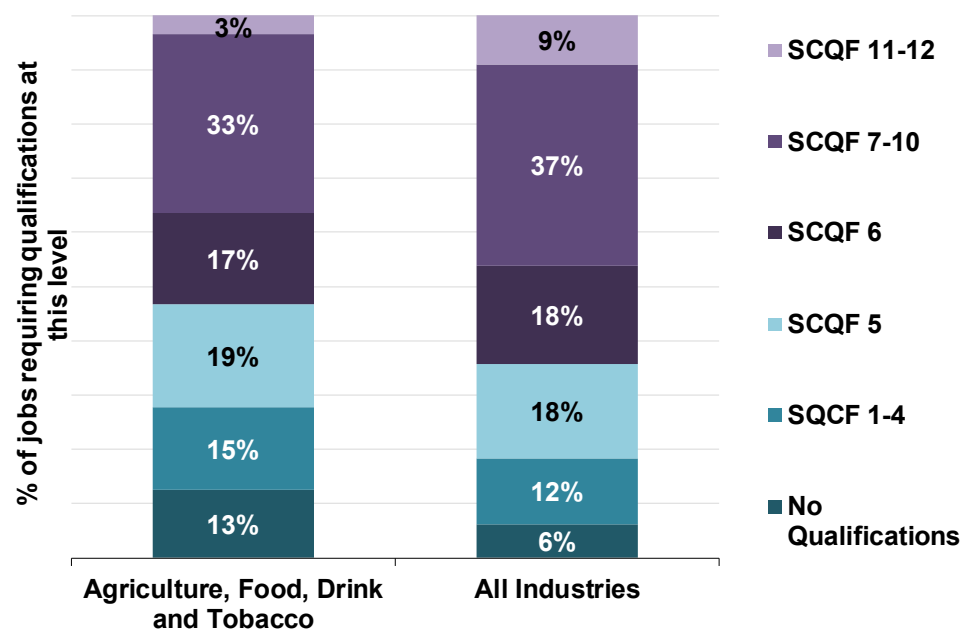
Source: Working Futures 2014-2024

## Qualification Profile of the Workforce

*The lack of professional jobs in the food and drink sector is reflected in the qualification profile of the workforce.*

- 3.10 Figure 3-5 shows that **36% of jobs in the Tayside food and drink sector require individuals to be qualified to degree level (SCQF 7) or above** – lower than the equivalent figure of 46% for all industries. This analysis also shows that the food and drink sector is source of job opportunities for those with low or no qualifications. In 2014, **13% of jobs in the sector were suitable for those with no qualifications**, compared to 6% across the economy as a whole.

Figure 3-5: Qualification profile of workforce in Tayside, 2014



Source: Working Futures 2014-2024

## 4. People and skills supply

### Chapter summary

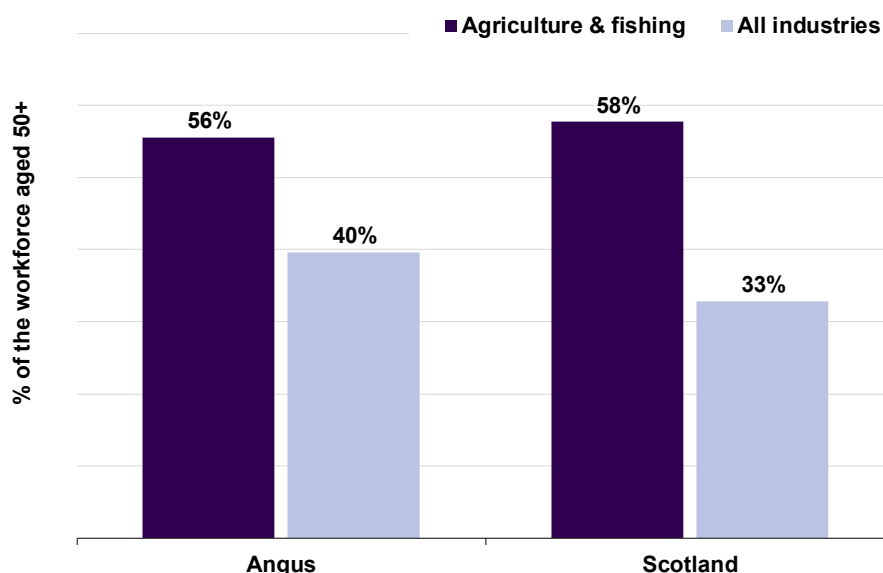
- More than half of all people working in the agricultural sector in Angus are likely to **retire within the next 10-15 years**, meaning that there will be a requirement for high levels of new entrants to the sector just to maintain current employment levels.
- There were **55 new Modern Apprenticeship starts** in the food and drink sector in Angus in 2015/16, the majority of which were in food and drink operations and **relatively few were in agriculture**.
- There were **445 students enrolled on food and drink related courses** at Dundee and Angus College in 2014/15, accounting for 3% of all students in that year.
- More than half of college students on food and drink courses were studying **agricultural-related subjects**, whilst the remainder were mainly on cooking courses or short food safety / hygiene courses.
- The **University of Abertay** is the only Higher Education Institution (HEI) in the Tayside region that offers dedicated food and drink related provision. It offers undergraduate and postgraduate courses on **environmental science, food, nutrition and health and food and drink innovation**.

### Age Profile of the Workforce

*The agricultural sector within both Angus and Scotland has an ageing workforce.*

- 4.1 Across all industry sectors, two fifths (40%) of people working in Angus were **aged 50 or over** in 2015. This was higher than the equivalent figure of 33% for Scotland as a whole (Figure 4-1). More than half of all people employed in the **agricultural and fishing sector** in both Angus and Scotland were aged 50 and over in 2015. In other words, **the majority of the existing agricultural workforce will be leaving the labour market within the next 10-15 years**. The industry will therefore require a supply of new people over the coming decade just to sustain current employment levels.

Figure 4-1: Share of the workforce that are aged 50+, 2015



Source: Annual Population Survey

## Education and Training Provision

*There are a number of Modern Apprenticeships in the food and drink operations sector in Angus, but relatively few within agriculture.*

- 4.2 A key route to developing the supply of new people into the industry is via the Scottish **Modern Apprenticeships (MA)** programme. However, take up of MAs within the agricultural sector has traditionally been low, partly due to the make-up of businesses in the sector with lots of self-employment and sole traders.
- 4.3 There were **55 new Modern Apprenticeships (MA) starts** in the food and drink sector in Angus in 2015/16, accounting for 4% of the Scottish total in that year – in line with the area's share of national food and drink jobs (also 4%). The majority (91%) of these were in **food and drink operations**, whilst relatively few (less than 10%) were in the agricultural sector.

Table 4-1: Modern Apprenticeship Starts in Food and Drink, 2015/16

	Angus	Scotland	Angus as % of Scotland Total
Agriculture	5	75	7%
Aquaculture	0	50	0%
Food and Drink Operations	50	1,090	5%
Game & Wildlife Management	0	15	0%
<b>Total Food and Drink MA Starts</b>	<b>55</b>	<b>1,230</b>	<b>4%</b>

Source: Skills Development Scotland  
All figure have been rounded to the nearest 5

**Dundee and Angus College offers a range of courses in food and drink related subjects.**

- 4.4 **Dundee and Angus College** has two main college campuses located in Arbroath and Dundee. It also has learning centres in Forfar, Montrose and Kirriemuir, as well as outreach services in Brechin.
- 4.5 There were a total of **445 students enrolled on food and drink related courses** at Dundee and Angus College in 2014/15, accounted for 3% of all students in that year. Table 4-2 shows that more than half (58%) of the students enrolled on food and drink courses at the college were studying **agricultural-related courses** (including animal husbandry).
- 4.6 A further 10% were on **Baking / Dairy / Food & Drink Processing** courses, around half of which were studying part time in the evenings and / or weekends, suggesting that most of these are **'lifestyle' rather than vocational courses**. The remaining 32% were on **Food Sciences / Technology** courses, which includes food safety / hygiene courses.

**Table 4-2: Students at Dundee and Angus College, 2014/15**

	Total	% of all students on food and drink related courses
Agricultural / Horticultural Maintenance	20	4%
Agriculture / Horticulture (general)	190	43%
Animal Husbandry	50	11%
Baking / Dairy / Food & Drink Processing	45	10%
Food Sciences / Technology	140	32%
<b>Total Students – Food and drink courses</b>	<b>445</b>	<b>100%</b>
<b>Total Students – All subjects</b>	<b>13,880</b>	<b>-</b>

Source: Scottish Funding Council InFact Database  
Figures are based on headcount

**The University of Abertay offers undergraduate and postgraduate courses in food and drink related subjects.**

- 4.7 The University of Abertay is the only Higher Education Institution (HEI) in the Tayside region that offers dedicated food and drink related provision. A summary of the available courses is provided in Table 4-3.

**Table 4-3: Food and drink provision at the University of Abertay, 2017**

Course title	Description
<b>BSc (Hons) Environmental Science and Technology</b>	This course is delivered by an interdisciplinary team of environmental and soil scientists, chemists, biologists, physicists and statisticians. It provide students with the opportunity to develop a broad-ranging environmental science foundation, combined with quantitative analytical skills.
<b>BSc Food, Nutrition and Health and BSc Food and Consumer Science</b>	These programmes are aimed at secondary school leavers, entrants from further education colleges and mature students who wish to pursue careers in the food industry, including food technologists, quality control and quality assurance managers and hygiene officers. On completion of this course, there is the potential to progress to the postgraduate programme detailed below, which aims to train individuals for careers in the food and drink industry.
<b>MSc Food and Drink Innovation</b>	Designed in collaboration with industry bodies, including Scotland Food & Drink, Skills Development Scotland and Interface Food & Drink, this course provides the opportunity for students to work in mixed-disciplinary teams to develop innovative solutions to key issues and challenges facing the food and drink industry.

*Source: University of Abertay website*

## 5. Business support for growth

### Chapter summary

- The recently refreshed **Skills Investment Plan** for the Scottish Food and Drink sector details a range of initiatives aimed at ensuring the industry has the **right supply of skills to support future growth**.
- Scottish Enterprise is working with a range of food and drink companies in Angus and across Scotland that offer **significant potential for future growth**.
- **Scotland Food and Drink** offers businesses operating in the sector access to a range of support to increase growth and profitability.
- Scotland's **£1.3bn Rural Development Programme (SRDP)** supports activities aimed at promoting growth of the food and drink sector.
- Scottish Development International offers **long-term and targeted support** to Scottish businesses to help them to access and grow international markets.
- Connect Local offers small businesses in the Scottish food and drink sector **support to market their products outside Scotland**.
- The **Perth Food and Drink Park** will house a new **Innovation Hub** for the industry offering office space, accommodation and a venue to host sector events.

### Introduction

- 5.1 The Scottish Government has identified food and drink as one of six key sectors where Scotland has a **distinct competitive advantage** and which offer significant potential as **drivers of future economic growth**<sup>7</sup>. The Economic Strategy also highlights the importance of rural Scotland to the nation's heritage, identity and economy.
- 5.2 This chapter provides an overview of existing and planned support available to food and drink businesses in Angus to support future growth covering:
- Support for Skills Development
  - Support for Business Growth
  - Support for Exports
  - Support for Innovation

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<sup>7</sup> Scottish Government (2015) *Scotland's Economic Strategy*.



## Support for Skills Development

*The recently refreshed Skills Investment Plan for the Scottish Food and Drink sector details a range of initiatives aimed at ensuring the industry has the right supply of skills to support future growth.*

- 5.3 The first Skills Investment Plan (SIP) for the Scottish food and drink sector was published in 2012. It was subsequently updated in 2017, with research and consultancy support provided by SQW. The refresh involved a review of progress towards the skills priorities identified within the original SIP, identification of current and potential future skills issues and challenges facing the sector and the development of an Action Plan to address these.
- 5.4 The four priority areas identified for action (and investment) within the refreshed SIP 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.
- 5.5 The SIP details a series of actions in relation to each of these, which are aimed at ensuring the industry has the right supply of skills to support future growth.

## Support for Business Growth

*Scottish Enterprise is currently working with a range of food and drink companies in Angus and across Scotland.*

- 5.6 Scottish Enterprise (SE) provides dedicated support to around 1,500 Scottish companies each year, around **10% of which are in the food and drink sector**. SE provides 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 Essential; Business Mentoring; Managing People for Growth; and Rural Leadership Programme.
- 5.7 SE support is focussed on companies across Scotland that are identified as offering **potential for future growth**. These 'account managed' companies take many forms – they range from start-ups to large companies and are found in both established and emerging sectors. They vary in size and scale, but each has been selected as a result of their significant growth potential. SE offers intensive, tailored support to help them fulfil this growth potential.
- 5.8 SE was working with 42 account-managed companies in Angus in January 2014. Of these, **10 were in the food and drink sector** – 24% of the total.

*Scotland Food and Drink offers businesses operating in the sector access to a range of support to increase growth and profitability.*

- 5.9 Scotland Food and Drink is an **industry-led organisation** that is supported by the Scottish Government and has been tasked with **growing the value of Scotland's food and drink**

**sector**, making it more profitable and delivering greater global success in a challenging and competitive environment.

- 5.10 Scotland Food and Drink **works directly with food and drink businesses**, providing support for them to access a range of services specifically designed to help grow their business. They also offer **expert advice and support** in areas ranging from accessing new markets, new product development and skills & training to marketing, PR and legislation.
- 5.11 Scotland Food and Drink are currently working on a **refresh to the growth strategy for the industry**, which will set out the key priorities for action to support growth of the sector over the coming decade. This is expected to be published in 2017.

*Scotland's £1.3bn Rural Development Programme (SRDP) supports activities aimed at promoting growth of the food and drink sector.*

- 5.12 The Scottish Government has allocated a total of £1.3bn to the Scottish Rural Development Programme (SRDP) over the 2014-20 period. The programme supports activities that benefit Scotland's natural heritage and in doing so, provide a basis for the growth in areas such as tourism and hospitality. The SRDP is also aimed at fostering **networking and innovation in land-based businesses, promoting growth of the food and drink sector and strengthening local economies**.

## Support for exports

*Scottish Development International offers support to Scottish businesses to access international markets.*

- 5.13 **Scottish Development International (SDI)** is Scotland's trade and inward investment body. It has over 240 staff based across Scotland and in 27 offices around the world. SDI provides long-term support to Scottish businesses to access and grow international markets. Through an account-management approach, they provide support to:
- Identify and secure the skills and talent required to grow export markets
  - Train and develop staff
  - Access capital investment, innovation and research & development
  - Improve manufacturing and energy efficiency
  - Develop leadership skills.

*Connect Local offers small businesses in the food and drink sector in Scotland support to market their products outside Scotland.*

- 5.14 Connect Local is a **specialist advisory service for local food and drink marketing** aimed at entrepreneurs, micro-businesses and SMEs in Scotland, with a specific programme focusing on seafood. It is funded by the Scottish Government and European Maritime and Fisheries Fund. It is targeted at small businesses with **limited experience of marketing food and drink from Scotland**. It aims to add value to the local food and drink landscape by proactively advertising opportunities for support and growth.

## Support for innovation

*The Perth Food and Drink Park will house a new Innovation Hub for the industry offering office space, accommodation and a venue to host sector events.*

- 5.15 The Perth Food and Drink Park is a new initiative aimed at strengthening the food and drink sector in Scotland through the provision of **serviced development land and business support facilities**. The site has been designed to create a hub for all aspects of the food and drink industry, with the view to attracting inward investment, as well as expansion opportunities for existing and start-up businesses.
- 5.16 The plan is to create a **Food and Drink Innovation Hub** within the park, which will offer office space, accommodation and a venue for hosting sector events. This could represent a useful resource for Angus food and drink companies.

## 6. Outlook

### Chapter summary

- The recent upturn in employment within the food and drink sector in Tayside is **not expected to continue over the decade ahead**. There are expected to be 900 fewer jobs in the sector in 2024 than in 2014.
- This decline will be **concentrated amongst those in skilled trade, elementary and operative occupations** – a trend that is being driven by globalisation and technological advancements (including automation).
- However, there will **continue to be job openings across all occupational groupings**, even those expected to decline in net terms, to replace those who retire, change occupations or move away.
- The shift in the occupational profile of the workforce is reflected in the forecast demand for qualifications, with more jobs requiring individuals **educated to degree level** and relatively few available to those with **low or no qualifications**.

### Introduction

- 6.1 This chapter considers the employment outlook for the food and drink industry within the region. It is based on analysis of employment projections from the *Working Futures 2014-2024* study, published by the UK Commission for Employment and Skills. **The data is not available at local authority level, but is available for the Tayside region, which is made up of the local authority areas of Dundee, Angus and Perth & Kinross.**
- 6.2 *Working Futures 2014-2024* provides a quantitative assessment of the GVA and employment prospects of the UK economy over a ten-year horizon. It presents historical trends and future GVA and employment forecasts by sector for the UK and its constituent nations and regions. The prime focus of *Working Futures* is assessing the demand for skills as measured by employment by occupation and qualification.
- 6.3 The employment projections are based on the use of a multi-sectoral, regional macroeconomic model, combined with occupational, replacement demand and qualification modules. The results take account of the latest official data published by the Office for National Statistics, which is used to provide a comprehensive and detailed picture of the changing face of the UK economy and labour market. A separate *Technical Report* provides full details of sources and methods used to produce the results, including information about even more detailed sub-national / sub-regional results<sup>8</sup>.
- 6.4 **A key limitation of the Working Futures projections is that they do not take account of local conditions, including planned investments, which may impact on GVA and**

<sup>8</sup> <https://www2.warwick.ac.uk/fac/soc/ier/publications/2006/wftechnicalreport2004-2014.pdf>

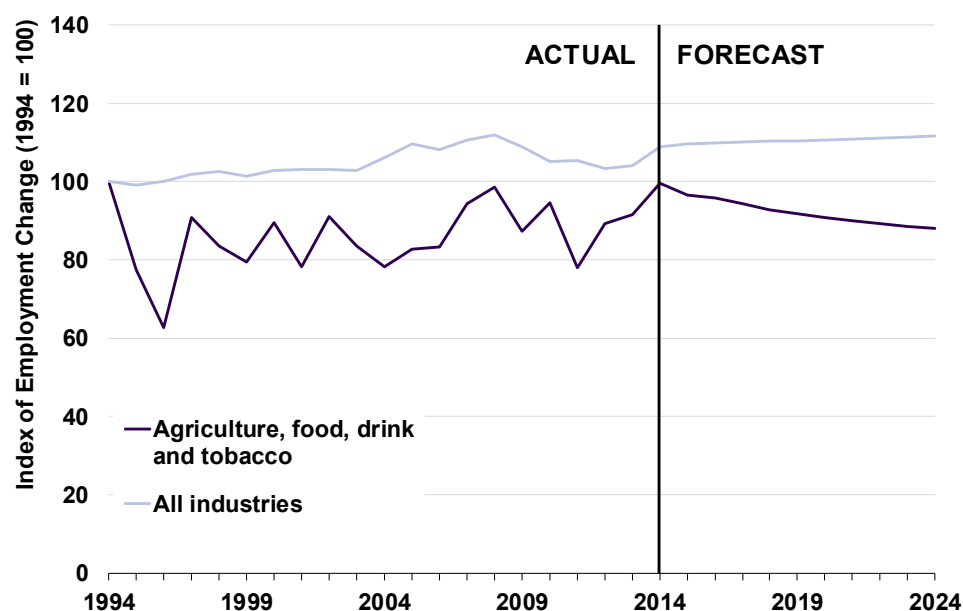
employment. They should therefore be considered a *baseline* assessment of likely future levels of employment, based on a continuation of historical trends.

## Forecast employment

*The recent upturn in employment within the food and drink sector in Tayside is not expected to continue over the decade ahead.*

- 6.5 **Error! Reference source not found.** shows that, following a sharp fall in early 1990s, and despite some year-on-year fluctuations, there has been a **general upward trend in employment in the Tayside food and drink sector over the past two decades**. However, this is not expected to continue, with the baseline forecast being for a gradual decline in employment in the sector in the period up to 2024. This is in contrast to the regional economy as a whole, where a modest increase in employment is expected over the period.

Figure 6-1: Employment in Tayside, 1994-2024



Source: Working Futures 2014-2024

## Changing occupational structure and replacement demands

*Job opportunities to replace those who retire or move on will occur across all occupational groupings – even those that are expected to decline in net terms.*

- 6.6 The baseline forecast is for the total number of jobs in the agriculture, food, drink and tobacco sector in Tayside **to decline by 900 (-12%)** between 2014 and 2024. This is slightly faster than the expected decline in the Scottish food and drink sector as a whole, where employment is expected to fall by **10%** by 2024. However, replacement demand – to replace those who retire, change occupations or move away – will result in **2,400 job openings** over this period (Table 6-1). These are real vacancies that will need to be filled, despite the net decline in the overall numbers employed in the industry.

- 6.7 The majority of the net decline in employment will be amongst **skilled trade occupations**. There are expected to be **600 fewer food and drink jobs in this occupational group in 2024 than in 2014**. However, job vacancies in skilled trade occupations (to replace those who retire or change jobs) will be double that figure – **1,200 in total** – accounting for half (50%) of all job openings in the sector over the period.
- 6.8 A net decline is also expected in the number of **operative and elementary jobs** in the food and drink sector over the coming decade. These are entry-level positions that usually require minimal levels of qualifications and experience. The expected decline in these occupational groupings is a reflection of a long term trend within the UK labour market, which is being driven by **globalisation and technological advancements (including automation)**. However, as with skilled trades, there will continue to be vacancies for these job roles to replace those retire or move on.

**Table 6-1: Expansion and replacement demand by occupation in the Tayside food and drink sector, 2014-2024**

	Expansion Demand	Replacement Demand	Total Requirement to 2024	% of Total Requirement
Managers, directors & senior officials	0	200	200	8%
Professionals	0	100	100	5%
Associate professional & tech.	0	100	200	7%
Administrative & secretarial	0	200	200	6%
Skilled trades	-600	1,800	1,200	50%
Caring, leisure & other service	0	100	0	2%
Sales & customer service	0	100	100	3%
Operatives	-100	300	300	11%
Elementary	-200	400	200	8%
<b>Total</b>	<b>-900</b>	<b>3,300</b>	<b>2,400</b>	<b>100%</b>

Source: Working Futures 2014-2024

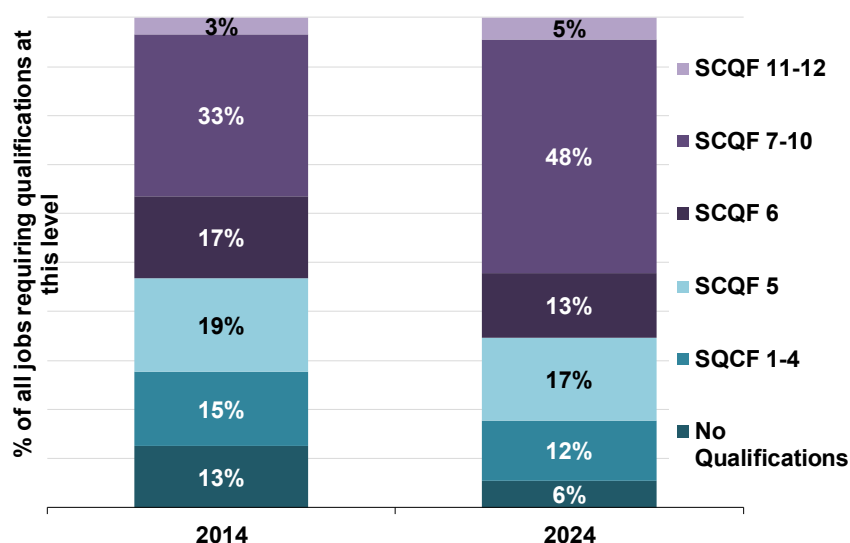
All figures have been rounded to the nearest 100 and percentage calculations have been carried out on the unrounded figures

## Changing qualification profile

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

- 6.9 The net contraction in lower skilled jobs in trade, operative and elementary occupations will **reduce the share of jobs in the food and drink sector that are suitable for those with low or no qualifications**. At the same time, the share of jobs in the sector that will require individuals qualified to degree level (**SCQF Level 7**) or above is expected to increase from 36% in 2014 to 53% in 2024 (Figure 2-4).

Figure 6-2: Qualification profile of the workforce in Tayside's Agriculture, Food & Drink and Tobacco, 2014 & 2024



Source: Working Futures 2014-2024

## Potential for growth

- 6.10 As noted in the introduction to this chapter, these forecasts represent a *baseline* assessment of likely future levels of employment, based on a continuation of historical trends. However, **they do not take account of local conditions**, including any planned investments or business support for the industry that might boost growth.
- 6.11 In Table 6-2, we provide an assessment of the potential **strengths, weaknesses, opportunities and threats** for the Angus food and drink sector, which provide a basis for understanding the potential for future growth of the industry locally and what some of the barriers to achieving this might be. An important caveat in interpreting the key messages from this exercise is that is **based purely on analysis of secondary data for the industry** and is therefore lacking insights from businesses operating in the sector.

**Table 6-2: SWOT analysis of Angus food and drink sector, 2016**

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>Food and drink forms part of the cultural heritage and identity of Angus, which is home to world-famous products such as Aberdeen Angus beef and Glencadam whisky</li> <li>Growth in output from the sector has outpaced the local economy as a whole since 2010</li> <li>The number of registered businesses in the sector is growing at a faster rate than across the Scottish food and drink sector</li> <li>Angus has high levels of specialisation in a range of agricultural sub-sectors of the industry, including the processing / preserving of fruit and veg, the manufacture of malt, crop harvest and production and hunting</li> </ul>	<ul style="list-style-type: none"> <li>Angus is home to relatively low value added activities in the food and drink sector, with below average productivity levels relative to the Scottish sector as a whole</li> <li>The Angus food and drink sector is characterised by a predominance of micro businesses and sole traders, which could act as a constraint on growth</li> <li>There are no large food and drink firms in Angus, which again acts to limit the potential scope for future growth</li> <li>Angus has low representation in the higher value added sub-sectors of the industry, such as drinks manufacturing, which are driving growth in exports nationally</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>There are a range of national funding streams and initiatives available to food and drink companies in Angus to support future growth</li> <li>Food and drink is Scotland's fastest growing export sector – there is potential for Angus firms to benefit from this by growing their international markets</li> <li>There is scope for productivity / efficiency improvements within the sector to bring it to a level more in line with the national average</li> <li>Firms in the area could work with skills providers (colleges, universities, MA providers) to develop the future pipeline of skills into the sector</li> <li>Approaches to further developing the Angus food and drink sector could link in with tourism sector development</li> </ul>	<ul style="list-style-type: none"> <li>The sector has an ageing workforce, with more than half of all those working in the agricultural sector expected to reach retirement age over the next 10-15 years</li> <li>A high proportion of jobs in the sector are in entry-level occupations, which are exposed to globalisation and automation</li> <li>Many of the smaller agricultural firms are likely to be family owned / family run, which could pose a risk for succession planning</li> <li>Small firms may not be keeping pace with latest technological advancements to improve productivity, which could impact on long term competitiveness of the sector</li> </ul>



## Annex A: Defining the sector

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**Scottish Government definition of Food and Drink:**

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SIC 01: Crop and Animal Production, Hunting and Related Service Activities

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SIC 03: Fishing and Aquaculture

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SIC 10: Manufacture of Food Products

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SIC 11: Manufacture of Beverages

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*Based on Standard Industrial Classification (SIC) Codes 2007*