



Bwyd a Diod Cymru
Food & Drink Wales



Welsh Food Foundation Sector – Labour Market Intelligence (April 2025)

Contents

1. Introduction	3
2. Key Points	4
3. Employment	5
4. Working hours	9
5. Vacancies	10
6. Skills and occupation	11
7. Employment projections	17
8. Earnings	18
9. The Real Living Wage	20
10. The gender pay gap	21
11. Overseas workers	24
Annex A: The Food Foundation Sector	26
Annex B: Key quality information and data sources	27
Annex C: Methodology for analysing the gender pay gap	31

1. Introduction

This report will provide an overview of the labour market for the Welsh Food Foundation Sector in Wales; this overview will include information on employment, demographics, skills, earnings, and vacancies.

The Food Foundation Sector includes activities relating to manufacturing and wholesale of Food products, as well as the manufacture of Food related packaging and machinery. You can find a full description of the sector, including Standard Industrial Classification (SIC) code definitions in Annex A.

This publication uses an extensive list of data sources, these can be found in Annex B.

The primary focus of this publication is the Food Foundation Sector and unless otherwise stated will be the sector being analysed.



2. Key Points

Employment has remained stable across the last 5 years, and so has the number of working hours.

- **40,000 [r] people were employed in the sector in 2023.**
- **3.0% of jobs in Wales were in the sector.**

More people have Level 4 qualifications or higher than any other qualification level in the Food and Drink Manufacturing Sector, this is degree and equivalent or higher.

Earnings have been increasing quickly, but the sector is still a low wage sector.

- **Between 2019 and 2023, the average weekly earnings in the sector rose by 18%.**

- **The average earnings were £553 per week in 2023, for Wales as a whole it was £636.**

81% of workers earned the Real Living Wage in the sector in 2023. In some sub sectors it was lower.

- **78% of workers in Meat and Meat Products manufacturing earned the Real Living Wage. For Wales as a whole, 85% of workers earned the Real Living Wage.**

22% of workers in the Food and Drink Manufacturing Sector were born in the EU¹.

This group of 4,379 workers includes both recent arrivals to the UK and those who have been settled for a long time.

1. In chapter 11 both EU and European workers are referenced. They are both defined differently. EU workers are those that were born in a country currently within the EU. European workers are those that were born in a country within Europe, this includes the EU as well as European countries not currently in the EU (e.g. Norway, Iceland etc.)

[r]. This marker indicates that the number has been revised. These revisions took place on 20th November 2025.



3. Employment

The official source of employment figures for sectors and detailed geographies is the Business Register Employment Survey [Annex B, section 3]. The latest survey covers employment in 2023. Some statistics draw on sources of information that have more recent data. These statistics provide useful context, but their definitions of employment and who is in a particular industry are slightly different from the official source.

The figures used in this section are estimates. Due to the sample size, caution should be used

when interpreting them, particularly for detailed industry sub sectors and regions.

Employment has been stable

The sector employed 40,000 people in 2023. That figure has increased over the previous 5 years. The largest part of the sector was Food and Drink Manufacturing which employed 26,000; related packaging and manufacture at 8,000; and food and drink wholesale at 6,000.

Table 3.1: Employment in the Welsh Food Foundation Sector

Industry	2019	2020	2021	2022	2023
Food Foundation Sector	34,000	36,000	38,000	38,000	40,000
Food and Drink Manufacturing	22,000	22,000	24,000	26,000	26,000
Bakery	6,000	5,000	6,000	6,000	6,000
Meat and Meat Products	6,000	6,000	6,000	6,000	6,000
Drinks	1,500	3,000	2,500	2,000	3,000
Dairy Products	1,000	1,000	1,500	1,500	1,500
Grain and Starch	1,500	1,500	1,500	2,000	2,000
Prepared Animal Feeds	1,000	1,000	1,000	1,500	1,500
Fruit, Vegetables and Plants	300	200	300	300	300
Oils and Fats	10	10	10	10	10
SeaFood	50	50	50	100	50
Other Food Products	6,000	6,000	6,000	8,000	8,000
Food and Drink Wholesale	6,000	8,000	8,000	6,000	6,000
Related Packaging and Manufacture	6,000	6,000	6,000	6,000	8,000

Source: Welsh Government analysis of the Business Register Employment Survey

North Wales had the highest concentration of employment

4.0% of all employment in North Wales was in the Food Foundation Sector in 2023. This primarily comes from Wrexham and Flintshire. Nearly 1 person in every 14 that are employed in Flintshire

worked in the sector. There was also a high concentration of Food jobs in South East Wales (excluding the Vale of Glamorgan) as well as in Powys and Carmarthenshire.

Table 3.2: Employment by region for the Welsh Food Foundation Sector, 2023

Local Authority	Food Foundation Sector	All	% of all employment
North Wales	12,000	308,000	4.0%
Isle of Anglesey	600	24,000	2.4%
Gwynedd	1,500	60,000	2.7%
Conwy	600	46,000	1.3%
Denbighshire	600	44,000	1.5%
Flintshire	5,000	72,000	6.6%
Wrexham	4,000	62,000	7.0%
Mid and South West Wales	10,000	374,000	2.5%
Powys	2,500	58,000	4.1%
Ceredigion	800	30,000	2.3%
Pembrokeshire	1,000	48,000	2.0%
Carmarthenshire	3,000	76,000	4.0%
Swansea	1,500	110,000	1.5%
Neath Port Talbot	800	52,000	1.5%
South East Wales	18,000	674,000	2.7%
Bridgend	1,000	58,000	1.8%
Vale of Glamorgan	400	44,000	0.8%
Rhondda Cynon Taff	2,000	84,000	2.5%
Merthyr Tydfil	1,500	22,000	7.2%
Caerphilly	3,000	58,000	4.3%
Blaenau Gwent	1,000	20,000	5.8%
Torfaen	1,500	40,000	3.8%
Monmouthshire	2,000	40,000	4.8%
Newport	3,000	78,000	3.8%
Cardiff	3,000	232,000	1.2%
Wales	40,000	1,354,000	2.9%

Source: Welsh Government analysis of the Business Register Employment Survey

17 out of the 22 local authorities saw employment increase across the last 5 years in the sector, the mean increase across these local authorities was 400 [r] employees.

4 local authorities had the same level of employment, and 1 local authority decreased (Anglesey), of which dropped from 1,000 to 600.

Table 3.3: Employment over time by region for the Welsh Food Foundation Sector

Local Authority	2019	2020	2021	2022	2023
North Wales	12,000	12,000	12,000	12,000	12,000
Isle of Anglesey	1,000	800	1,000	1,500	600
Gwynedd	1,000	1,500	1,500	1,500	1,500
Conwy	300	600	800	600	600
Denbighshire	600	600	1,000	600	600
Flintshire	5,000	4,000	4,000	4,000	5,000
Wrexham	4,000	4,000	4,000	5,000	4,000
Mid and South West Wales	8,000	10,000	10,000	8,000	10,000
Powys	2,500	2,500	3,000	3,000	2,500
Ceredigion	600	600	800	800	800
Pembrokeshire	600	1,000	800	800	1,000
Carmarthenshire	2,000	3,000	3,000	3,000	3,000
Swansea	1,500	1,500	1,500	1,500	1,500
Neath Port Talbot	600	600	600	600	800
South East Wales	14,000	14,000	16,000	16,000	18,000
Bridgend	600	800	800	800	1,000
Vale of Glamorgan	150	150	200	200	400
Rhondda Cynon Taff	1,500	2,000	2,000	2,000	2,000
Merthyr Tydfil	1,500	1,500	1,500	1,500	1,500
Caerphilly	2,000	2,000	2,000	2,000	3,000
Blaenau Gwent	1,000	1,000	1,000	1,500	1,000
Torfaen	1,000	1,500	1,500	1,500	1,500
Monmouthshire	1,500	1,500	1,500	2,000	2,000
Newport	3,000	3,000	3,000	3,000	3,000
Cardiff	2,500	2,500	2,000	2,500	3,000
Wales	34,000	36,000	38,000	38,000	40,000

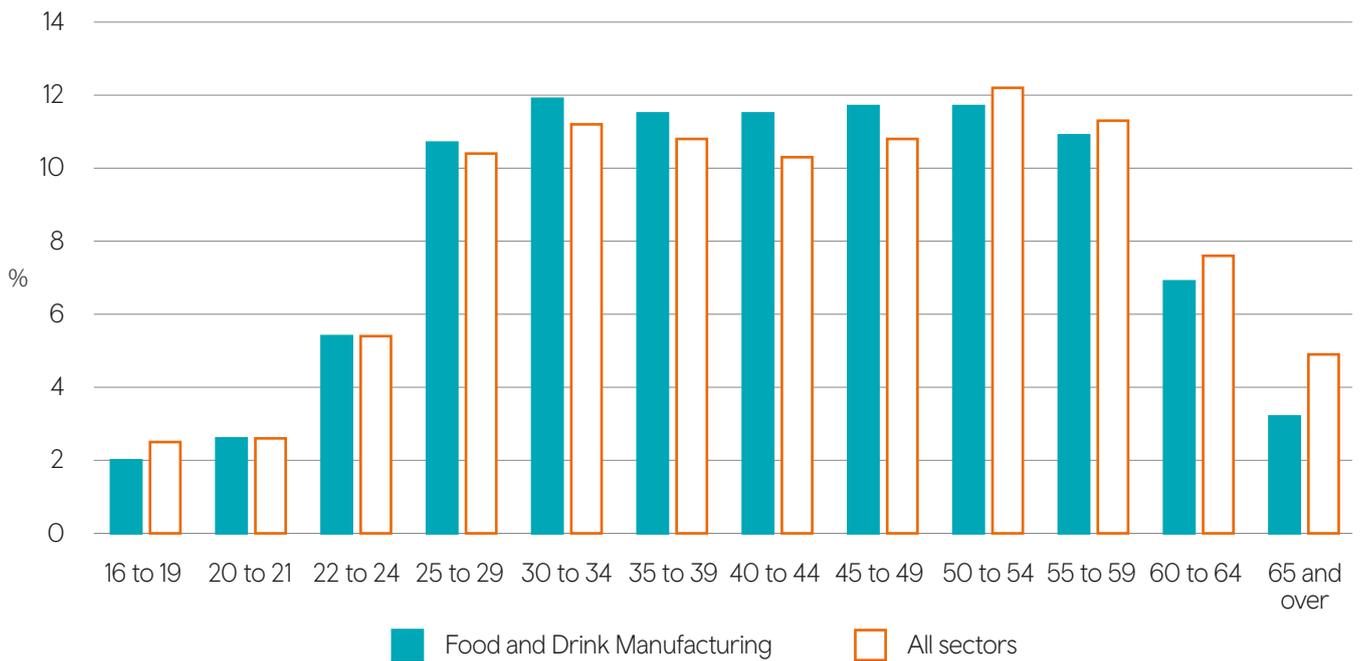
Source: Welsh Government analysis of the Business Register Employment Survey

Less people are over 64 in the Food and Drink Manufacturing sector than in the Welsh workforce as a whole

Employment is spread out relatively evenly across the age ranges of 25 to 59 years of age. The age group that contributes the largest proportion of workers to the Food and Drink Manufacturing sector is 30 to 34 with 11.9%. The largest

difference between the sector compared to all sectors happens at the age ranges 40-44 and 65 and over. The age range 40-44 accounts for a 1.2 percentage points larger proportion of the sector compared to all sectors. Whereas 65 and over contributes 1.8 percentage points less to employment in the sector compared to all sectors.

Chart 3.1: Age in the Food and Drink Manufacturing sector compared to all industries in Wales, 2021



Source: Census 2021



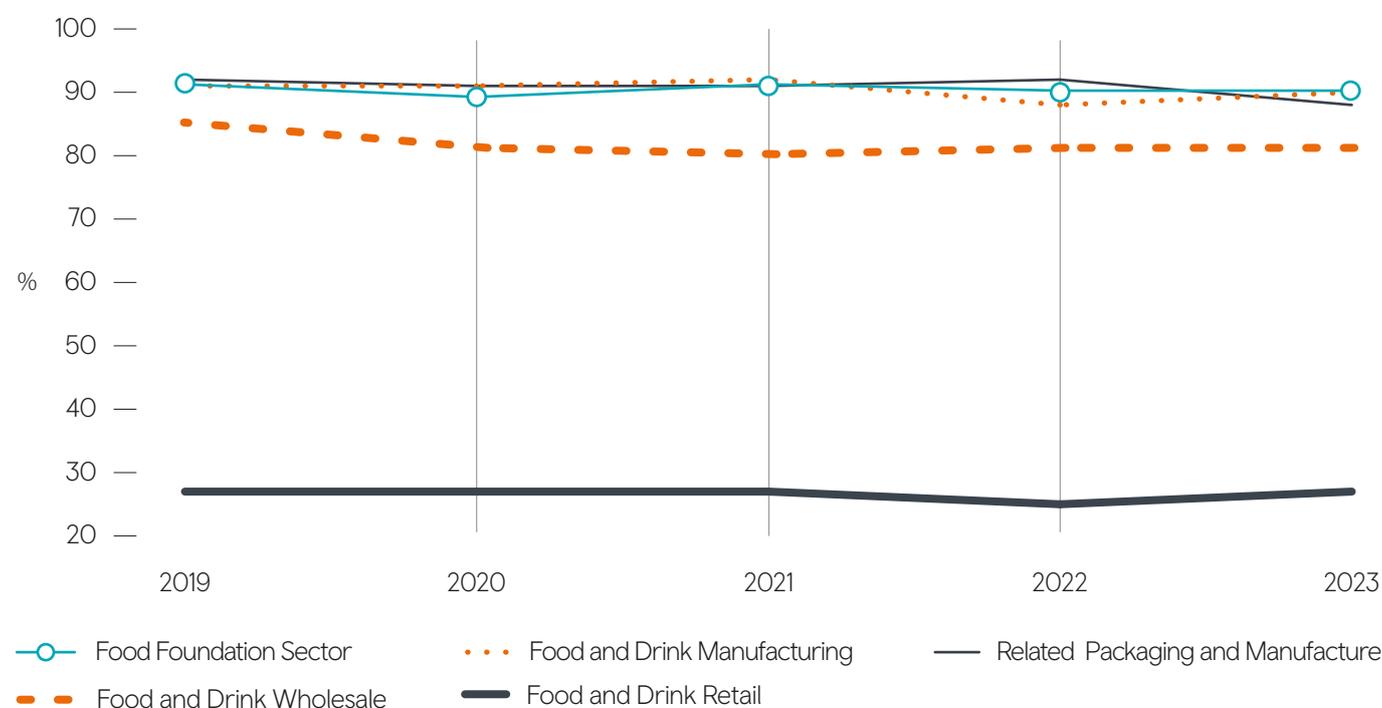
4. Working hours

The vast majority of people are employed full-time

The proportion of full-time employment over the last five years in the Food Foundation sector has fluctuated between 89-91%. In 2023, 90% of people in the sector were employed full-time. This is much higher than for Wales overall which has stayed within 65-66%. 66% [r] of people in Wales are employed full-time in 2023.

The proportion of full-time employment for the Food Related Packaging and Manufacture sector (within the Food Foundation Sector) has been at least 91% for 4 out of the last 5 years. Food and Drink Manufacturing is similar with 4 out of the last 5 years being above 90%. Food and Drink Wholesale is lower, with the highest proportion of full-time employment in the last 5 years being 85%[r]

Chart 4.1: Full-time employment in the Welsh Food Foundation Sector



Source: Welsh Government analysis of the Businesses Register Employment Survey

In the long-term, there has been a slight decline in the hours worked in the sector. The mean hours worked per person per week in 2023 was 38.6, 1.5 hours less than 5 years ago.

Table 4.1: Average (mean) paid weekly hours in the Welsh Food Foundation Sector

Mean Hours	2019	2020	2021	2022	2023
Overall Paid hours	40.1	39.1 [r]	39.2 [r]	39.4	38.6 [r]
Basic hours	38.4 [r]	37.7 [r]	37.7 [r]	37.7 [r]	37.1 [r]
Paid overtime	1.6 [r]	1.4 [r]	1.4 [r]	1.7 [r]	1.5 [r]

Source: Welsh Government analysis of the Annual Survey of Hours and Earnings

5. Vacancies

The below analysis is based on the Employer Skills Survey (ESS) 2022, which is a survey of 72,918 establishments across the UK, of which 4,825 were based in Wales. The focus of the survey is on employer demand for labour, skill deficiencies, levels of investment in training, and workforce development. The sample size for the Food Foundation Sector in Wales is small at 75 establishments. Fieldwork for the survey was conducted between June 2022 and March 2023.

The ESS asks establishments about whether they had any vacancies at the time of interview. The results are presented as incidence and density measures. Incidence refers to the percentage of

establishments that have vacancies. Density refers to the number of vacancies as a percentage of all employment.

The Food Foundation Sector has a similar proportion of vacancies compared to all sectors in Wales

In 2022, 30% of Food businesses reported having at least one vacancy, compared to 22% of businesses in Wales (Table 5.1). This is higher than the rate across the UK. Across all jobs in the sector, 2.0% of them are vacant, compared to 4.7% for all sectors in Wales (Table 5.2).

Table 5.1: Vacancy incidence in Wales and the UK, 2022

	Wales	UK
All Sectors	22%	23%
Food Foundation Sector	30%	27%

Source: Employer Skills Survey

Table 5.2: Vacancy density in Wales and the UK, 2022

	Wales	UK
All Sectors	4.7%	5.0%
Food Foundation Sector	2.0%	4.0%

Source: Employer Skills Survey

6. Skills and occupation

There may be more skill gaps in the Food Foundation Sector when compared to all sectors

In 2022, 21% of Food Foundation Sector businesses in the Employer Skills Survey (ESS) reported having skill gaps, compared to 14% across all sectors in Wales. A skill gap is where an establishment has staff that lack full proficiency in their job role. The Welsh sector also reports a higher proportion of skills gaps than the UK sector.

This is the opposite of what we see for skill gap density. Skill gap density is the number of skill gaps as a percentage of all employment.

Compared to all sectors in Wales, proportionally more Food Foundation Sector businesses reported having vacancies which were proving difficult to fill due to a lack of applicants with the appropriate skills, qualifications or experience.

It should be kept in mind, that these figures are based off a relatively small sample size of 75 businesses for the Food Foundation Sector in Wales.

Table 6.1: Skills gaps incidence in Wales and the UK, 2022

	Wales	UK
All Sectors	14%	15%
Food Foundation Sector	21%	20%

Source: Employer Skills Survey

Table 6.2: Skills gaps density in Wales and the UK, 2022

	Wales	UK
All Sectors	4.1%	5.7%
Food Foundation Sector	2.2%	9.8%

Source: Employer Skills Survey

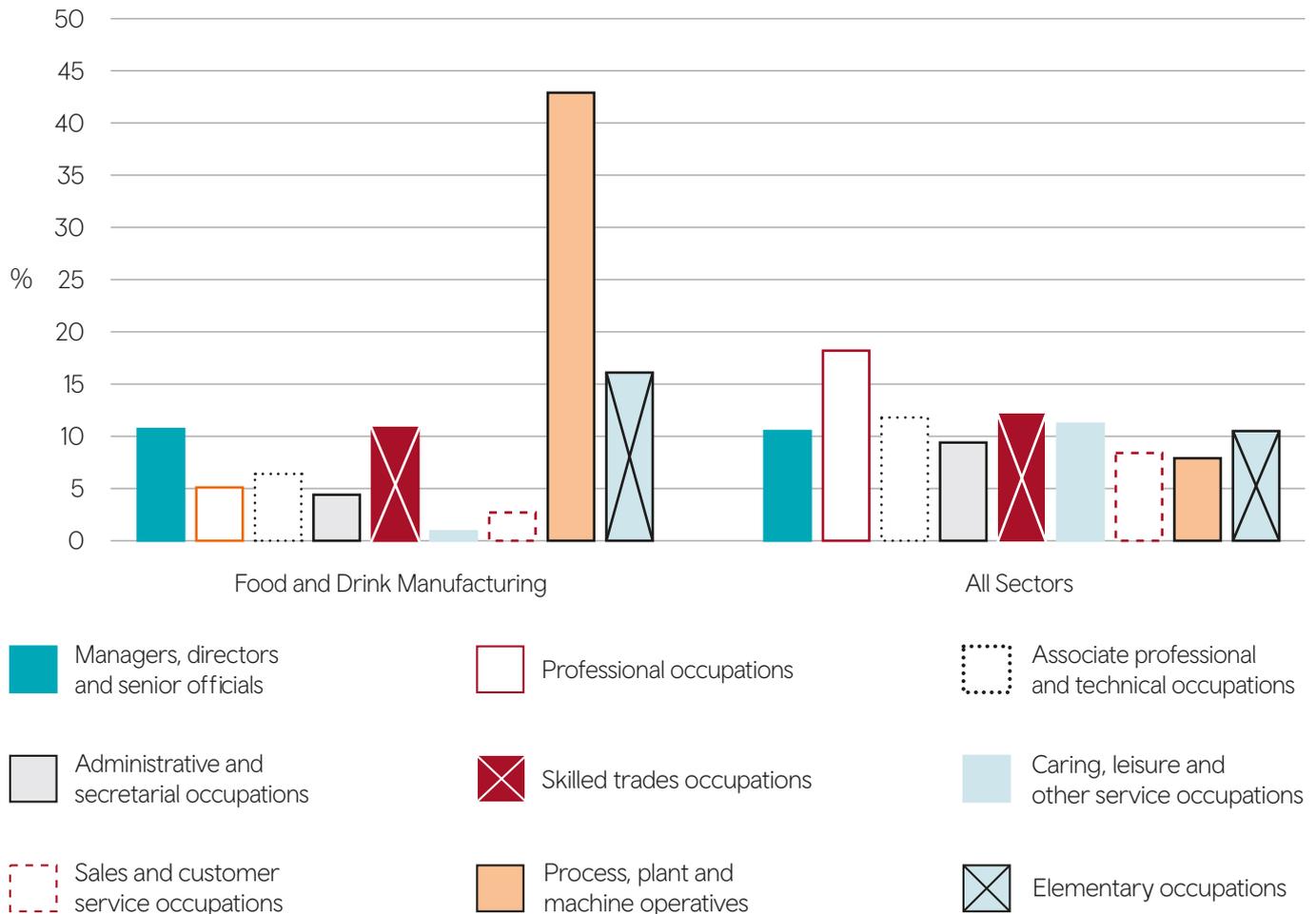
Table 6.3: Skill shortage vacancy incidence in Wales and the UK, 2022

	Wales	UK
All Sectors	10%	10%
Food Foundation Sector	11%	11%

Source: Employer Skills Survey

The composition of Food employment shows large variation across occupations when compared to all sectors in Wales as a whole

Chart 6.1: Occupation as a proportion of Food and Drink Manufacturing and all sectors in Wales, 2021



Source: Census 2021

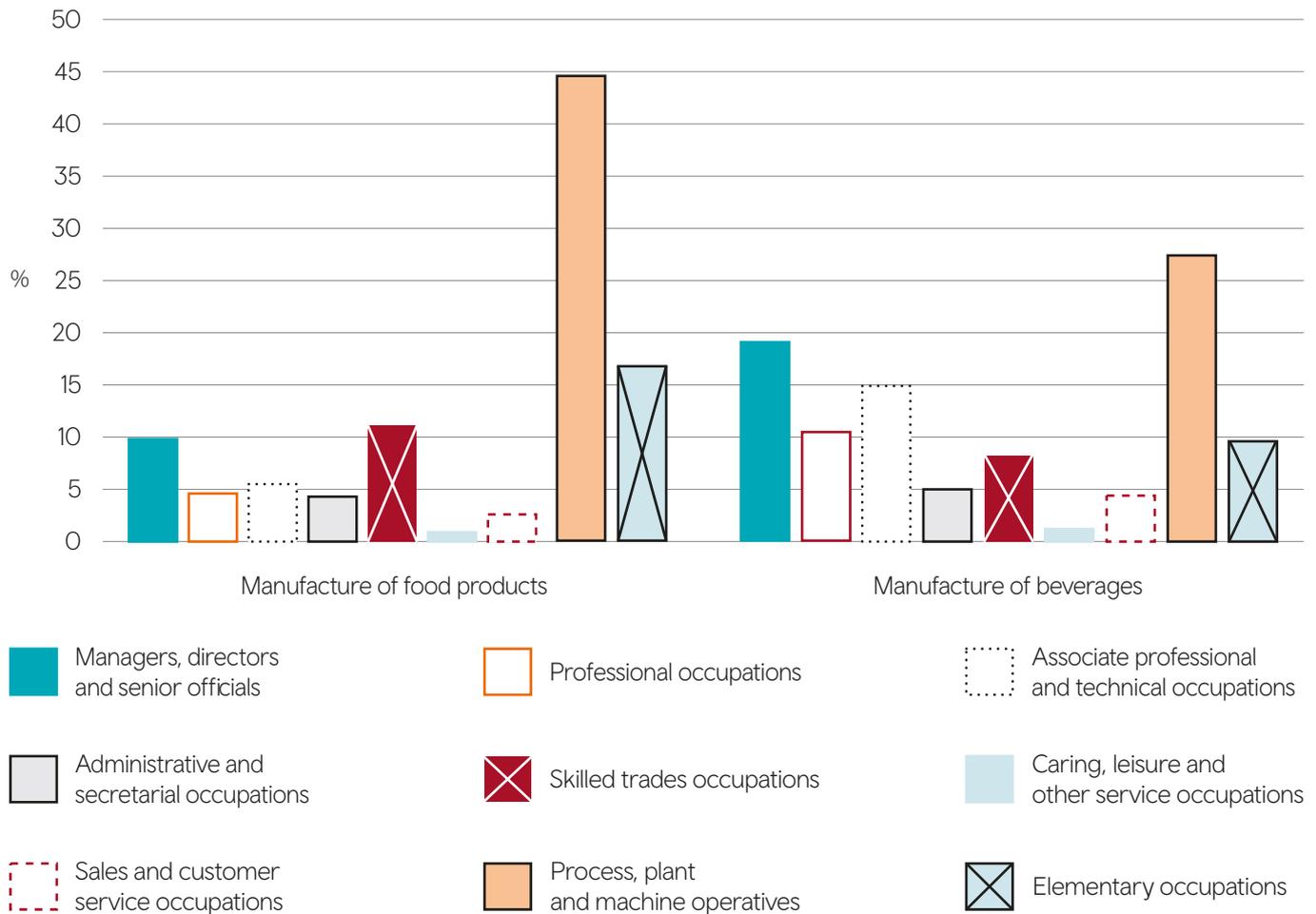
According to results from 2021 Census, the composition of occupations in Food and Drink Manufacturing is almost entirely different when compared to All Sectors in Wales.

This difference primarily stems from the “process, plant and machine operatives” occupation, accounting for 42.9% of all Food and Drink Manufacturing workers and 7.9% of All Sectors workers, a 35 percentage point difference. Whilst “process, plant and machine

operatives” is the largest occupation category for the Food and Drink Manufacturing sector, “caring, leisure and other services occupations” is the smallest at 0.9% demonstrating a 42 percentage point difference from largest to smallest.

All Sectors is comparatively evenly distributed, with the highest proportion being in “Professional Occupations” at 18.2% and the lowest in “process, plant and machine operatives” at 7.9%.

Chart 6.2: Occupation as a proportion of Food and Drink Manufacturing sub sectors in Wales, 2021



Source: Census 2021

According to results from 2021 Census, when looking at the two subsectors within the Food and Drink Manufacturing sector, the ordering of highest to lowest proportion is similar, however the magnitude of these proportions is very different.

The largest proportion of workers are in the process, plant and machine operatives occupation for both sub sectors. 44.5% of workers in the Manufacture of Food Products subsector are in this occupation compared to 27.4% in Manufacture of Beverages, this is the largest percentage point difference between the subsectors at 17.1. The smallest proportion of workers are in the "caring, leisure and other services occupations" for both subsectors, where 0.9% of workers in the Manufacture of Food Products subsector are in this occupation compared to 1.2% in Manufacture of Beverages.

The largest positional difference in the order of highest to lowest proportion comes from both skilled trades occupations and elementary occupations. The former has the third largest proportion of workers (11.1%) in the Manufacture of Food Products sector whilst it's the sixth largest (8.2%) in the Manufacture of Beverages sector. Whereas the latter has the second largest proportion of workers (16.7%) in the Manufacture of Food Products sector whilst it's the fifth largest (9.6%) in the Manufacture of Beverages sector.

A table that shows all proportions for the above-mentioned sectors and their occupations can be found on the following page.

Table 6.4: Occupation as a proportion of the workforce in Wales (2021)

Occupation	Manufacture of Food products	Manufacture of beverages	Food and Drink Manufacturing	All sectors
Managers, directors and senior officials	9.8%	19.0%	10.7%	10.5%
Professional occupations	4.6%	10.4%	5.1%	18.2%
Associate professional and technical occupations	5.5%	14.9%	6.4%	11.8%
Administrative and secretarial occupations	4.3%	5.0%	4.4%	9.4%
Skilled trades occupations	11.1%	8.2%	10.8%	12.2%
Caring, leisure and other service occupations	0.9%	1.2%	0.9%	11.2%
Sales and customer service occupations	2.6%	4.4%	2.7%	8.4%
Process, plant and machine operatives	44.5%	27.4%	42.9%	7.9%
Elementary occupations	16.7%	9.6%	16.1%	10.5%

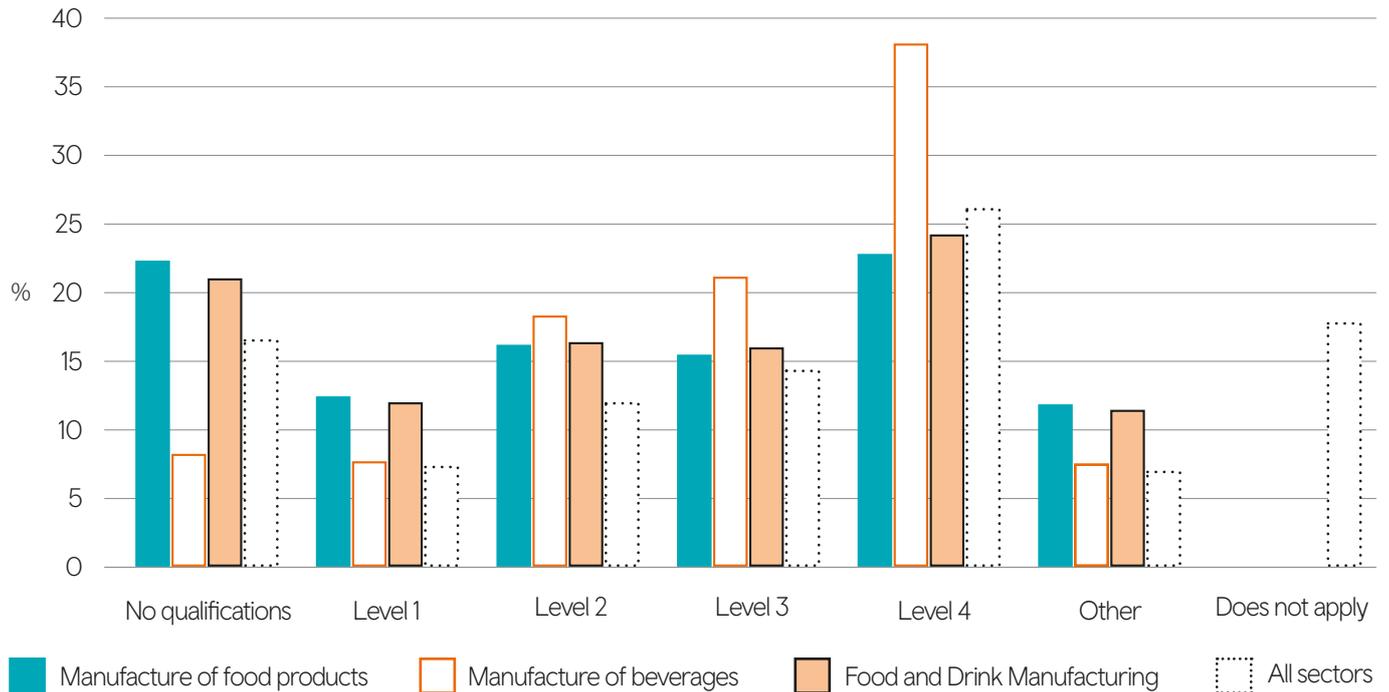
Source: Census 2021

More people have Level 4 qualifications (or higher) than any other qualification level in the Food and Drink Manufacturing sector

Level 4 qualifications are the most common level across the Food and Drink Manufacturing sector. Almost one in every four workers have a qualification at this level, with a similar picture for All Sectors in Wales. This proportion is even greater for the Manufacture of Beverages subsectors, with almost two in every five having this level of qualification. The two least common qualification levels across the multiple sectors are Level 1 and Other.

The order of highest to lowest proportion is almost identical across the sectors with the biggest difference being found in the Manufacture of Beverages subsector, where Level 3 qualifications are the second most common (21.0%) whereas this position is held by No Qualifications in the other sectors used for this analysis. No Qualifications is the fourth most common level of qualification in the Manufacture of Beverages subsector (8.1%), in the other sectors this is held by Level 3 qualifications.

Chart 6.3: Qualification level as a proportion of the Food and Drink Manufacturing Sector workforce in Wales



Source: Census 2021

Chart 6.1 Key

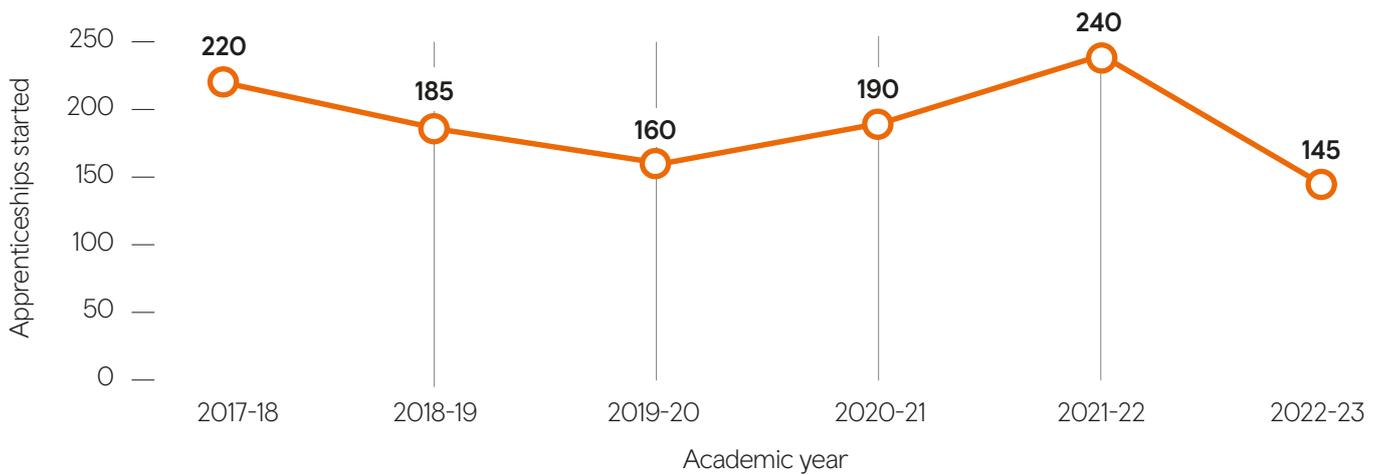
- **No Qualifications** – No Qualifications.
- **Level 1** – 1 to 4 GCSEs grade A* to C, Any GCSEs at other grades, O levels or CSEs (any grades), 1 AS level, NVQ level 1, Foundation GNVQ, Basic or Essential Skills.
- **Level 2** – 5 or more GCSEs (A* to C or 9 to 4), O levels (passes), CSEs (grade 1), School Certification, 1 A level, 2 to 3 AS levels, VCEs, Intermediate or Higher Diploma, Welsh Baccalaureate Intermediate Diploma, NVQ level 2, Intermediate GNVQ, City and Guilds Craft, BTEC First or General Diploma, RSA Diploma.
- **Level 3** – 2 or more A levels or VCEs, 4 or more AS levels, Higher School Certificate, Progression or Advanced Diploma, Welsh Baccalaureate Advance Diploma, NVQ level 3; Advanced GNVQ, City and Guilds Advanced Craft, ONC, OND, BTEC National, RSA Advanced Diploma.
- **Level 4** – Degree (BA, BSc), higher degree (MA, PhD, PGCE), NVQ level 4 to 5, HNC, HND, RSA Higher Diploma, BTEC Higher level, professional qualifications (for example, teaching, nursing, accountancy).
- **Other** – Apprenticeships, vocational or work-related qualifications, other qualifications achieved in England or Wales, qualifications achieved outside England or Wales (equivalent not stated or unknown).

The number of Food and Drink Manufacturing apprentices is lower than any other qualification level

There were 145 Food and Drink Manufacturing apprenticeships that started in 2022-23, compared to 220 that started in 2017-18. The number of Food and Drink Manufacturing apprenticeships has also

slightly declined compared the total number of apprenticeships in Wales. 0.7% of all apprenticeships were in Food and Drink Manufacturing in 2017-18, compared to 0.6% in 2022-23.

Chart 6.4: Food and Drink Manufacturing apprenticeships started in Wales



Source: Lifelong Learning Wales record

The majority of apprenticeships are foundation apprenticeships, but there are also a number of level 3 apprenticeships.

Table 6.5: Level of apprenticeship for Food and Drink Manufacturing apprenticeships started in Wales, 2022-23

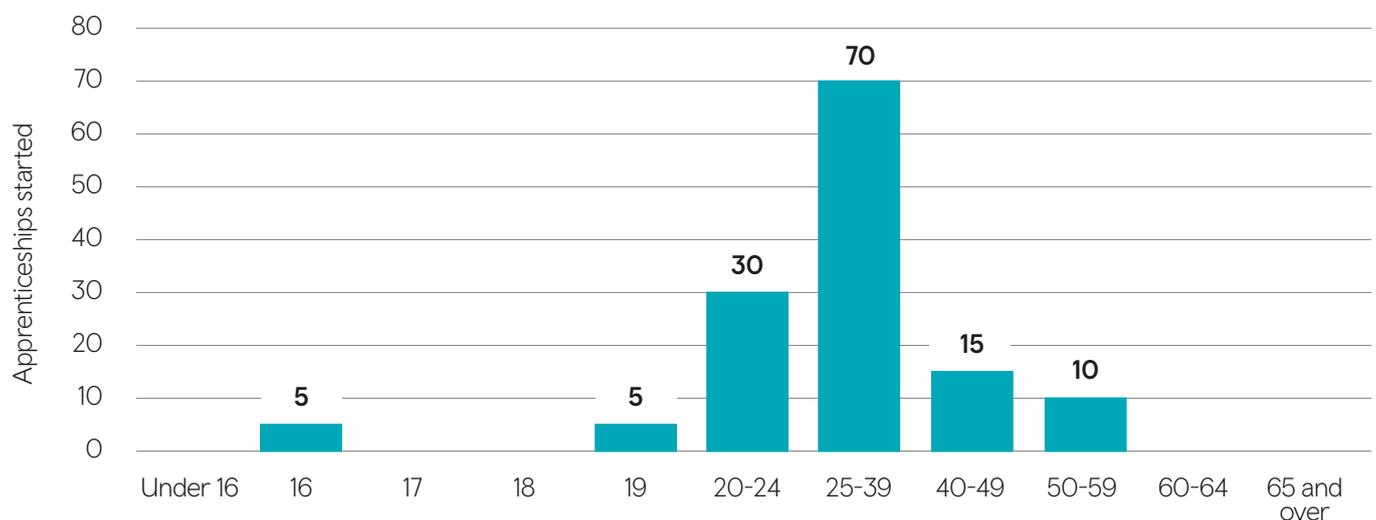
Level	2022-23
Foundation Apprenticeship (Level 2)	100
Apprenticeship (Level 3)	45
Higher Apprenticeship (Level 4+)	*

Source: Lifelong Learning Wales Record

Apprenticeships in Food and Drink Manufacturing are seen across multiple age bands. In 2022–2023, the most common age band for apprenticeships

was between 25 and 39. More people aged between 40 and 49 were doing apprenticeships in the sector compared with 10 people aged 16 to 19.

Chart 6.5: Age of apprentices starting apprenticeships in the Food and Drink Manufacturing sector in Wales, 2022-23



Source: Lifelong Learning Wales record

7. Employment projections

This section of the report will include employment projection figures for the Welsh Food and Drink Manufacturing Sector. These figures have been produced through analysis of the Skills Imperative 2035 research project. More information on this research can be found in section 6 of Annex B).

This paper provides a summary of projections for the Food Manufacturing Sector in Wales. As this is projections data the below caveat should be borne in mind:

As with all projections and forecasts, the results presented in Skills Imperative should be regarded as indicative of likely trends and orders of magnitude given a continuation of past patterns of behaviour and performance, rather than precise forecasts of the future. The reliability of historical and projected data will reduce with greater disaggregation. Whilst Skills Imperative refers to 'employment', unless otherwise stated this is the number of jobs. For this reason, figures in this paper for 2020 will be greater than 2020 Annual Population Survey or Labour Force Survey estimates of employment, as some individuals will hold more than one job.

Skills Imperative 2035 sectors are defined by groupings of 2 digit SIC codes. This is less granular than the Employer Skills Survey data used in the previous section and therefore the quality of match will be affected. The Skills Imperative sectors used in this paper are:

- Food products (SIC 2007 code 10)
- Beverages and tobacco (SIC 2007 codes 11-12).

The Welsh Food Manufacturing sector employment is projected to remain stable

Table 7.1 gives projections for 2025 and 2035 for Wales. In the case of both the Food products and beverages and tobacco sectors in Wales employment is projected to remain relatively unchanged over the projection period.

The caveats stated above should be fully considered when interpreting these projections, as there is much change that has happened and continues to happen in the labour market.

Table 7.1: Projected employment change in Wales, by sector, 2015-2035

	2015	2020	2025	2035
All sectors	1,440,600 [r]	1,449,600 [r]	1,474,500 [r]	1,528,000 [r]
Food Manufacturing	24,000	20,500	21,100	20,600
Beverages and tobacco	1,600	1,600	1,700	1,700

Notes: figures have been rounded to the nearest hundred.

8. Earnings

Earnings in the Food Foundation Sector are on average lower than for Wales as a whole

The average full-time earnings in the sector were £553 per week, compared to £636 for Wales as a whole in 2023. However, earnings have been rising steeply. Between 2019 and 2023 the average weekly earnings in the sector rose by 17.7% [r], similarly to earnings in Wales overall which rose by 18.9%.

Earnings within sub sectors can be very different. Within the Food Foundation Sector, the meat and meat products sub sector has the lowest earnings, with the bakery sub sector being similar. On the other hand, the average earnings in the Food Related Packaging and Manufacture sector are similar to the average weekly earnings in Wales.

Table 8.1: Average (median) gross weekly full-time earnings

Sector	2019	2020	2021	2022	2023
Food Foundation Sector	470	476	509	525	553
Food and Drink Manufacturing	440	459	509	494	537
Meat and Meat Products	398	428	493	476	494
Bakery	424	426	419	462	499
Drinks	678	636	*	*	*
Dairy Products	429	*	486	544	604
Grain and Starch	*	*	*	*	*
Prepared Animal Feeds	*	*	*	*	*
Fruit, Vegetables and Plants	*	*	*	*	*
Other Food Products	*	449	559	477	588
Food and Drink Wholesale	483	468	419	485	502
Related Packaging and Manufacture	548	557	543	652	635
All Wales	535	542	564	600	636

Source: Welsh Government analysis of the Annual Survey of Hours and Earnings

(*) This item is based on less than 10 items or has high variance and is disclosive

The bottom three sixths of earners earn similar amounts in Food and Drink Manufacturing and Wholesale

The distribution of earnings in the sector is different from Wales as a whole.

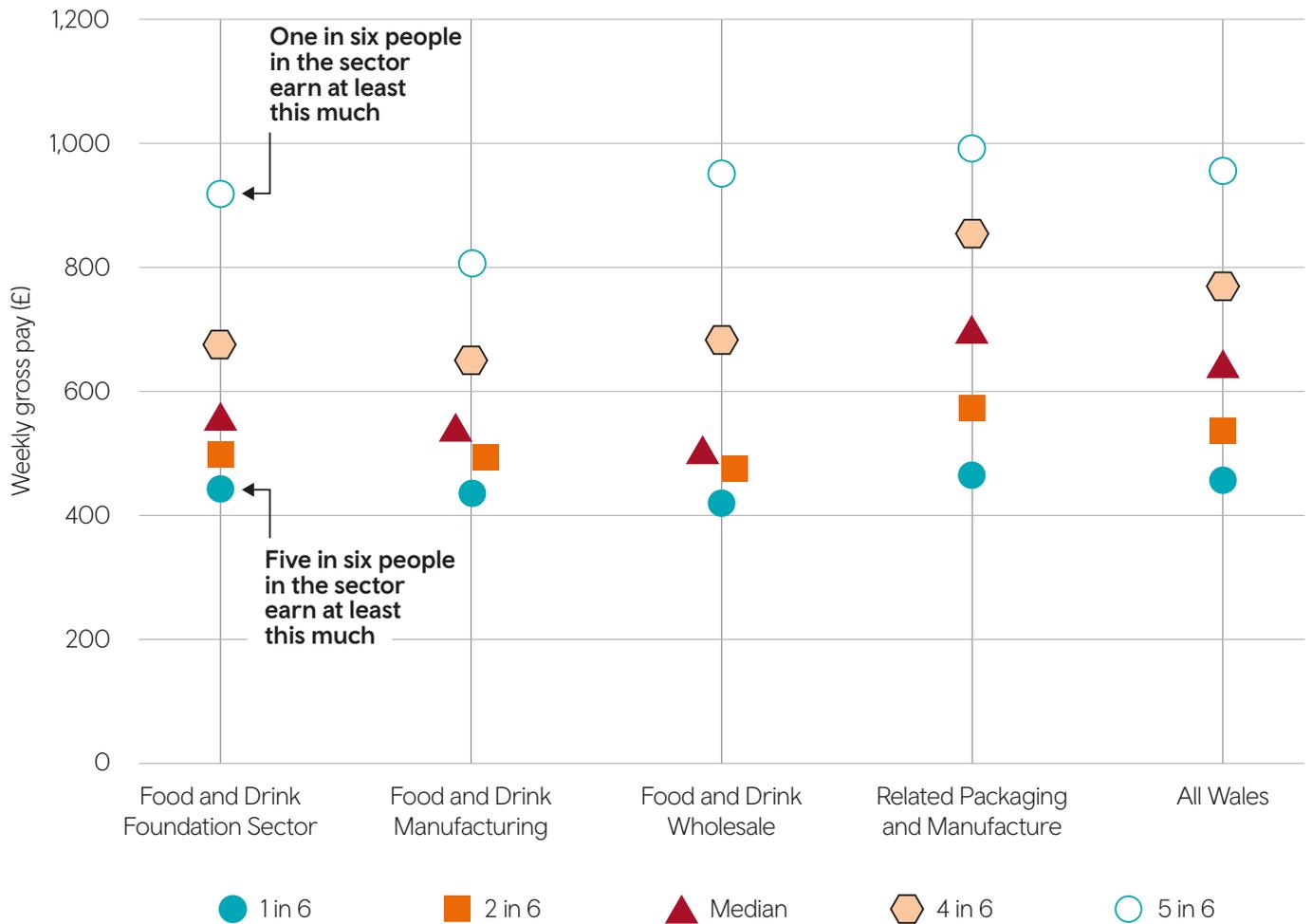
The bottom sixth of earners in the Food Foundation Sector earn a similar amount to the bottom sixth of earners in Wales generally. For Wales as a whole, someone who is earning

the median weekly pay (£636) might still be earning 41% more than someone in the bottom sixth of earners (£452). In comparison, someone in the Food Foundation Sector who is earning the median weekly pay (£553) is earning 26% more than someone in the bottom sixth of earners in that sector (£438).

The top sixth of earners in the sector earn similar to the top sixth of earners for Wales generally. In 2023 the top sixth of earners in the sector earned more than £915 per week. In Wales as a whole, the top sixth of earners were earning more than £958 per week.

The difference in wages for Food & Drink Wholesale is the widest of all sub sectors. The difference between the highest and lowest sixth of earners for Food & drink wholesale is £534 [r] per week. This is radically different from the tighter spread of pay seen in Food and Drink Manufacturing sub sector which saw a difference of £371 per week between the highest sixth of earners and the lowest sixth of earners.

Chart 8.1: Distribution of gross weekly earnings in the Welsh Food Foundation Sector, 2023



Source: Welsh Government analysis of the Annual Survey of Hours and Earnings

9. The Real Living Wage

The Real Living Wage is different to the National Living Wage. The Real Living Wage is calculated every year by the Living Wage foundation according to what families need to live on. This section will investigate how many Food workers earn the Real Living Wage in Wales in 2023. More information can be found on the [Living Wage foundation website](#).

81% of workers earn the Real Living Wage in the Welsh Food Foundation Sector

Around 81% of people in the sector earned the Real Living Wage in 2023, compared to 85% of people across Wales.

There is evidence that the proportion of workers earning the Real Living Wage in the sector is trending upwards. Since 2019, the proportion has increased by 13 percentage points. The bakery sub sector has seen a large increase in the proportion of workers earning the Real Living Wage, increasing from 51% in 2019 to 76% in 2023.

A lot of the patterns in average earnings can also be seen in the proportion of workers earning the Real Living Wage. The bakery sub sector is a low wage sector, with less than 76% of workers earning the Real Living Wage. On the other hand, a higher percentage of workers in the related packaging and manufacture sub sector earn the Real Living Wage than in Wales generally, 91% compared to 85%.

Table 9.1: Proportion of workers earning the Real Living Wage in Wales

Industry	2019	2020	2021	2022	2023
Food Foundation Sector	68	72	73	84	81
Food and Drink Manufacturing	62	68	66	80	78
Meat and Meat Products	56	60	54	89	78
Bakery	51	57	77	70	76
Drinks	*	*	*	*	*
Dairy Products	68	*	*	77	*
Grain and Starch	*	*	*	*	*
Prepared Animal Feeds	*	*	*	*	*
Fruit, Vegetables and Plants	*	*	*	*	*
Other Food Products	74	74	60	82	76
Food and Drink Wholesale	61	63	78	84	79
Related Packaging and Manufacture	85	89	89	96	91
Food Supply Chain	43	50	50	62	64
All sectors in Wales	77	81	82	87	85

Source: Welsh Government analysis of the Annual Survey of Hours and Earnings

(*) This item is based on less than 10 items and is disclosive or has high variance and is disclosive

10. The gender pay gap

The gender pay gap is the overall difference in average earnings between men and women in an industry. A difference in average pay based on gender can have numerous possible causes, this could be because men and women are being paid differently for similar work, or it could be an uneven distribution of the genders across multiple levels of seniority. These are just two examples of why there could be a gender pay gap. This section will look to see if there is a gap, and if there is, why?

The average woman earns £86.60 less per week than the average man in the Food Foundation Sector

In 2023, the median weekly wage for women was £86.60 lower than the men's wage, a gap of almost 15%. This was 36% bigger than the gap in Wales as a whole, which was £71.80 (11%) per week.

For most sub sectors there weren't enough women sampled working in those areas to produce reliable estimates of the pay gap. However, the three manufacturing sub sectors that have estimates show vastly different stories. The gender pay gap in the Other Food Products sub sector is the largest pay gap at £123.10, whereas in the Meat and Meat Products sector, the average earnings for women was £1.70 higher than for men.

Table 10.1: Gender pay gap in full-time weekly earnings^a in Wales

Industry	2019	2020	2021	2022	2023
Food Foundation Sector	71.30	84.80 [r]	85.50 [r]	85.30	86.60
Food and Drink Manufacturing	42.10	33.40 [r]	63.10 [r]	33.20	44.20
Meat and Meat Products	-31.10	-39.20 [r]	*	-7.20	-1.70
Bakery	135.40	*	*	140.90	102.20
Drinks	*	*	*	*	*
Dairy Products	*	*	*	*	*
Grain and Starch	*	*	*	*	*
Prepared Animal Feeds	*	*	*	*	*
Fruit, Vegetables and Plants	*	*	*	*	*
Other Food Products	*	*	*	*	123.10
Food and Drink Wholesale	*	*	*	*	*
Related Packaging and Manufacture	*	*	*	*	*
All sectors in Wales	60.40	47.00 [r]	48.60 [r]	62.60	71.80

Source: Welsh Government analysis of the Annual Survey of Hours and Earnings

(*) This item is based on less than 10 items or has high variance and is disclosive

(a) Full-time median weekly earnings excluding overtime

A negative pay gap in the above table signifies women earning more than men.

Hours worked don't explain the gap

Gaps in full-time weekly earnings can be caused by differences in the number of hours worked. However, in this case, the message doesn't change when looking at hourly earnings. Women earned £1.82 less per hour than men in 2023, which is a gap of 13%.

Women are more likely to work in low paid areas, but there is still a gap in pay even after accounting for this

There is a statistical method for testing how much of the gender pay gap can be accounted for by differences in the number of men and women doing a particular type of work. For example, whether women are working in lower paying occupations or sub sectors. This technique is

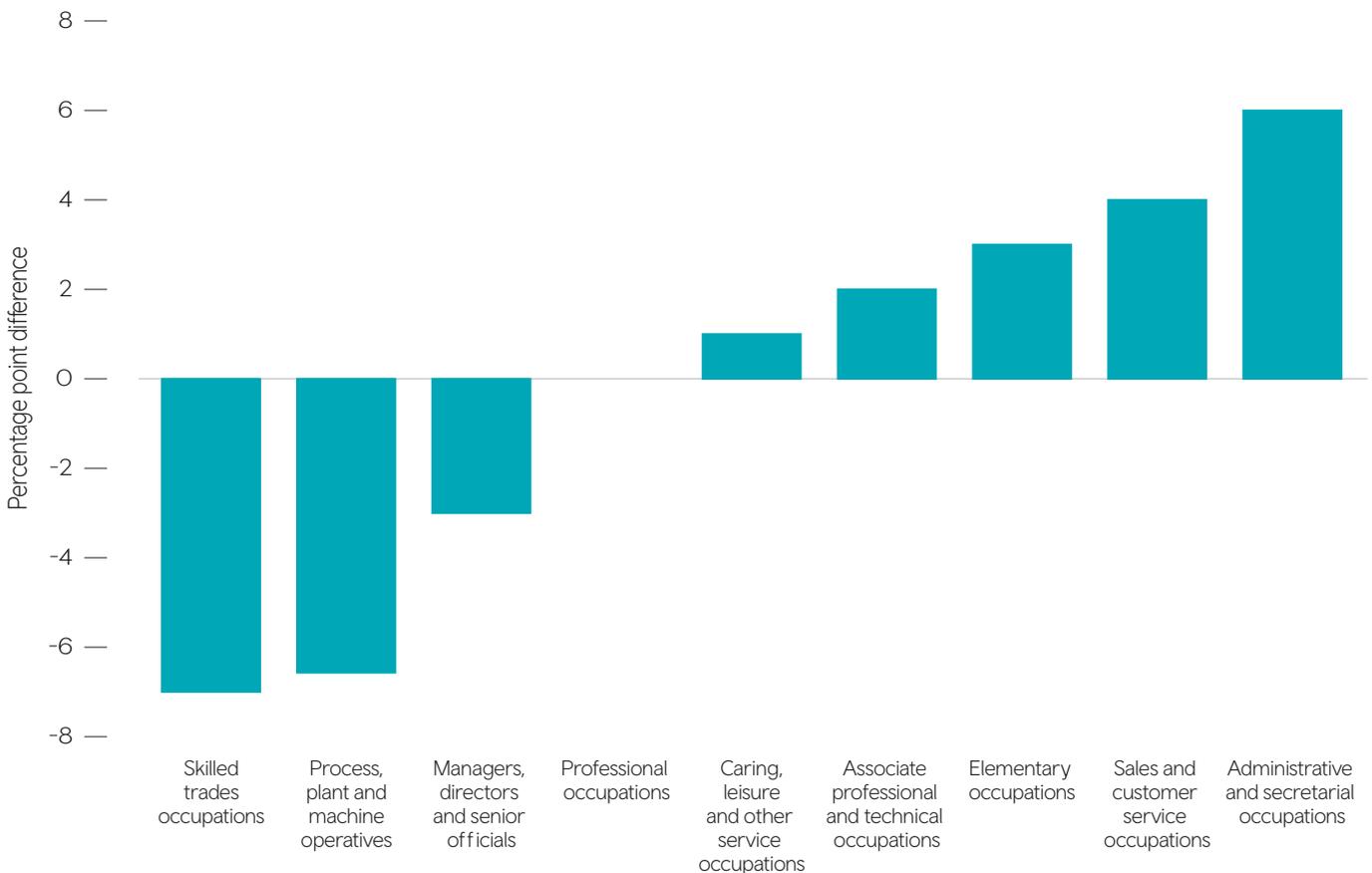
called Oaxaca decomposition and there is a more detailed summary of the methodology in Annex C.

The decomposition shows that 45% of the gender pay gap in the sector can be explained by five factors:

- Occupation level of worker
- Industry sub-sector
- Size of company
- Age of worker
- Local authority of work

In the 2021 Census, only 9% of women were managers, directors or senior officials in the Food and Drink Manufacturing sector, compared to 12% of men. 18% of women worked in elementary occupations, compared to 15% of men. 8% of women in the sector worked in administrative or secretarial positions compared to only 2% of men.

Chart 10.1: Percentage point difference in proportion of women in the Food and Drink Manufacturing sector working in an occupation compared to men, Wales 2021



Note: Positive % means women more likely than men. Negative % means men more likely than women.
Source: Census 2021

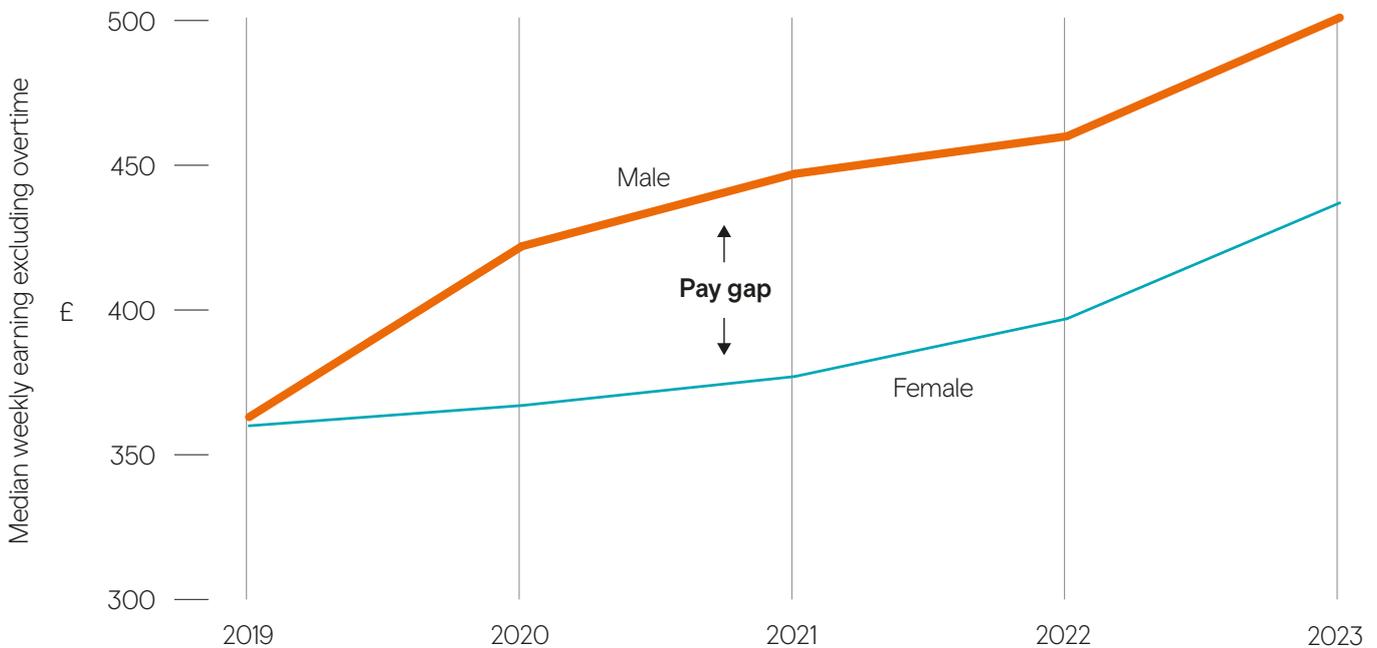
The statistical modelling also suggests men are more likely to be working for large companies which employ more than 150 people, which is associated with higher pay.

Age and location were included in the decomposition because both factors are significantly associated with pay. This strengthens the model by acting as a control, but by themselves there aren't obvious differences in age and location between genders.

Women working in elementary occupations are paid less than men working in elementary occupations

Although the decomposition shows that 45% of the gap can be explained by the above factors, that still leaves 55% of the gap unexplained. Looking at just elementary occupations, the average women was still paid £41 less per week than the average man in 2021. The model suggests this is true for women across sub sectors, occupations, size of company, location and age.

Chart 10.2: Gender pay gap for workers in elementary occupations in the Welsh Food Foundation sector (full time weekly earnings)



Source: Welsh Government analysis of the Annual Survey of Hours and Earnings

The unexplained gap has two causes: factors that couldn't be included in the decomposition; and direct discrimination where women are being paid less for the same work than an equivalent man.

It isn't possible to distinguish between these two causes. Example of factors which couldn't be included in the model are: education level, experience in the sector, cultural differences etc. There is uncertainty when performing any modelling.

11. Overseas workers

The following figures come from the 2021 Census, using the “All usual residents” population type, which is the main population base for census statistics. It includes people usually living in England and Wales and excludes non-UK born short-term residents and visitors.

In the following statistics, workers from the European Union¹ don't include UK nationals. A worker is defined as being from the EU based on country of birth.

4,379 workers in the Food and Drink Manufacturing sector are EU nationals

22.0% of the workforce were from the EU¹ in the sector in 2021. This proportion is similar to England, which has 24.0% of its Food and Drink Manufacturing workforce from the EU¹.

5.5% of those employed in the sector are from outside of the UK and the EU¹, with the majority coming from the Middle East and Asia (3.0%).

Table 11.1: Number of persons employed by nationality in the Welsh Food and Drink Manufacturing Sector

Nationality	Manufacture of Food products	Manufacture of beverages	Total
UK	12,741	1,707	14,448
EU	4,304	75	4,379
Non EU	1,042	48	1,090

Source: Census 2021

76.0% [r] of all European¹ workers in the Food and Drink Manufacturing sector arrived in the UK prior to 2017. Despite this being a large proportion, this 76.0% [r] covers over 46 years' worth of

workers arriving in the UK. This is compared to 18.5% [r] of European¹ workers who arrived between 2017 and 2019.

Table 11.2: Years since arriving in the UK for the European¹ workforce in the Food and Drink Manufacturing Sector, 2021

Years arrived in the UK	Number	Percent (%)
2020 to 2021	4,648	5.5% [r]
2017 to 2019	15,562	18.5% [r]
Before 2017	63,923	76.0% [r]
Total	84,133	100%

Source: Census 2021

The Food and Drink Manufacturing sector has a much higher proportion of EU¹ workers than Wales as a whole, where only 2.9% of the workforce are from the EU¹.

There is a lot of difference between the Food sub sectors. Only 4.1% of workers in the manufacture of beverages sub sector are from the EU¹. 23.8% of workers in the manufacture of Food products sub sector are from the EU¹.

1. In chapter 11 both EU and European workers are referenced. They are both defined differently. EU workers are those that were born in a country currently within the EU. European workers are those that were born in a country within Europe, this includes the EU as well as European countries not currently in the EU (e.g. Norway, Iceland etc.).

Table 11.3: Nationality as a proportion of the workforce by Food and Drink Manufacturing sub sector in Wales, 2021

Sector	% UK	% EU	% Non EU
Manufacture of Food Products	70.4%	23.8%	5.8%
Manufacture of Beverages	93.3%	4.1%	2.6%
Food and Drink Manufacturing	72.5%	22.0%	5.5%
All Sectors	93.1%	2.9%	4.0%

Source: Census 2021

Most of the jobs in the sector have salaries below £38,700

One requirement for a skilled worker visa (Tier 2) in the UK, is that the job applied for has a salary of at least £38,700, with some exceptions.

Almost four-fifths of people employed in the Food Foundation Sector earn less than £38,700 a year. The proportion of people with salaries below £38,700 is likely to be even higher, as these figures include overtime and shift premiums.

In some sectors, the proportion of workers earning less than £38,700 is even higher. In the bakery sub sector, 90% of workers earn less

than £38,700. The opposite is also true, with 60% of related packaging and manufacture workers earning less than £38,700 in Wales.

The Food Foundation Sector in Wales has proportionally more workers earning less than £38,700 than the rest of the UK but only slightly. For the rest of the UK, 78% of sector workers earn below £38,700. The difference can be more stark for some sub sectors. 81% of bakery workers earn less than £38,700 in the rest of the UK.

Table 11.4: Percentage of persons employed with annual earnings below £38,700 by Food Foundation Sector and region of the UK, 2021-2023

Sub Sector	Wales (%)	Rest of the UK (%)
Food Foundation Sector	79	78
Food and Drink Manufacturing	86	79
Meat and Meat Products	89	89
Bakery	90	81
Drinks	*	66
Dairy Products	83	73
Grain and Starch	*	50
Prepared Animal Feeds	*	72
Fruit, Vegetables and Plants	*	82
Other Food Products	81	80
Food and Drink Wholesale	84	80
Related Packaging and Manufacture	60	71
All Wales	79	73

Source: Welsh Government analysis of the Annual Survey of Hours and Earnings

(*) This item is either based on an average (mean across years) sample size of less than 10 items or has high variance and is disclosive
 (a) Annual earnings includes overtime and shift premium payments. It is not possible to remove these in the data.

Annex A: The Food Foundation Sector

The **Prosperity for All: economic action plan** recognises the Food Sector as a key part of the foundational economy in Wales. The sector is a backbone of many local economies and provides a product that is an essential part of people's lives. In parts of Wales, such as some of our rural communities, the foundational economy is the economy.

The Food Foundation Sector is made up of activities relating to Food and Drink

Manufacturing and wholesale, along with related manufacture of Food packaging and machinery. The full definition can be found at the end of this annex. The Food Foundation Sector is the primary focus of the vision, mission and goals set by the Welsh Food Sector Strategic Vision. The 5 digit SIC code and a further explanation of the Welsh Food and Drink Foundation sector can be found in **The Food Foundation Sector Definition**.



Annex B: Key quality information and data sources

This report uses a range of sources. Each of those sources has their own methodology, with their own strengths and weakness. Care should be used when comparing results from different data sources.

1. Census 2021

The census is the most complete source of information about the population that we have. Every effort is made to include everyone. It is the only survey that provides a detailed picture of the entire population and is unique because it covers everyone at the same time and asks the same core questions everywhere. This makes it easy to compare different parts of the country.

Census data only includes people living in England and Wales and inflows from those who have moved into England and Wales in the one-year period before Census Day.

The Census is used in this report to provide context to the main employment estimates in the Business Register Employment Survey. However, there are some differences between the two, as to who is defined as working in the Food Foundation Sector. Some of the major differences are:

- The Business Register Employment Survey is a survey of businesses, whereas the Census is a household survey of people. There is often a conflict between which industry people work in and which they think they work in. For example, workers employed by one business to work on the premises of another business (e.g. cleaners or security guards) might classify themselves differently to their employers.
- The Census covers the entire population in England and Wales. This includes, for example, people who do unpaid work in family businesses, and not necessarily on a payroll. The Business Register Employment Survey on the other-hand produces point-in-time estimates of employees on the payroll.

Employment statistics only include workers over the age of 16.

More information on the Census 2021 can be found in its [quality and methodology information \(QMI\) page](#) on the Office for National Statistics website.

2. Annual Survey of Hours and Earnings

The Annual Survey of Hours and Earnings (ASHE) is based on a 1% sample of employee jobs taken from HM Revenue and Customs Pay-As-You-Earn (PAYE) records, for a reference period in April each year. Information on earnings and paid hours worked is obtained from employers and treated confidentially. ASHE does not cover the self-employed or employees not paid during the reference period. Given the reference period, the data may not cover certain types of seasonal work, for example employees who are only taken on for the summer or winter.

Individuals with more than one job may appear in the sample more than once.

Most of the published ASHE analyses (that is, excluding annual earnings) relate to employees on adult rates whose earnings for the survey pay period were not affected by absence. They do not include the earnings of those who did not work a full week, and whose earnings were reduced for other reasons, such as sickness. Also, they do not include the earnings of employees not on adult rates of pay, most of whom will be young people.

The gender pay gap statistics compare the difference between the median earnings of males and the median earnings of females, excluding overtime. This is in-line with the official gender pay gap figures reported elsewhere by the Office for National Statistics and the Welsh Government.

More information can be found on the [Guide to interpreting Annual Survey of Hours and Earnings \(ASHE\) estimates](#) page of the Office for National Statistics website.

3. Business Register Employment Survey

The Business Register Employment Survey (BRES) is the definitive source of employment estimates for detailed industries and geography. It is a survey of a sample of approximately 87,000 businesses across the UK. Caution should be used when reading figures for detailed industries within Wales.

In this report, employment figures are given. Employment is the number of employees plus the number of working owners. Working owners include sole traders and proprietors.

BRES data for the latest year is provisional. It is revised when the next year's data is published.

There are differences in the definitions of who is employed in an industry between the BRES data and the Census. More information on these differences can be found in the Census section.

Employment statistics only include workers over the age of 16.

Full-time workers are classed as those who work more than 30 hours per week.

More information can be found on the [Business Register Employment Survey quality and methodology information \(QMI\)](#) page of the Office for National Statistics website.

4. Employment Skills Survey

The Employer Skills Survey (ESS) 2022, which is a survey of 72,918 establishments across the UK, of which 4,825 were based in Wales. The focus of the survey is on employer demand for labour, skill deficiencies, levels of investment in training, and workforce development.

Sample sizes used in this analysis can be found in the table below. The sample size for the Food Foundation Sector in Wales is small at 75 establishments. This must be considered when interpreting findings. Due to sample size limitations, analysis by region is not possible. Fieldwork for the survey was conducted between June 2022 and March 2023.



Employment Skills Survey: Sample sizes

	Wales	UK
All Sectors	4,825	72,918
Food Foundation Sector	75	1,069

ESS can be used to determine the proportion of establishments who experience skills deficiencies. These can be split into skill shortage vacancies (SSVs) and skills gaps:

- skill shortage vacancies occur where an establishment has a vacancy which is proving difficult to fill due to a lack of applicants with the appropriate skills, qualifications or experience.
- skills gaps exist where an establishment has staff that lack full proficiency in their job role.

In addition, ESS asks establishments about whether they had any vacancies at the time of interview and any hard-to-fill vacancies, which are vacancies the employer is having difficulty filling for reasons related to skills or other factors (of which SSVs are a subset). Incidence and density measures are presented in this paper. Incidence refers to the percentage of establishments that have vacancies, hard-to-fill vacancies, skill shortage vacancies or skills gaps and density refers to the number of vacancies or skills gaps as a percentage of all employment. Note that skills shortage vacancy density is expressed as the percentage of vacancies with skill shortage vacancies but has not been presented in this paper as the number of establishments in the Welsh Food Foundation Sector with vacancies falls below minimum reporting thresholds. As noted above, the relatively small sample size in Wales for the Food Foundation Sector should be borne in mind when interpreting any findings. Due to the small sample, confidence intervals on estimates are wide.

Further information can be found in the [Employer Skills survey 2022](#) report.

5. Lifelong Learner Wales Record

The Lifelong Learner Wales Record is a record of learners, learning programmes, activities and awards from Further Education, Work-Based Learning, and Local Authority community learning providers. As a record of all such learners, figures from this record are definitive and not liable to sampling error.

The number of apprenticeship starters includes all new start stats during the academic year. Apprenticeship subject information is based on Sector Framework information.

More information can be found on the [Lifelong Learner Wales Record](#) pages of the Welsh Government website.

6. Analysis from Skills Imperative 2035

The Skills Imperative 2035: Essential skills for tomorrow's workforce is a strategic research partnership led by the National Foundation for Educational Research (NFER) and funded by the Nuffield Foundation which is aiming to identify the essential employment skills people will need for work by 2035. As part of this work, they have commissioned the Institute for Employment Research (IER) at the University of Warwick, working in collaboration with Cambridge Econometrics (CE) to produce an update of their employment projections, which were previously issued under the Working Futures banner. These projections present historical trends and future projections of employment by factors such as sector, occupation, and qualification level. This paper provides a summary of projections for the Food Foundation Sector in Wales. As this is projections data the below caveat should be borne in mind:

As with all projections and forecasts, the results presented in Skills Imperative should be regarded as indicative of likely trends and orders of magnitude given a continuation of past patterns of behaviour and performance, rather than precise forecasts of the future. The reliability of historical and projected data will reduce with greater disaggregation. Whilst Skills Imperative refers to 'employment', unless otherwise stated this is the number of jobs.

For this reason, figures in this paper for 2020 will be greater than 2020 Annual Population Survey or Labour Force Survey estimates of employment, as some individuals will hold more than one job.

Skills Imperative 2035 sectors are defined by groupings of 2 digit SIC codes. This is less granular than the Food Foundation Sector definition used elsewhere. The Working Futures sectors included in this report are:

- Food products (SIC 2007 code 10)
- Beverages and tobacco products (SIC 2007 codes 11 and 12).

Further information can be found on the [National Foundation for Educational Research website](#).

Rounding and Suppression

Different sources have different rules for rounding and suppression. Where values have been suppressed a footnote describes the reason for suppression.

The Business Register Employment Survey uses a system where values are rounded to different numbers depending on their size. A table of these rules can be found on the [Nomis website](#).



Annex C: Methodology for analysing the gender pay gap

The gender pay gap is calculated as the difference between the median male earnings and the median female earnings, excluding bonuses and overtime. This is the accepted method used by the Office for National Statistics and the Welsh Government.

The gender pay gap may be as a result of women being paid less than men for the same work, or it could be that women are more likely to end up in work that pays less well. For example, fewer women might be in executive positions, or more women might work in low-paid sectors.

There is a statistical method that can examine how much of the gender pay gap is caused by factors like the above. This method is called an “Oaxaca decomposition” or “Binder-Oaxaca decomposition”.

The Oaxaca decomposition involves creating two statistical models, one for men and one for women, that estimates how much particular factors contribute to pay. For example, the model might estimate that, for men, working in an executive position is worth so many pounds an hour compared to working in an elementary occupation.

The models are then compared to work out how much women would be paid if they were paid the same way men were paid. If male executives are paid so much, and we know the number of female executives, then it’s possible to work out how much in total female executives would earn if they were paid at the same rate as men. The difference between this and how much women are actually paid is the part of the gender pay gap that can’t be explained by the factors in the model.

This process is done for all combinations factors in the model. This means the result controls for all the available factors. If women executives are less likely to work in big companies for example, that is taken into account.

Discrimination

If some of the gender pay gap can be explained by the type of work women do, this does not mean there is no discrimination. Discrimination could contribute to why women end up in that type of work, e.g. if women were being passed over for promotion.

Equally, the part of the gender pay gap that can’t be explained isn’t necessarily caused by direct discrimination. It could be explained by factors not including in the model, like education, differences in negotiating habits between genders or a more detailed breakdown of occupation types. These factors then may or may not be caused by indirect discrimination.

Interpreting the decomposition results

The decomposition results give an indication of the causes of the gender pay gap. However, the gender pay gap statistics and the decomposition results cannot be directly compared. For example, if the gender pay gap is £100 per week, and the Oaxaca Decomposition suggests 45% of the gender pay gap can be explained, it is not true that £45 of the gender pay gap can be explained.

This is because the gender pay gap and the decomposition analysis are analysing slightly different measures. The gender pay gap is based around median pay, whilst the decomposition analysis is based around mean pay. Moreover, for reasons explained below, the actual measure used in the decomposition analysis was the log of an individual’s pay as a percentage of that year’s mean pay.

Set-up of the analysis

The dataset used for the analysis was individual level data from the Annual Survey of Hours and Earnings (ASHE) for the Food Foundation Sector in Wales.

Because fewer women work in the sector than men, the sample size for women was low. This would have affected the strength of the statistical model for women. To counteract this, data was taken across the years between 2012 and 2023.

	Male	Female
Total sample size	2,512	808

There is one issue that wasn't accounted for and could be improved in future studies. There is a longitudinal portion of the Annual Survey of Hours and Earnings where some people are repeatedly sampled over time. This means, when collating years, these people will appear multiple times and so might be given too much weight in the model.

The measure of pay used in the analysis was hourly earnings excluding overtime. This removes the effect of differences between working hours. Because the data is taken over 11 years, inflation would have had an affect on pay. To counteract this, earnings were reported as the proportion of that year's mean earnings. This seems to have been effective, as the year of pay was significant in a regression model with the raw earnings figures, but when the proportionate earnings were used the year of pay was no longer found to be significant.

The dependent variable was then a log transformation of this earnings variable, in-line with **other models in the literature**. The log transformation accounts for the skewed nature of pay, where the highest earners can earn considerably more than the bulk of earners.

The analysis incorporated the "calwght" calibration weighting for Annual Survey of Hours and Earnings data. Only those aged 16+ earning the adult rate, whose earnings hadn't been affected by absence were included. This is standard practice for weekly and hourly earnings.

Before the analysis, a list of potential factors was drawn up from what was available in the dataset and what the literature suggested were important factors in pay.

These factors were:

- year of pay
- age (in years)
- age squared (in years)
- permanency status

- whether the person has been in the same job for a year
- time in current organisation (in months)
- time in current organisation squared (in months)
- industry sub sector (including the manufacturing sub sectors)
- occupation (1 digit Standard Occupation Code)
- apprenticeship marker
- local authority of place of work
- enterprise size (micro/small/medium/large).

It was decided that the model would include all the factors that were significant in both the male and female models.

The factors that were found to be significant in both the male and female models and used in the final analysis were:

- age
- age squared
- industry sub sector
- occupation
- local authority of place of work
- enterprise size.

The most surprising omission was time spent in the current organisation. This wasn't significant even when related factors were removed, like permanency and working in the same job for a year. The literature suggests that experience is a key factor in pay. It may be that the sample size for women was still too small, or that age and age squared filled the role as better proxies for experience.

The following factors were significant in the male model but not the female model:

- time in the current organisation
- time in the current organisation squared.

The following factor was significant in the female model but not the male model:

- age squared.

Despite this being insignificant for the male models it was still used in analysis. Removing this factor lead to age becoming extremely insignificant for the female model.

Note that the Standard Occupation Codes changed in this dataset and the old codes were mapped to SOC 2020 codes.

An Oaxaca decomposition was then run, with males as the reference group, as is standard in the literature.

Results

Both the male and female models were highly significant.

The male model F-test p-value was <0.0001 and had an r-squared statistic of 56%. This means there is a lot of evidence to support the validity of the model, and that over half of the variance in earnings can be explained by the model. Each factor in the model was very significant, other than age squared. All p-values were <0.0001 except for age and age squared which has a p value of 0.0024 and 0.2725 respectively.

The female model F-test p-value was also <0.0001 and it had a comparably high r-squared value of 53% [r]. This again suggests that there is a lot of evidence to support the validity of the model, and that the model explains a large proportion of why people are paid what they are. Again, each factor was significant, all p-values were <0.0001 , except for age and age squared which has a p value of 0.0007 and 0.0004 respectively.

Age squared being significant for the female model whilst being insignificant for males suggests that there is a linear relationship between male earnings and their age, whilst females earnings and their age have a non-linear relationship. An example of this non-linear relationship could be wage growth declining at an earlier age compared to males or even decreasing at older ages.

	Gender Gap	Explained	Unexplained	% Explained
Overall	0.2	0.09	0.11	45%

The final results suggest that 45% of the pay gap is explained by the factors included in the model.

