

Sectoral Skills Assessment

Food and Drink Manufacturing

October 2024



Sectoral Skills Assessments

First launched in 2017, Sectoral Skills Assessments (SSAs) provide a robust and consistent evidence base to support partners in strategic skills investment planning. Skills Development Scotland (SDS) has worked with key partners and stakeholders in the production of SSAs to ensure an inclusive approach to their development, dissemination and utilisation.

SSAs include published data sets. Inevitably, when using published data there is a time lag, but the data contained is the most up-to-date available at the time of writing. SSAs also include forecast data that has been commissioned through Oxford Economics. The Technical Note¹ provides full detail on the caveats that must be applied when using forecast data, but broadly, it should be noted that:

- Forecasts are based on what we know now and include past and present trends projected into the future.
- The more disaggregated they become, especially at smaller geographical units, the less reliable they are likely to be.
- Their value is in identifying likely directions of travel rather than predicting exact figures.
- The forecasts do not account for national or sectoral activities, initiatives or investments that are planned.

Industries and occupations used in the SSAs are defined by standard industrial classifications (SIC)² and standard occupational classifications (SOC).³

This SSA report is for the Food and Drink Manufacturing sector. The sector includes Manufacture of Food Products and Manufacture of Beverages. Please see Appendix 1 for the SIC definition used in this report.

Key Sectors are central to our Skills Investment Planning approach. Each Key Sector has a tailored Skills Investment Plan (SIP) which outlines trends in skills and qualification supply and employers' perspectives on the skills issues affecting the sector. Regional SIPs have also been developed and are available alongside SIPs on the SDS website.⁴

The SSAs are part of a suite of Labour Market Insight publications by SDS. Other products in the suite include:



Economy, People and Skills report which provides succinct and up-to-date evidence on Scotland's economy, businesses and people. It is updated monthly.



Regional Skills Assessments provide a coherent, consistent evidence base to inform future investment in skills, built up from existing datasets and forecasts for Regional Outcome Agreement areas, Rural Scotland and all City and Growth Deals regions. They are updated annually.



The **Data Matrix** is an interactive tool, offering more detailed data from a variety of sources in a visually engaging format. It is updated frequently.

Alongside the suite of Labour Market Insight publications, SDS also produces a wide range of reports such as statistics on Modern Apprenticeships and the Annual Participation measure for 16-19 year olds. This includes a wide range of data related to equalities. Further information can be found on the [Publications and Statistics](#) section of the SDS website.

We value user feedback on the Sectoral Skills Assessments. If you would like to provide feedback, please do so [here](#). For any further information or queries on the SSAs or any of our other products, please contact: RSA@sds.co.uk



1. SSA Technical Note (2024).

2. Office for National Statistics UK Standard Industrial Classification (SIC) 2007.

3. Office for National Statistics UK Standard Occupational Classification (SOC) 2010.

4. Skills Development Scotland Skills Investment Plans.

The Context for Scotland's Labour Market

Within the last 10 years, the economy has faced significant disruption due to events such as the pandemic, Brexit, the war in Ukraine, and the cost-of-living crisis. In addition, megatrends around demography, technology, and the environment have continued shaping Scotland's economy and labour market, many of which are interdependent. Below is an overview of the drivers expected to have the greatest influence on Scotland's labour market outlook in the near term, based on a comprehensive analysis of structural and cyclical factors.



The Economy

The economic outlook for Scotland has improved, but growth is still expected to be modest in 2024, after annual GDP figures estimated the Scottish economy (like that of the UK) remained broadly flat throughout 2023. While inflation rates have eased from their peak in October 2022, the effects of rising prices and high interest rates continue to impact Scottish households and businesses. Scotland has experienced a tight labour market in recent years, but there have been signs of this loosening in 2024.



Demographic Change

Scotland has an ageing population. In 2022, around 20 per cent of Scotland's population was aged 65 years or over, and around 15 per cent were aged under 15 years old. Population growth is also expected to slow in the next decade, and it is anticipated that the country is likely to rely on in-migration for population growth. These demographic changes in Scotland have important implications for the labour market and economy.



Inclusive Growth and Equality

Scotland continues to experience inequality, which can impact individuals' access to labour market opportunities. Cost-of-living pressures have affected different groups disproportionately, particularly in lower-income households. Geographical inequalities also exist across Scottish regions that can affect individuals' access to opportunities. There have been some advances in improving diversity within the workforce and reducing inequality, but challenges remain.



Technology and Automation

Scotland has a strong technology sector, with specific strengths in digital technology, life sciences and financial technology (fintech). The current makeup of the technology sector suggests AI will likely be the most important technological advance for the foreseeable future. It is estimated that 60 per cent of jobs in developed countries will be affected by AI. This could be disruptive within the labour market, creating challenges and opportunities for job roles and businesses.



Climate Change

The Scottish and UK governments have committed to meeting targets for Net Zero carbon emissions. The transition to Net Zero will directly impact jobs, with potential for job growth in Scotland. Upskilling and reskilling will be vital to equip Scotland's workforce with the skills needed to meet the transition. Scotland is well placed to take a lead in the development of new green technologies building on its significant natural resources and strengths in key sectors.



A fuller report on Scotland's Labour Market Drivers can be found [here](#).

Sectoral Insight¹

The previous page provided an overview of the key drivers expected to have the greatest influence on Scotland's labour market. Below, we explore how some of these drivers, and others, may influence the sector.

Sustainability and Net Zero

In the industry strategy, [Sustaining Scotland. Supplying The World](#), there is an ambition for Scotland to be one of the world's most environmentally sustainable food-producing nations. There are now several factors driving progress in sustainability across the Food and Drink sector, including low carbon practices being a factor in the manufacturing and selling of products. For example, for some supermarkets, products having a low carbon footprint is an important aspect of stocking and buying. In addition, by adopting low carbon manufacturing methods, there are longer-term cost and efficiency benefits for employers.

Technology and Automation

Linked to the Net Zero agenda, automation and digital developments could offer the Food and Drink Manufacturing sector significant benefits. For example, it could be a key enabler in helping overcome labour shortage issues, increasing productivity, and increasing sustainability. However, automation also presents challenges for manufacturing, for example, the initial capital costs of automating practices are often high.²

The Food and Drink Manufacturing sector is responsible for the manufacture of food products and beverages, with food and drink viewed as one of Scotland's unique strengths.

In June 2023, the Scotland Food & Drink Partnership published their industry strategy: [Sustaining Scotland. Supplying the world](#). This strategy has three missions:

- Build resilience
- Drive responsible growth
- Lead the way in environmental sustainability

The strategy remains the key document for guiding the priorities and growth of the sector.

To help achieve the sector's ambitions, the Scotland Food & Drink Partnership's [Feeding Workforce Skills](#) is an online platform that signposts employers to resources around retaining, recruiting, upskilling and reskilling their workforce.

In September 2024, the partnership also published a toolkit for those considering working in Food and Drink in Scotland. [Find your Future in Food & Drink](#) highlights the different jobs roles available, including in manufacturing, and shares success stories of those working in the sector.

One of the key workforce challenges for the sector remains recruitment. Tied in with this, fair work and positioning itself as a 'sector of choice' are also aims for

Food and Drink. For employers in the sector, the Scotland Food & Drink Partnership have an online [recruitment & retention toolkit](#) which outlines 'ten ways to make yourself an employer of choice'. Employers continue to try to attract and retain workers in the sector.

Recent policy developments include a commitment in the [Programme for Government](#), published in September 2024, to lay the draft Good Food Nation Plan before parliament by the end of this parliamentary year and establish the Scottish Food Commission within the same timeframe.

There are also important activities regionally, such as [Opportunity North East SeedPod](#) – a £27 million investment to create a regional innovation hub for Food and Drink Manufacturing in the North-East. SeedPod is based just outside Aberdeen and is currently under construction, with plans to open in 2025.

It is important to note that the forecasts used in this Sectoral Skills Assessment are policy and investment neutral.

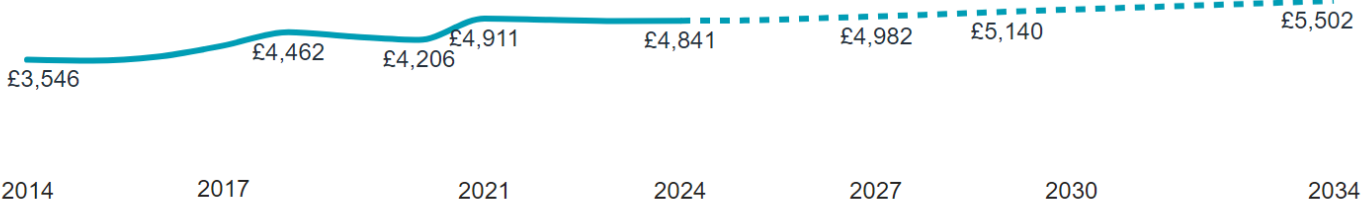


This means the figures present a baseline outlook that takes into account historical trends and external economic conditions, but the figures do not reflect investment or policy that is unconfirmed or at planning/development stage. Therefore, the forecasts should be used in conjunction with other sources, and readers are encouraged to overlay these with their own local and sectoral knowledge.

1. Insight from the sector gathered via Skills Development Scotland (2024).

2. McKinsey (2023). [Unlocking the industrial potential of robotics and automation](#).

Gross Value Added (GVA, £m) (2014-2034)²



In 2024, GVA in the Food and Drink Manufacturing sector was estimated to be £4,841m, generating 3.3% of Scotland's total economic output. Between 2014 and 2024, GVA in the sector was estimated to have increased by 3.4% on average each year, compared to growth of 0.5% across Scotland over the same period.

In 2023, there was weaker consumer demand and falling real household incomes, causing a decline in Food and Drink Primary production sector output. Economic activities were anticipated to improve, and the sector’s output was projected to grow by 0.3% in 2024.

Looking ahead, GVA in the Food and Drink Manufacturing sector is forecast to grow on average 1.3% each year between 2024 and 2034, the same as Scotland’s average. In 2034, the Food and Drink Manufacturing sector is forecast to account for 3.3% of Scotland's total economic output.



Food and Drink Manufacturing forecast GVA in 2027: **£4,982m**

↑ up 2.9% from 2024

Scotland forecast GVA in 2027: **£151,968m**

↑ up 4.2% from 2024

Food and Drink Manufacturing forecast GVA in 2034: **£5,502m**

↑ up 10.4% from 2027

Scotland forecast GVA in 2034: **£166,273m**

↑ up 9.4% from 2027

Productivity (GVA per job)³

In this report, we have used Oxford Economics' measure of productivity, which is calculated by dividing total sectoral GVA by total sectoral employment (measured by jobs). Please note, there are different ways of calculating productivity, and caution is needed when interpreting productivity data presented in this report. It must be considered in the context of other data and insight.

In 2024, productivity in the **Food and Drink Manufacturing** sector was estimated to be **£101,100**. In comparison, the Scottish average was £52,000.



Food and Drink Manufacturing forecast productivity in 2027: **£107,800**

↑ up 6.7% from 2024

Scotland forecast productivity in 2027: **£53,000**

↑ up 1.9% from 2024



Food and Drink Manufacturing forecast productivity in 2034: **£135,900**

↑ up 26.1% from 2027

Scotland forecast productivity in 2034: **£57,100**

↑ up 7.9% from 2027

1. SDS (2024). Oxford Economics Forecasts.
2. GVA is the measure of the value of goods and services produced within the economy and is an indicator of the sector’s health. GVA in constant

2019 prices.
3. Productivity is the measure of goods and services produced per unit of labour input. The Oxford Economics forecasts of productivity shown here

have been calculated by dividing total sector GVA by total sector employment (measured by jobs).

Current Demand¹

 Workforce size 2024: **44,000** people

The sector's workforce was estimated to have **declined** by **-18.6%** or **-10,000** people between 2014 and 2024. During this 10 year period, the pandemic had a notable effect on the workforce, as it **declined** by **-5.2%** or **-2,800** people between 2019 and 2021.

This compares to a Scotland wide increase of **3.8%** or **97,300** people between 2014 and 2024.

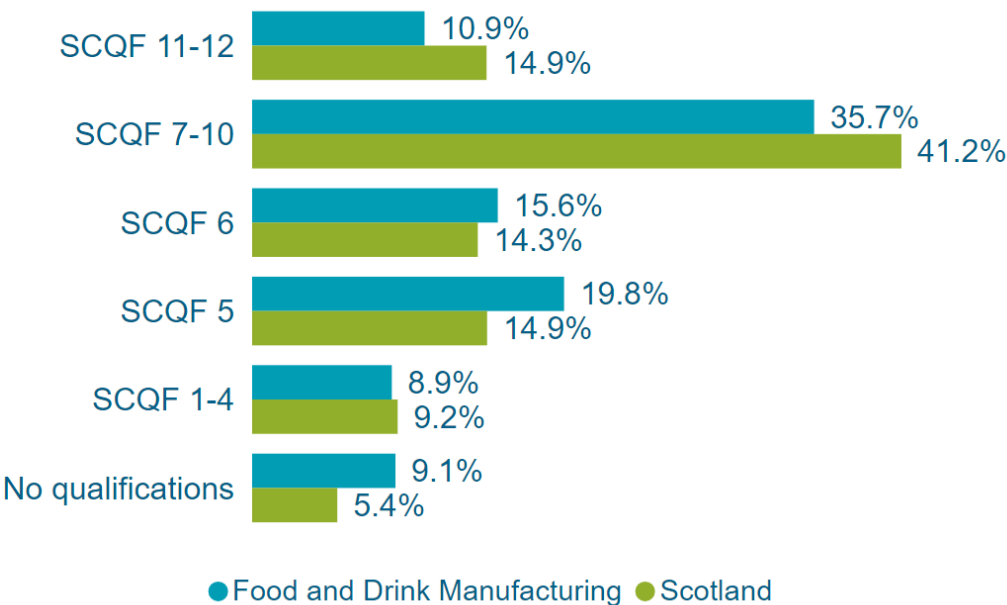
Employment by Region (people), 2024

The greatest number of people employed in **Food and Drink Manufacturing** were estimated to be in:

Lanarkshire	Highlands and Islands	Aberdeen City and Shire	Glasgow College Region*
7,000	6,300	6,200	5,800

Workforce Qualifications, 2024

Food and Drink Manufacturing was estimated to have a lower proportion of the workforce educated to SCQF Level 7 and above, and a higher proportion educated to SCQF Levels 5 and 6 compared to Scotland.²



Top 10 Employing Occupations (people), 2024



1. SDS (2024). Oxford Economics Forecasts.
2. See [SCQF Framework](#) for further information on SCQF qualification levels.

*Glasgow College Region covers East Dunbartonshire, East Renfrewshire and Glasgow City local authorities.

Current Demand¹

The proportion of Local Authorities’ workforce employed in Food and Drink Manufacturing, 2024²

In 2024, the Food and Drink Manufacturing sector was estimated to account for 1.7% of Scottish employment.

Scottish local authorities have sectoral strengths that make them unique. This means that the Food and Drink Manufacturing sector may be more important to some local economies, as a higher proportion of the local workforce is employed in the sector.

The sector was most prominent in these local authorities:

- Moray 7.8%
- Aberdeenshire 4.9%
- Na h-Eileanan Siar 3.7%
- South Lanarkshire 3.4%



Real Living Wage and Gender Pay Gap³

Individuals earning Real Living Wage or more:
In April 2023, the real living wage rate for employees who did not work in London was £10.90.



Manufacturing	2022: 90.6%	2023: 90.6%
All sectors	2022: 90.6%	2023: 89.9%

Gender Pay Gap for median full-time hourly earnings:



Manufacturing	2022: 16.6%	2023: 13.9%
Scotland	2022: 3.0%	2023: 1.7 %

Due to data availability, a ‘best fit SIC code approach’ has been used, so sectors definitions here may not fully match key sector definitions.

Modern Apprenticeships⁴



MAs starts for Food and Drink Manufacturing*:		
Q4 2022/23: 672	Q4 2023/24: 846	Q1 2024/25: 157



MAs in training for Food and Drink Manufacturing*:		
Q4 2022/23: 715	Q4 2023/24: 719	Q1 2024/25: 662

* Includes the following frameworks: Food and Drink Operations, Food Manufacture and Spirits Operations.
For data on FAs and GAs please see the Publications section of our [website](#). For data on colleges and universities please see [Scottish Funding Council](#) and [Higher Education Statistics Agency](#).

1. SDS (2024). Oxford Economics Forecasts.
2. The proportion of the workforce in the Local Authority employed in the sector is calculated by dividing the sectoral employment in the area by total employment in the area.

3. Scottish Government (2023). Annual Survey of Hours and Earnings: 2023. Due to data availability, a ‘best fit SIC code approach’ has been used, so the sectoral definitions and totals in this section may vary from those we have used elsewhere.

4. SDS (2024). Modern Apprenticeship Statistics, Quarter 1, 2024/25.



Job Postings in Food and Drink Manufacturing³

Online job postings data provides a useful barometer for the health of the jobs market, real-time employer demand and can indicate changing skills demands. It is important to note that the data does not capture all activity, so it should be considered as an estimate only.

Between July 2023 and June 2024, there were **3,430 job postings** in Food and Drink Manufacturing. Job postings were high in 2022, and as a result the number of job postings has decreased by 11.5% compared to the period between July 2022 and June 2023 (21% decline across all occupations comparatively). Despite the decline, the number of job postings remained above the pre-pandemic level for the Food and Drink Primary Manufacturing sector.

Top Locations between July 2023 and June 2024 were:



The largest growth in job postings between July 2022 - June 2023 and July 2023 - June 2024 was in Falkirk (+56), Perth and Kinross (+42).

Top Job postings between July 2023 and June 2024 included:



Sales Related Occupations



Plant and Machine Operatives



Assemblers and Routine Operatives



Warehouse Operatives



Bakers and Flour Confectioners



Production, Factory and Assembly Supervisors

Specialised skills and knowledge requested (July 2023 - June 2024) included:



Machinery



Production Line



Food Safety and Sanitation



Food Manufacturing



Auditing



Warehousing



Median real-time advertised salary July 2023 – July 2024:
£24,400

1. Lightcast 2024.
2. Job postings are rounded to the nearest 10. Figures may not sum due to rounding.

3. Please note, the data provided is for SIC 10 and SIC 11 for the whole of Scotland. Median salary based on 29% of records that contain salary information.

Future Demand: Mid-term (2024-2027)¹

In the mid-term (2024-2027), **the number of people in employment is forecast to decline by 3.9% (-1,700 people)** in the **Food and Drink Manufacturing** sector. This is in contrast with the growth that is forecast overall across Scotland where employment is predicted to rise by 1.9% (49,800 people).

In 2027, the top employing regions in the sector are forecast to be **Lanarkshire** and the **Highlands and Islands**, the same as in 2024. Similar to 2024, **the largest proportion of the workforce** is forecast to be educated **to SCQF 7-10**. The top employing occupation is forecast to be **Process, Plant and Machine Operatives**.

Forecasts for the mid-term (2024-2027) suggest there could be demand for **1,600 people in the sector**, as a result of the need to replace workers leaving the labour market. Whilst positive, caution is needed as a wide range of factors may impact the future labour market.

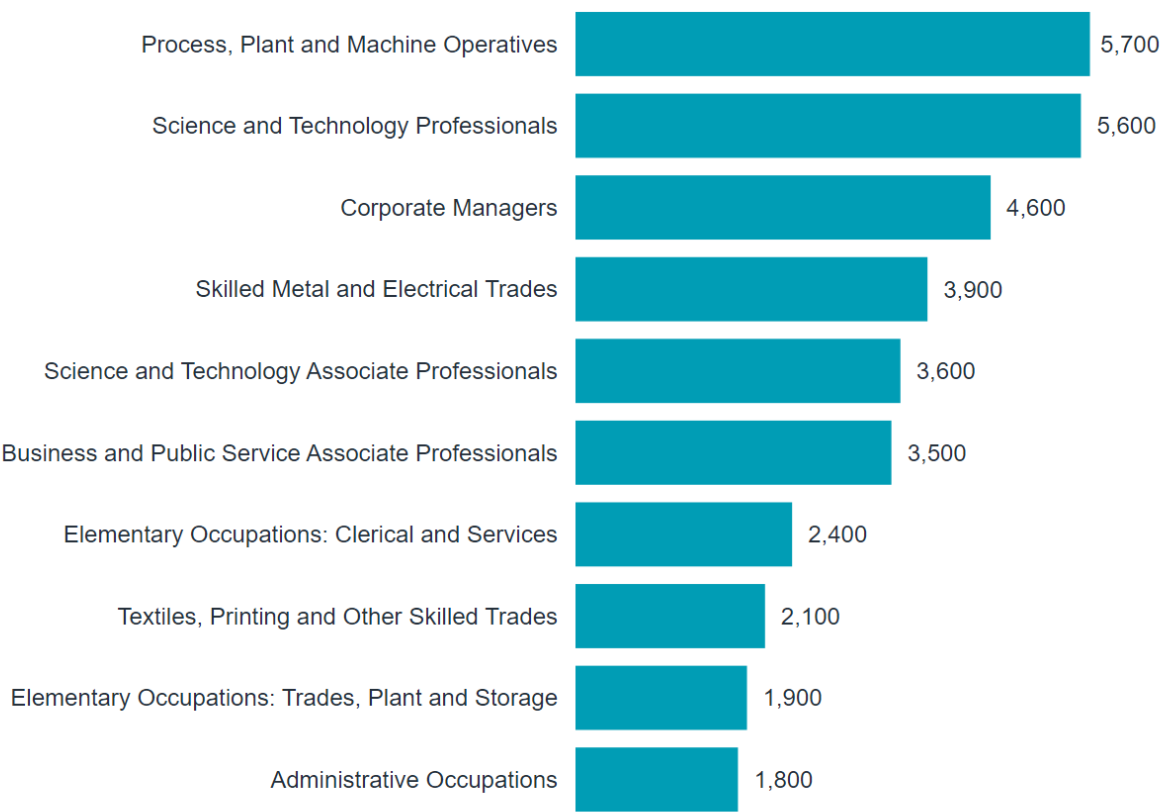
Workforce (people), 2027



Total Requirement*



Top 10 Employing Occupations (people), 2027



1. SDS (2024). Oxford Economics Forecasts.
* Total requirement for people is made up of expansion and replacement demand.
The expansion demand is the number of people required as a result of economic growth or contraction.

The replacement demand is the number of people required to replace workers leaving the labour market (i.e. those who retire, move away or change jobs). Please note, figures are rounded to the nearest 100 and as a result totals may not equal the sum of the constituent parts.

Future Demand: Long-term (2027-2034)¹

Employment decline in the **Food and Drink Manufacturing** sector **is forecast to continue, with a contraction of 13.5% (-5,700 people)** in the long-term (2027-2034). This is in contrast with the growth that is forecast overall across Scotland where employment is predicted to rise by 1.2% (32,000 people).

In 2034, **Lanarkshire** is forecast to remain the top-employing region in the sector, whilst **Aberdeen City and Shire** is forecast to become the second largest. The largest proportion of the workforce employed in the sector is **forecast to be educated to SCQF 7-10** and **Science and Technology Professionals** is forecast to become the most in-demand occupation.

Forecasts for the long-term (2027-2034) estimate that **1,100 people** could be required in the sector. This will be driven by **the need to replace workers** leaving the labour market.

Workforce (people), 2034



Workforce size 2034: **36,600** people



The sector's workforce is expected to **decline** by **-13.5%** or **-5,700** people between 2027 and 2034



Compared to a Scotland wide increase of **1.2%** or **32,000** people

Total Requirement*



=



+



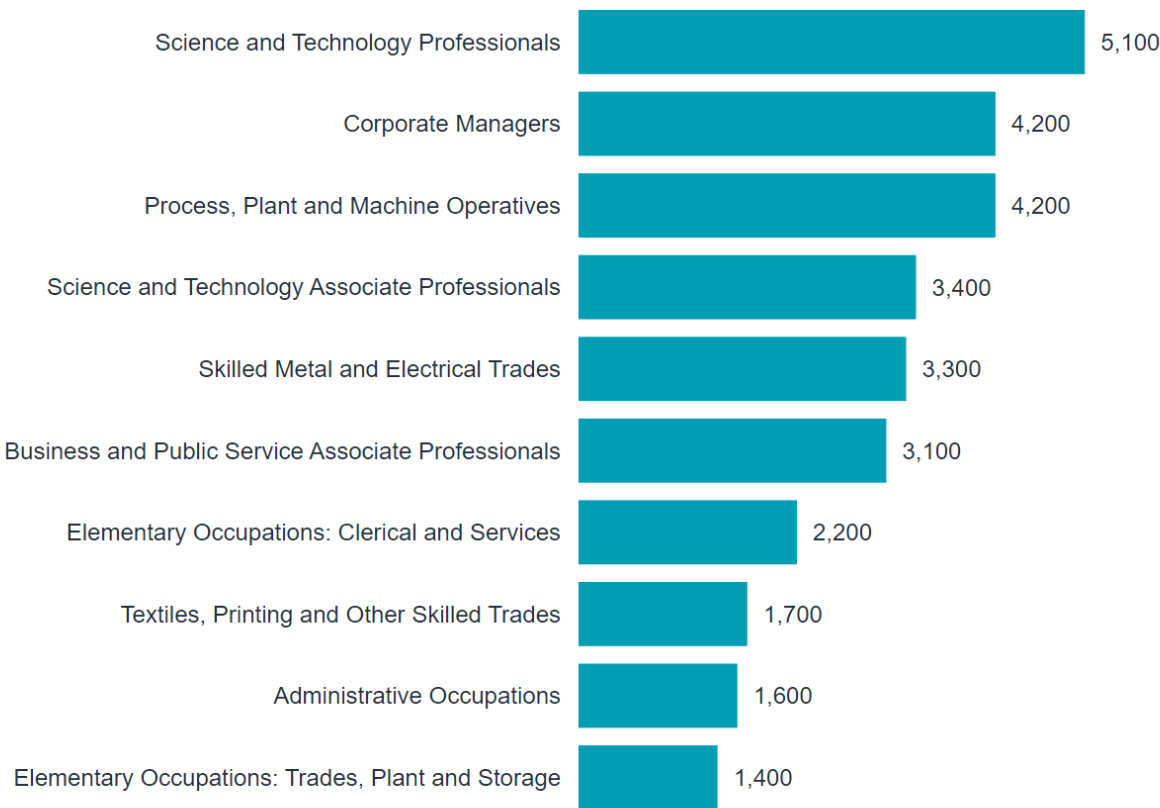
Total requirement:
1,100 people

Replacement demand:
6,800 people

Expansion demand:
-5,700 people

Food and Drink Manufacturing is forecast to account for **0.1%** of Scotland's total requirement for people in the long-term (2027-2034)

Top 10 Employing Occupations (people), 2034



¹. SDS (2024). Oxford Economics Forecasts.

* Total requirement for people is made up of expansion and replacement demand.

The expansion demand is the number of people required as a result of economic growth or contraction.

The replacement demand is the number of people required to replace workers leaving the labour market (i.e. those who retire, move away or change jobs). Please note, figures are rounded to the nearest 100 and as a result totals may not equal the sum of the constituent parts.

Appendix 1: Food and Drink Manufacturing Sector Definition (SIC 2007)

SIC	Name
10	Manufacture of food products
11	Manufacture of beverages

For further information or queries on the SSAs or any of our other products, please contact: [**RSA@sds.co.uk**](mailto:RSA@sds.co.uk)