



Catering and hospitality sector report

How to win (and retain)
the staff you need

A combination of Covid, supply chain challenges and the cost-of-living crisis is exacerbating existing long-term staffing problems in the catering and hospitality sector.

This report explores how employers can rise above the challenges, attracting and retaining workers while improving their long-term resilience by fostering a talent pipeline.



Compounding crises

Catering and hospitality sales may be back to pre-pandemic levels, but chronic staff shortages are hampering the sector's recovery. Recent crises have compounded long-standing recruitment challenges, pushing vacancies to record levels this year. Saddled with pandemic-related debt, rising costs and falling consumer spending, many businesses are struggling to operate smoothly.



The sector has a recruitment problem

- ▲ There are around 158,000 vacancies in the accommodation and food service industry¹, according to the latest ONS figures (September 2022). This is down only slightly from a record high in June 2022 of 173,000, which was almost double the number of vacancies in the quarter leading up to the UK's first Covid-19 lockdown.
- ▲ One in seven positions remained unfilled in July 2022².
- ▲ Front of house workers are those most in short supply³, followed by chefs, kitchen porters and assistant managers, according to a recent survey led by UK Hospitality.

The staffing crisis is hindering businesses' recovery from the pandemic

- ▲ 45% of operators have been forced to cut trading hours or capacity, costing the hospitality industry £21bn in lost revenue³.
- ▲ One in three businesses in the sector has been forced to close on one or more days a week³.
- ▲ Some hotels in London's West End are now forced to tell customers that rooms will be serviced only once every two days – unthinkable before the pandemic.

¹ ONS Vacancies by industry 2022

² UK Hospitality, 2022

³ The Hospitality Professionals Association, 2022

So, what's new?

The knock-on effects of a series of global events have rocked the sector in recent years and made recruitment harder.

The Brexit impact

- ▲ Curtailed freedom of movement of labour as a result of Brexit has made the country less attractive and accessible to European workers and many have left the UK⁴, a trend magnified by the pandemic (see below).
- ▲ Many remaining Europeans have lost their cultural and language support networks, making it more challenging for them to remain in catering and hospitality roles.

The pandemic impact

- ▲ Catering and hospitality businesses were forced to shut down en masse during the Covid-19 pandemic and the number of workers in the sector fell by 90,000, or 3.6%, between January-March 2020 and October-December 2021⁵. This compares to a 1.3% decline in jobs across all industries over this period.
- ▲ While catering and hospitality establishments were closed for business, many workers moved on to different sectors, partly because temporary workers were unable to claim furlough payments, to maintain a reliable income. Many found rewarding work in the NHS, where their hospitality skills were highly appreciated, and have remained in the healthcare sector.
- ▲ Some 92,800 hospitality workers from the EU are estimated to have left the sector in the first year of the pandemic. We can assume that most returned to their homeland to be with family, especially as it was more difficult for temporary workers to access furlough payments. A survey of 250 hospitality employers suggests EU nationals accounted for 21.6% of people employed in the sector pre-pandemic, a proportion that had fallen to 18.7% by August 2021⁶.
- ▲ The stop-start pandemic recovery forced establishments to reduce capacity, revise menus and comply with ever-changing Covid restrictions. This was unsettling for workers, who sought jobs with more predictable working hours in other sectors.

- ▲ Working culture in the UK changed radically during the pandemic. Hybrid, flexible and family-friendly working patterns that promote wellbeing are now favoured by many workers, yet other sectors have a better reputation for offering this than catering and hospitality⁷.

The cost-of-living crisis

High inflation and fuel bills sparked by post-pandemic energy demand and Russia's invasion of Ukraine in February 2022 have increased the cost of living⁸. Market turmoil sparked by the government's controversial 'mini budget' in September drove up mortgage rates and added to the atmosphere of anxiety even after the policy U-turn. With recession looming, people will crave steady, well-paid, full-time jobs with predictable working hours⁹.



⁴ UK Hospitality, 2019
⁵ UK Parliament, House of Commons Library, 2022
⁶ The Caterer, 2021

⁷ Price Waterhouse Cooper, 2022
⁸ Growth from Knowledge, 2022
⁹ House of Commons Library, Hospitality Industry and Covid-19, 2022

What about long-standing recruitment challenges?

The latest macroeconomic shocks have only compounded pre-existing recruitment challenges that have hampered the catering and hospitality sector for many years.

A lack of education and training

- ▲ Enrolments in further education and higher education catering and hospitality courses have experienced slumps in recent years, though the tide may be changing, especially with the launch of the new vocational T-level qualification in 2023.
- ▲ While some employers are providing training themselves, others have been slower at rising to this challenge, expecting all staff to arrive fully qualified.

Low pay

- ▲ 52% of workers in hotels and restaurants were 'low paid' in 2019 (earning below two-thirds of median hourly pay), compared to 15% of all workers, according to research by independent think tank the Resolution Foundation¹⁰.
- ▲ There is a mismatch in some areas between workers' pay and local living costs. This can make it prohibitively expensive for workers to travel to and from businesses in affluent neighbourhoods or rural areas.
- ▲ Workers in lower-paid roles are more likely to move on to secure pay rises rather than negotiate with their existing employers, due to a lack of confidence, communication skills or opportunities to progress.

A lack of commitment on both sides

- ▲ The hospitality sector has an above-average proportion of workers⁹ on temporary contracts, but Blue Arrow's own data on temporary workforce trends in 2022 shows that 30% of people in the temporary workforce stop temping when they are offered a permanent role by a client. This shows that, though many workers like to 'try before they buy' by gaining experience of an employer's value proposition before jumping into a permanent role, many people still value the certainty of permanent work in the long term.
- ▲ Operators tend to cut labour when times get hard instead of seeing workers as a long-term investment and understanding that workers value predictability.

An image problem

- ▲ Youth unemployment figures show there are enough young people to fill the vacancy shortfall in catering and hospitality¹¹, but young people lack encouragement from teachers¹², career advisers and parents due to a poor perception of the industry as a stopgap option with long-unpredictable, unsociable hours, low pay and poor career progression in a tough, unsupported working environment.
- ▲ Social media-conscious Gen Z workers are favouring a narrow range of 'fashionable' chains with established reputations rather than pursuing opportunities offered by the full range of catering and hospitality employers.



¹⁰ Resolution Foundation, Low Pay Britain 2020

¹¹ UK Hospitality, 2021

¹² Institute of Hospitality, Planday white paper, 2022

How should employers respond?

Despite the pressures of pandemic-related debt and higher operating costs, employers need to step up with long-term holistic strategies to tackle staffing and skills shortages.

A new way of thinking

- ▲ Consider an individual's long-term potential, recognising that a good fit in terms of personality and attitude may be more important in the long run than someone who meets all the qualifications or experience criteria on paper.
- ▲ Consider offering in-house training to compensate for the shortfall in state-funded college courses as this is likely to outweigh the cost of attrition over time. Employers also need to assume some responsibility for training and upskilling existing staff rather than relying solely on agencies to source candidates who tick every box.
- ▲ Engage into the apprenticeship levy opportunity and work with providers to assist in training all staff from new starters to senior teams.



Refresh your employee value proposition

As we emerge from the shadow of Covid restrictions, workers are placing more value on flexibility, wellbeing and a sense of belonging. Does your employee value proposition (EVP) reflect this?

- ▲ Could you offer more flexible but predictable shift patterns, shorter hours, more paid time off, subsidised food, transport and accommodation, free parking, more natural light, reduced isolation, more employee engagement or wellbeing packages? Your EVP doesn't have to be expensive; often it's about maximising the free resources at your disposal.
- ▲ Could you offer more stability and income certainty to temporary workers through better pay and/or regular hours that suit their requirements?
- ▲ Consider what differentiates your EVP from that of your competitors. Is it clearly defined and well communicated, not only to candidates seeking permanent work but to your temporary talent community?
- ▲ Are you making the most of HR tech solutions to improve the employee experience, such as smartphone apps that give them fast and easy visibility of their work schedules, pay and holidays as well as an easy way to ask questions and stay engaged with you and your teams?





Cast the net wider

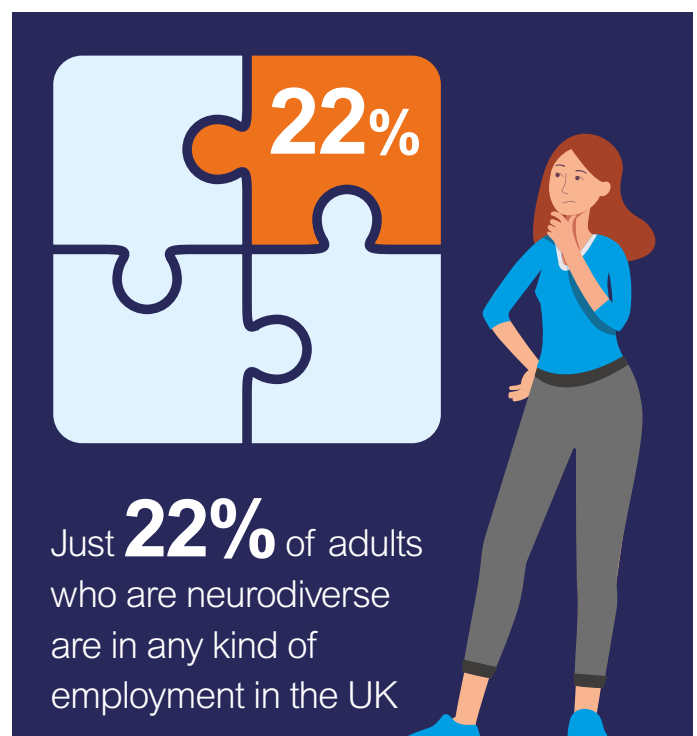
- ▲ Just 22% of autistic adults and little more than half of disabled adults are in any kind of employment in the UK¹³. Are you doing enough to reach of under-represented talent? A new £7.6 million government initiative¹⁴ is providing funding to 24 local authorities in England and Wales to help 2,000 adults with learning disabilities and autism move into work. If your local authority is covered, you may be able to benefit from this scheme, called the Local Supported Employment (LSE) Initiative.
- ▲ Could you do more to break down barriers for non-English speakers in the post-Brexit landscape. This could be in the form of practical support (e.g. help setting up a bank account), emotional support (e.g. help accessing cultural support networks), or financial support (e.g. subsidising English classes).
- ▲ Consider too whether you are deterring talent from diverse cultural backgrounds, for example through unnecessarily strict food hygiene rules insisting that male candidates are clean-shaven due to customers' perceptions. For example, could you provide beard nets to support a wider range of applicants and include this in your job adverts?
- ▲ Are you inadvertently cutting off applications from people on lower incomes, for example by insisting they have their own car or pay prohibitive public transport costs? Do you provide a meal for your workers or access to free or subsidised transportation if you are located outside of towns and cities? Small gestures can make a big difference.

Address low pay

- ▲ Create a pay structure that supports people at all stages in their lives. Is the pay suitable for a working parent to run a home and family? If not, you're dependent on a younger candidate market who will often see this work as a stopgap during higher education.

Revamp your image

- ▲ Foster positive workplaces that are welcoming of all ages, races, experience and skills.
- ▲ Collaborate with industry to position catering and hospitality as an attractive career, in which people at any level of qualification can work in friendly, cosmopolitan teams, progress into varied and senior roles, work in high-profile and celebrated venues and take their skills anywhere in the world.



¹³ National Autistic Society, 2021

¹⁴ UK Government, 2022

A simple route to market

– How Blue Arrow can help

Blue Arrow's deep understanding of the catering and hospitality sector is backed up by the latest talent insights, from a well-established network of relationships with both employers and job seekers. We give people opportunities that others don't, focusing on earning trust, boosting confidence and breaking down barriers to the industry. With support, your temp today could be your skilled permanent worker of tomorrow.

We know the industry inside and out

- ▲ Blue Arrow has been helping catering and hospitality employers secure the talent they need for more than 60 years.
- ▲ We have long-standing relationships with operators large and small, from boutique hotels to multinational contract food service companies through our nationwide network.
- ▲ We can provide employers with the latest market insights to help them benchmark their own position against competitors.

We are an effective bridge between employers and jobseekers

- ▲ We can champion the catering and hospitality sector to jobseekers of both permanent and temporary positions.
- ▲ We are on the ground in more than 100 branch and on-site locations across the UK and can help employers understand the potential talent pool in their catchment area.
- ▲ Our consultative and supportive approach means we can help employers refine their employee value propositions for the mutual benefit of both their businesses and the workers they want to attract.
- ▲ We can communicate employers' EVPs to potential candidates, including in the temporary talent community.
- ▲ We can suggest HR tech solutions that employers can use to create a better employee experience.

We build teams of the future

- ▲ **Reacting swiftly to open new labour pools:** When Ukrainian refugees began arriving in the UK in the wake of Russia's invasion, we reached out to help them settle and find work. As well as running workshops in Ukrainian explaining the recruitment process, we hired a Ukrainian temporary worker at our Southampton office to engage and assist refugee applicants, breaking down language barriers and providing a friendly contact. With 20 people matched to roles such as housekeeper and kitchen porter within weeks, and Blue Arrow donating profits to charity, the pilot scheme has been a win-win for refugees, our clients and the wider community.
- ▲ **Understanding individual needs:** We recently helped a candidate with autism overcome his anxiety about entering the world of work. By involving his family and taking the time to understand his needs, we earned his trust and learned that he would be ideally suited to a cleaning job at the local university. However, he was nervous about new and unfamiliar situations. Thanks to our good relationship with both the candidate and employer, we were able to arrange for him to have a guided tour of the workplace before he started and to support him on his first shift. He soon settled in and has now been working successfully in the role for six weeks.
- ▲ **Spotting potential and persevering:** When one of our temporary workers was let go from seven jobs, we refused to give up on him. Instead, we invited him into the office for a face-to-face chat and discovered he was dealing with underlying mental health issues and trauma. This critical and compassionate meeting marked a turning point for him and, in July 2022, we gave him another chance working as a kitchen porter for Compass. Three months on, he is well on his way to becoming a fully trained chef and all parties are delighted with his progress.

Conclusion

Increasing wages is important, but it is just one of many levers employers can pull to address staffing shortages in catering and hospitality.

To attract and retain talent in the long term, businesses need to recognise the long-term potential of unskilled workers, step up to provide training and career progression opportunities, reach out to under-represented candidates and refresh their employee value propositions to reflect growing post-pandemic values such as flexibility, wellbeing and inclusivity.

Speak to us about how we can bring new thinking, new tools and new insight to your business in solving your recruitment challenges.



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