



UK Hospitality Workforce Commission 2030 report

The changing face of hospitality
September 2018

Commissioned by 
UKHOSPITALITY

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Foreword

UKHospitality was formed earlier this year following a merger between the Association of Licensed Multiple Retailers (ALMR) and the British Hospitality Association (BHA). The rationale behind the merger was to formally combine the ongoing partnership work between the ALMR and BHA and create a single, powerful voice representing the entire hospitality sector. The hospitality sector is a hugely important part of the UK's economic and social landscape, employing over 3 million people, creating over £130 billion in economic activity and providing some of the country's best social spaces.

One of UKHospitality's aims is to provide a voice for the sector's concerns and identify areas of opportunity. Following discussions with both our members and the wider sector, we know that securing the future of our workforce is a key concern for employers, with an emphasis on training and developing skills. This is something that has only become more apparent since the decision to withdraw from the European Union and the uncertainty associated with this.

With this in mind, the UK Hospitality Workforce Commission 2030 was established to identify the strengths and weaknesses of the sector and give employers an opportunity to communicate this to Parliamentarians. Bringing together leading employers from the sector, employees working on the front line of hospitality and Members of Parliament, the Commission provided a platform for the sharing of best practice, and the exploration of ideas to ensure that these vital employers can achieve even more and inform the Government's efforts to support businesses.

I would like to thank everyone who gave their time to support the Commission, particularly the witnesses and evidence providers who work so hard to support our sector. I would also like to thank the MPs who chaired the three sessions, and I hope that the insight provided through this process will have a positive impact on the Government's efforts to promote this vibrant sector.



Kate Nicholls, CEO of UKHospitality

Introduction

Hospitality employs 3.2 million people, produces £130 billion of economic activity and generates £39 billion in taxation for the UK Government. It is the third largest private sector employer, representing 10% of UK employment. Hospitality is the largest sub-sector of the tourism industry, employing around three-quarters of its total workforce, and therefore contributes to a significant export industry that makes the UK an important destination for leisure and business.

The industry aims to continue its role as an engine of growth for the UK economy. It has the potential and ambition to create tens of thousands of new jobs and up to 200,000 new apprenticeships over the next five years, as well as broader development and learning opportunities.

Hospitality is one of the few industries that delivers jobs in every constituency in the UK, from The Kinloch Lodge Guesthouse in Inverness to the St Austell Brewery in Cornwall. As such, the industry is perfectly placed to help the Government deliver its ambition to drive country-wide growth. The industry is committed to developing the necessary UK workforce required to achieve this ambitious growth plan, but needs support from government to achieve this target.

	2017 ('000s)	% of UK hospitality	% of regional employment	Rank amongst 20 broad industry groups
North East	125	4%	11%	3
North West	360	11%	10%	3
Yorks & Humber	210	7%	8%	6
East Midlands	226	7%	9%	4
West Midlands	241	8%	8%	6
East of England	246	8%	8%	7
London	568	18%	10%	5
South East	390	12%	8%	5
South West	311	10%	11%	3
Wales	174	5%	11%	3
Scotland	275	9%	10%	3
Northern Ireland	73	2%	8%	5
Total UK	3,198	100%	9%	3

The UK Hospitality Workforce Commission 2030 aims to promote cross-departmental understanding of the importance and potential of the hospitality industry. By working with a wide range of All-Party Parliamentary Groups and key stakeholders, the Commission provides the opportunity for the industry to speak with one voice to address the sector’s challenges and untapped potential. A key priority is to work with government and business to address the skills and labour gaps in the sector, helping to ensure that the industry continues to thrive.

In March 2018, a call for evidence and member survey were issued to a range of stakeholders including businesses, trade associations, trade unions, educators and training providers. Over the course of the inquiry the Commission received evidence from 50 organisations and held five oral evidence sessions in Westminster, Scotland and Wales. The Commission also received 52 responses to its employee survey.

Together, this evidence informed the Commission’s recommendations set out in this report.

Recruitment and Retention

As an engine of growth for the UK economy, the hospitality sector aims to create an additional 66,000 new jobs and up to 200,000 new apprenticeships over the next five years, as well as broader development and learning opportunities.

The Commission heard from a number of witnesses about the positive work the industry is already doing to ensure it grows at its projected trajectory, and to promote hospitality as a viable and enjoyable career pathway.

However, there is still more to be done to encourage people to join the hospitality workforce, and to ensure that these individuals take full advantage of the long-term career opportunities that the sector has to offer.

The Commission's recommendations are as follows.

Recommendation 1: A cross-industry, national campaign to eliminate negative perceptions of hospitality careers

Respondents were unanimous in the belief that the sector must collectively tackle negative perceptions of hospitality careers and increase industry visibility for all jobseekers.

Courtney Avery, Youth UK Ambassador, highlighted hospitality's negative reputation and how it is often incorrectly associated with low-skilled work. She cited discussions with her peers which make clear that few people contemplate long-term hospitality career choices due to the misconception that it is 'low payed and low skill', a view reiterated by apprentices from Park Plaza Hotels and The Ritz, who also suggested that a cross-industry campaign would tackle the stigma around apprenticeships.

The Commission also heard about existing successful hospitality workforce campaigns. Yo! Sushi highlighted their 'Project Feel Real' campaign which focuses on real life case studies, and Greene King evidenced their work with the Prince's Trust on a 'Ready to Work' programme which, since its launch in 2016, has supported over 240 16-30 year olds nationwide. The British Beer and Pub Association also pointed to its 'Pub Chef Passion' social media initiative, launched in 2015, which aims to inspire young people to pursue a career in the pub sector.

Whitbread argued for the need to highlight how the industry provides real career progression; for example, 1 in 4 of Whitbread's hotel managers were originally apprentices when they joined the company.

Respondents highlighted the importance of tackling low retention rates in the industry¹. This was by far the most discussed issue across the Commission's evidence. As a result, the Commission recommends launching a cross-industry, nationwide campaign aimed at schools, further education, government, parents, and other influencers, in order to promote the industry, attracting potential employees and retaining talented staff.

¹Annual staff retention level in the industry is 70%, under the UK average of 85%

Witnesses agreed that the appointment of industry ambassadors would be an effective way of helping to create an inspiring campaign that showcases aspirational, ‘real life’ role models within the workforce, and highlighting the long-term career pathways offered by the sector, across a huge and varying range of job types. Building on the Big Hospitality Conversation² campaign, these role models should also include apprentices, so that young people can hear directly from their peers.

Recommendation 2: Department for Work and Pensions/industry collaboration to showcase careers information and the ‘best face of the industry’

To encourage recruitment in the hospitality sector, the Commission concluded that young people should receive comprehensive careers information and access to work experience programmes that demonstrate what the sector has to offer, and what a career in hospitality would be like in practice.

Mitchells & Butlers highlighted how many young people, who could be highly compatible with a career in hospitality, do not see the industry as a viable career path due to not being exposed to the breadth and depth of career opportunities available.

Older apprentices told the Commission of a widespread lack of awareness that apprenticeships are not only for young people, a point given further weight by the latest UK Government figures, which show that only 13% of new apprentices in England are over 45 years of age³. There was also discussion about a lack of awareness of how to find and apply for apprenticeships within the sector.

As a result, the Commission recommends strengthening the partnership between UKHospitality and the Department for Work and Pensions, and other organisations such as the Careers and Enterprise Company, to showcase the right careers information, highlighting the ‘best face of the industry’.

It is vital that the sector emphasises the multiple career paths available in the industry, beyond the traditional roles which many people mistakenly believe are the only routes to employment in the industry. More information is needed on back office roles (for example roles in HR, accountancy and business management), which are integral to the hospitality industry.

It is also important that careers and development information is informed by the employees themselves. For example, current apprenticeships, or recruits from the Big Hospitality Conversation, could be asked what information they wished they had when applying for roles and how best this information should be communicated i.e. leaflets, website, video etc. This would ensure that young people are included in the industry’s journey from the very beginning.

This view was also apparent through the workforce survey which found that many employees rank ‘better careers advice’ as the most significant way to improve the industry.

²<https://en-gb.facebook.com/TheBigHospitalityConversation/>
³House of Commons Library Briefing Paper: Apprenticeship Statistics: England

Recommendation 3: Adapt schools outreach to enable direct dialogue between hospitality businesses and students

A lot of evidence argued for inclusion of hospitality in the school curriculum and careers advice structures, starting as early as possible, to limit any external bias. Worryingly, the Commission learned that there is not a level playing field when it comes to school outreach conducted by varying sectors.

The Yummy Pub Co. highlighted how on-licensed premises are prevented from providing careers advice to students due to concerns that this would be exposing under-18s to alcohol, whereas large retailers, who stock alcohol for personal consumption, are permitted to. This disparity means that other sectors get better access to promote their careers to young people.

As a result, the Commission recommends that the industry must work more closely with education providers and government to create a level playing field in schools outreach to allow hospitality businesses to speak directly to children and parents. This can also be achieved by working with Trade Unions and education providers to increase visibility in schools.

In addition, the Commission urges the industry to continue to offer site tours, such as those conducted by the Radisson Blu Hotel in Cardiff, to show the varying nature of the industry. It is important that the industry works more closely with further education providers at both a local and national level.

Spotlight on Wales:

UKHospitality Cymru received feedback from a wide variety of businesses such as hotels, B&Bs, pubs and catering services from across Wales. These businesses vary in size ranging from microbusinesses with a turnover up to £250,000, to businesses with a large turnover of over £10 million. Across the board businesses highlighted that they are looking to recruit new staff over the next 5 years with figures ranging from 5 to 900 staff. This shows that the growth and potential of the industry is particularly strong in Wales.

Businesses noted that the industry in Wales is dependent on European workers, with respondents listing European workers as making up between 20% - 80% of their workforce. The industry is already finding it hard to recruit staff, including those in housekeeping, front of house, chefs and high-skilled back office workers. For most respondents a key concern was the negative perception of the industry and the lack of awareness of the multiple career pathways available to students. Most argued that more should be done to promote the industry through careers advice and building stronger relationships with the education sector. In addition it was suggested that there should a focus on the importance of transferable skills and getting speakers (real life hospitality ambassadors) from the industry into schools. Respondents also noted that a number of tourism management courses have been dropped in Wales (Pembrokeshire), and that Wales does not grasp the importance of the industry in the same way that other countries do.

Skills and Workplace Learning

A key priority for the hospitality industry is to work with government and businesses to address the skills and labour gaps in the sector, to ensure that the industry can continue to thrive.

Hospitality offers its employees a meritocratic career pathway which provides development and progression without prejudice, and can create a fulfilling career for life. A job and a career in hospitality can be critical to personal development, with businesses investing in each employee through training.

Employers in the hospitality sector pride themselves on providing opportunities and training for anyone wanting to enter the sector. The Commission heard how the industry already has several excellent training schemes in place and how apprenticeships, for any ages, are crucial to businesses across the country.

The following recommendations set out ways to ensure the industry fully invests in upskilling its employees and promotes the talent which is already within the hospitality sector.

Recommendation 4: Industry to attract and retain employees via lifelong learning and on-the-job training

The Commission repeatedly heard that the hospitality industry must champion its employees, investing in lifelong learning and celebrating the sector's existing good practice when it comes to training.

With the sector's growth predicted to continue in the coming years, and with a target of up to 200,000 new apprenticeships over the next five years, witnesses emphasised how government and industry must together promote long-term career pathways in hospitality and assess the social, cultural and economic factors which impact this.

Michael Chambers and Oliver Hawkins (apprentices at Park Plaza Hotels) and Henry Layton (apprentice at The Ritz), all told the Commission that they had cultivated invaluable skills during their 'on the job' training in the industry, allowing them to actually put theory into practice.

As such the Commission recommends that the industry continues to focus on lifelong learning and promotes the benefits of on-the-job training.

Recommendation 5: Government should promote and value the benefits and transferability of 'soft skills'

So-called 'soft skills' such as communication, teamwork and dedication, were identified as a critical component of the skills make-up of hospitality staff, though it was felt by a broad range of stakeholders that this term did not adequately represent this skillset.

'Soft skills' are persistently overlooked by the Government in contrast to the 'hard skills' emphasised in the Government's Industrial Strategy.

The Commission heard how official definitions are not helpful to the sector as they define many hospitality occupations as ‘low skilled’ despite substantial levels of skill being needed to fulfil the role. The misclassification of these skills is damaging for both staff wellbeing and for wider business recruitment, and so it should be avoided both by government and the industry itself. In addition, Nigel Huddleston MP pointed out that high skilled jobs are often too easily conflated with high wage jobs.

The Commission heard that soft skills are fundamental to working in the industry and carry huge value. These skills are essential for a prosperous economy and can ensure that employers find the right staff members, and that employees secure the jobs that are available. Soft skills are not only beneficial to the hospitality industry but are transferable across industries, and countries, where the service industry is regarded more positively. These skills can also drastically improve social mobility.

In response, the Commission notes that the industry must promote the talent nurtured within the hospitality sector and ensure that a career in hospitality is truly recognised for the high skilled occupation that it is, as is already the case in continental Europe.

As a result, the Commission recommends that the Government places a strong emphasis on soft skills and starts consultation with wider industries to reclassify the term to remove negative connotations. Witnesses made suggestions such as ‘business skills’.

Recommendation 6: Conduct an urgent review of the effectiveness of the Apprenticeship Levy, increase the transfer fund cap to 50% and tackle the costs of off-the-job training

Apprenticeships are a key pathway into the hospitality industry. In 2016-2017, 25,000 people joined the industry via this route.

The Apprenticeship Levy, which came into force in April 2017, in its first year released only £108 million of the money available through the collection of the Levy⁴. Broadly welcomed by the industry as an opportunity to increase the number of apprenticeships nationwide, the Commission heard how the Levy disproportionately impacts SMEs which make up more than 90% of the hospitality industry.

Under the Levy, small businesses are unable to afford funding for apprentices. The Yummy Pub Co. highlighted that prior to the introduction of the Levy, the company had 12 apprentices but now has none as a result of increased costs. Of note, this was not due to the lack of want but as a result of already thin margins being further eroded.

Witnesses called for the Apprenticeship Levy transfer fund cap to be expanded from 10% to 50% to help support SMEs. This could enable larger companies, who can’t or don’t want to use their levy, to gift it to an employer or relevant SME who can use it. For example, a large pub chain could gift it to their tenants to pay for any relevant apprenticeship training for the tenant’s staff.

Another issue is the costs associated with apprenticeships, beyond the Levy payment. Witnessed suggested that the required 20% off-the-job training and development could be split between the employer’s time and the apprentice’s own time. This would reduce the cost implications for employers whilst allowing apprentices to take further responsibility for their learning.

⁴The Open University: The Apprenticeship Levy: One Year On report

Spotlight on Scotland:

Following on from the Local Government's Association recommendation that the Apprenticeship Levy should be as devolved as possible, to reflect local needs the Commission also recommends that the Scottish Government provides businesses with more control over their levy contributions.

The Commission heard how in Scotland, hospitality businesses which pay the Levy (and probably businesses in other sectors) regard this as simply a payroll related tax, and that the funding cap is considered by many as too low.

There is recognition that the Scottish Government channels levy funds into a range of training and employment support measures, including apprenticeships. However, businesses are concerned that only a limited amount of levy funding (£10,000, rising to £15,000 per annum) is accessible directly to business training and development through the Flexible Workforce Development Fund, which is administered through colleges. Businesses believe that more of the Levy should be directly accessible by businesses, in the same way that this happens elsewhere. The Commission supports this view.

Diversity

The hospitality sector is diverse in workforce and reach across the UK. Not only diverse in gender, with the industry employing more women than men, it also has the potential to cater for different lifestyles and ages.

It is widely documented that the industry will be one of the hardest hit by Brexit, as it is currently the second largest employer of EU workers by number and the fifth highest as a percentage of the workforce. In addition, there are challenges in recruiting from other diverse groups that contribute to persistent long-term unemployment and exclusion from the workforce.

The below recommendations help to ensure that the hospitality workforce remains as diverse and accessible as possible, and help support the industry's focus on employing individuals from right the way across the domestic population.

Recommendation 7: Immigration policy must be evidenced-based, tailored to hospitality workforce needs

A number of respondents highlighted the potential negative impact of Brexit on the industry with some companies noting that European workers make up to 80% of their workforce. The British Association of Leisure Parks, Piers and Attractions (BALPPA) noted that the UK leisure and attractions industry is also heavily reliant on overseas workers and in some cases, EU nationals can constitute up to a third of BALPPA members' workforces.

Many businesses noted that they are finding it increasingly difficult to fill open and new positions, especially roles for chefs, kitchen porters, sommeliers and in housekeeping. The majority of respondents highlighted that it is imperative that the industry has access to the migrant talent it needs to operate.

MPs and witnesses suggested developing temporary visas, similar to those called for by the agriculture industry, to support the industry post-Brexit. The Commission heard how the industry needs to develop a sustainable system which is built on evidence rather than arbitrary figures to ensure sustained growth.

The Commission agrees with the view that the UK's future immigration policy should operate in the interests of the UK economy, that freedom of movement will end and that there is a need for an open debate on immigration to take into account a range of views. The Government must act quickly to ensure employers are not left behind, and any future immigration policy should be evidence-based.

Recommendation 8: Industry to achieve greater workforce diversity best practice through employment contract flexibility

The Commission heard how the hospitality industry is best placed to provide flexible working programmes.

With the industry employing more women than men, and coupled with the flexible nature of its work, it provides suitable career pathways for many parents. On average, 62% of requests for flexible hours come from women seeking to fit work around their childcare arrangements after maternity leave⁵.

⁵<https://www.caterer.com/careers-advice/flexible-working/hotel-industry-embraces-flexible-working>

Sunder Katwala, Director of British Future, highlighted that employees need to have the ability to be flexible within their jobs, as it is a stated concern for parents and those people with particular personal responsibilities. He said that the employer must be more flexible in order to increase the diversity of the workforce, a point echoed in evidence from Trade Unions.

Jo Childs from Yo! Sushi agreed that businesses should be as facilitative as possible, helping employees to take study leave or sabbaticals, which Yo! Sushi proactively encourages. She suggested that this is one of the best ways the industry can consistently retain its workers.

The Commission also heard how more needs to be done to improve flexibility in location as well as in contracts. Pauline Chidgey from the Stonegate Pub Company highlighted how she was seeing issues with staff being unable to relocate and that, as a result, the company is looking into how to make relocation a more attractive offer for their staff.

Overall, the Commission heard how flexible contracts can benefit certain demographics and groups. The Commission therefore recommends that the hospitality industry learns from existing best practice within the sector to help increase workforce diversity. This includes flexibility in employment contracts and working hours, and sufficient notification of shifts.

Recommendation 9: Government support for workforce upskilling to encourage older and ‘harder to place’ workers into the sector, or back into employment

The wide range of vocational roles within the hospitality sector means that it is well placed to support those UK residents who are often considered ‘harder to place’, or lack the qualifications to gain entry to other sectors.

The Commission heard about multiple successful schemes that encourage older workers back into the sector, or back into employment overall, including those from disadvantaged backgrounds. Nikki Kelly explained how the Tottenham Hotspur Foundation runs a ‘REIGNITE’ programme which encourages workless residents of North London who are aged 50 and over back into employment. The Commission also heard about Greggs’ offenders rehabilitation programme, which has been brought under its ‘Fresh Start’ banner alongside other initiatives to help young people, ex-military personnel and the long-term unemployed.

The hospitality industry can be the perfect partner for government to help realise its aim of encouraging older and harder to place people back into work. As a result, the Commission recommends that the tourism sector deal, on which the industry is working in collaboration with the Department for Digital, Culture, Media and Sport, should include support for the industry in achieving this goal. If no sector deal, it is agreed that this work should be taken forward regardless.

Full list of recommendations

Based on all the evidence received the Commission developed 9 recommendations to support the retention, growth and perception of the hospitality workforce.

Recruitment and retention

1. A cross-industry, national campaign to eliminate negative perceptions of hospitality careers
2. DWP/industry collaboration to showcase careers information and the 'best face of the industry'
3. Adapt schools outreach to enable direct dialogue between hospitality businesses and students

Skills and workplace learning

4. Industry to attract and retain employees via lifelong learning and on-the-job training
5. Government should promote and value the benefits and transferability of 'soft skills'
6. Conduct an urgent review of the effectiveness of the Apprenticeship Levy, increase the transfer fund cap to 50% and tackle the costs of off-the-job training

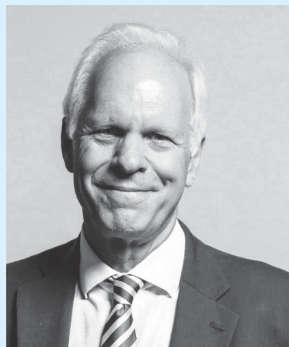
Diversity

7. Immigration policy must be evidenced-based, tailored to hospitality workforce needs
8. Industry to achieve greater workforce diversity best practice through employment contract flexibility
9. Government support for workforce upskilling to encourage older and 'harder to place' workers into the sector, or back into employment

Acknowledgements

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Members of Parliament who also attended Commission hearings:

- Sir Roger Gale MP - Conservative
- John Grogan MP - Labour
- Nigel Huddleston MP - Conservative
- John Penrose MP - Conservative

The inquiry received evidence from the following:

1. Alison Gilbert, HR Director at CH&Co
2. Anthony Pender, Founder and Director, The Yummy Pub Co.
3. Ben Elliott, Nobly POS
4. Cardiff City Centre hotel
5. Citrus Hotel Cardiff
6. Colin Wilkinson, Managing Director, Scottish Licensed Trade Association
7. Conor D'Arcy, Senior Research and Policy Analyst, Resolution Foundation
8. Courtney Avery, Ambassador, Youth Employment UK
9. David Allen, Director, People1st
10. David Cochrane, Hospitality Industry Trust
11. Empire Hotel, Llandudno
12. Fiona Cook, Head of Tourism Strategy and Delivery, Scottish Government
13. Glascoed Guesthouse, Llandudno
14. Greene King
15. Grove Narbeth/Saundersfood/Oxwich
16. Henry Layton, Apprentice, The Ritz
17. HIT Training Ltd
18. Holiday Inn Express Cardiff Bay

19. Ian McCulloch, Vice-Chair political engagement, Scottish Training Federation
20. InspiringHR
21. Jill Whittaker, Managing Director, HIT Training
22. Jo Childs, People Director at Yo! Sushi
23. Joseph Rowntree Foundation
24. Karen Christie, Tourism Strategy Project Manager, Scottish Tourism Alliance
25. Kelly Johnstone, Director for Scotland, North & Midlands, Springboard
26. Lawrence Durden, Tourism Sector Manager, Skills Development Scotland
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29. Marc Crothall, CEO, Scottish Tourism Alliance
30. Marriott Hotels
31. Michael Chambers, Commis Chef Apprentice, Park Plaza Hotels
32. Mitchells & Butlers
33. Nikki Kelly, Acting CEO and Director of Programmes, Tottenham Hotspur Foundation
34. Oliver Hawkins, Commis Chef Apprentice, Park Plaza Hotels
35. Pauline Chidgey, Senior Resourcing and Talent Manager at Stonegate Pub Company
36. Radison Blu Cardiff
37. Recruitment and Employment Federation
38. Rohaise Rose-Bristow, Director, The Torridon
39. SA Brain & Co
40. Sam Coulstock, Business Relations Director, Umbrella Training
41. Sandra Kelly, Head of Education, Whitbread
42. St Brides's Spa Hotel, Pembrokeshire
43. Stephen Williamson, Scottish Enterprise
44. Sunder Katwala, Director, British Future
45. The British Association of Leisure Parks, Piers and Attractions
46. The British Beer & Pub Association
47. Tom Hadley, Director of Policy and Professional Services at The Recruitment & Employment Confederation
48. Trades Union Congress
49. Unite the Union
50. Willie McCurrach, City of Glasgow College

