Future Shock

Issue Twelve - Shaping the workforce of the future

Partners

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Foreword

We are all fully aware that our workforce is at the heart of the hospitality sector. As businesses we cannot succeed without great people at the helm, great teams pulling together to deliver a fantastic customer experience. That is why UKH is fully committed to supporting the sector in creating the workforce it needs for the future – a process accelerated by our Hospitality Workforce Strategy.

The last few years have been hard on businesses and hard on our team members. The pandemic shut down our businesses but also left millions of our colleagues on furlough – with tips being excluded from payments by Government. Many decided to leave the sector for good – either for other sectors or to return to their native country.

This left us with a scenario of record vacancies – double pre-pandemic levels, which itself was considered a crisis. Vacancies have abated but ONS reports over 150,000 vacancies in its latest labour market summary. Hospitality is not alone in struggling to recruit but our vacancies are more acute – and across most roles.

The content in this report sets out the measures that the sector has been working on. It looks at the groundbreaking Hoteliers Charter; the evolution of the skills landscape on both apprenticeships and the new Catering T-level; and conveys how the sector is working collaboratively and in partnership with government through the Hospitality & Tourism Skills Board.

We are, as always, grateful to our sponsors for their insightful contributions and the perspectives they bring to the world of hospitality. I hope you enjoy this edition of Future Shock and wish you a productive Christmas and a happy New Year.

Kate Nicholls, Chief Executive, UKHospitality

Welcome to the twelfth edition of the Future Shock report from CGA by NielsenIQ and UKHospitality.

This report draws on CGA's latest research to reflect on another tumultuous year for hospitality and look ahead to 2023—and issues around the workforce and skills in particular.

Hospitality has been severely tested by two enormous challenges in recent years—Brexit and COVID—and while the worst of their impacts are now behind us, the aftershocks of both will be felt for many years to come. CGA's data shows us that the industry has been resilient and resourceful in the face of ferocious headwinds, with managed groups' sales consistently ahead of pre-COVID levels. Consumers' enthusiasm for eating and drinking out is undimmed, and despite the cost-of-living crisis, eating and drinking out remain top priorities. This remains a very attractive sector for investors, too.

However, strong underlying demand is being compromised by a storm of cost and labour issues. Rampant inflation, which has reached 40-year highs this year, is wiping out real-terms growth for most hospitality operators and suppliers. Eye-watering increases in food and energy bills are the biggest problems for consumers and businesses alike, but costs are soaring in other key inputs too. On top of that, as we see in this report, a shortage of labour is compromising trading for restaurants, pubs and bars and driving up pay.

All these issues have hurt business confidence and profitability ahead of the crucial Christmas and New Year trading period. They have already triggered a wave of closures of licensed premises in the second half of 2022, and more are inevitable. The challenges highlight the urgent need for targeted government support for hospitality, which UKHospitality continues to work tirelessly to secure. We know that this sector has a bright long-term future, but it is clear that 2023 will be another very challenging year.

We hope you enjoy reading this Future Shock report. As always, we welcome your views and questions on the issues it raises.

Karl Chessell, Director – Hospitality Operators and Food, EMEA at CGA by NielsenIQ

Hospitality in 2022: Ten key numbers

103,682

Total licensed premises in Britain at September 2022

4%

Increase in like-for-like sales for managed restaurant, pub and bar groups in September and October 2022 v 2019

2,230

Net decrease in licensed premises between June and September 2022

97%

Increase in delivery and takeaway sales for managed groups in October 2022 v October 2019

8%

Of **business leaders feel confident** about prospects for the eating and drinking out market in the next 12 months

19.9%

Year-on-year **foodservice price inflation** in October 2022

13%

Of leaders expect their business to be either **running at a loss or unviable by the end of 2022**

11%

Of roles in hospitality are **currently vacant**

9%

Average increase in pay in the last 12 months as businesses compete to recruit and retain staff

32%

Of businesses will be forced to **reduce their opening hours over Christmas** because of staff shortages

Sources: Coffer CGA Business Tracker; CGA Hospitality at Home Tracker; CGA and AlixPartners Hospitality Market Monitor; CGA and Prestige Purchasing Foodservice Price Index; CGA and Fourth Business Confidence Survey

As 2022 draws to a close, CGA is pleased to present an overview of hospitality in four key areas—sales, the size of the licensed sector, business leaders' confidence and labour issues.

1. Sales update

Considering all the pressures on consumers' spending in 2022, Britain's restaurants, pubs and bars have done well to pull sales above pre-COVID levels.

The Coffer CGA Business Tracker, a monthly monitor of trading at leading managed groups, has shown that sales have been level with, or ahead of, 2019 comparatives in every month of the year so far. August's like-for-like sales were **2%** ahead of the same month in 2019, and September and October both finished **4%** up.

Within this solid growth, there have been some important nuances. For example, while bars' sales have generally run behind pre-COVID comparatives, pubs and restaurants have been consistently ahead. Although trading has been brisk in many regions of Britain, sales have been below the levels of 2019 in London for much of this year. Footfall in the capital has been slower to return after lockdowns than elsewhere, as workers continue at-home or hybrid working patterns and some international travellers stay away. There are signs that London trading is now picking up, but it has been a tough few years for operators concentrated there.

Changing working styles have also contributed to shifts in day-to-day trading. With so many people now working from home, after-work drinking occasions in pubs and bars have been reduced on Fridays, while Thursdays have seen a rise in share of sales across the week.

Inflation and real-terms growth

While trading figures from the Coffer CGA Business Tracker have shown respectable growth in 2022, they are much less impressive after adjustments for inflation. Monthly growth of between **2%** and **4%** in the third quarter of 2022 has been entirely wiped out by inflation, which topped **11%** in the October edition of the Consumer Price Index—and the rate is even higher at 16% from where prices were three years ago. This means that in real terms sales are a long way short of both 2019 and 2021.

The Bank of England says an easing of increases in the cost of energy and imported goods, and a drop in consumer demand, will help to bring inflation down towards its **2%** target around the middle of 2023. Until then, however, it is going to be difficult for many businesses to achieve real-terms growth.

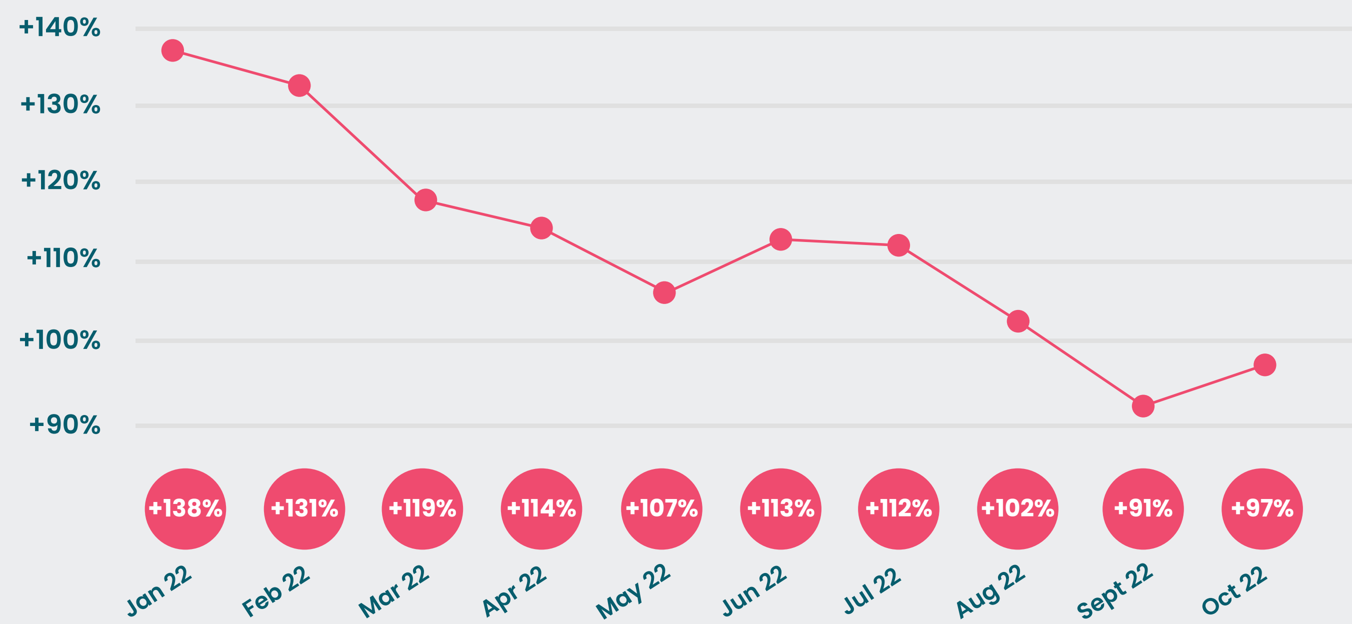
COVID lockdowns transformed another key segment of hospitality: delivery. CGA's Hospitality at Home Tracker—which has a different cohort to the Coffer CGA Business Tracker—shows delivery and takeaway orders have been double those of 2019 for most of this year. They now account for **24%** of restaurant groups' sales, and while sales have dipped from the peaks of lockdowns, people who have grown used to the convenience of ordering deliveries are unlikely to give up their habits.

Despite these positive numbers, total sales growth is some way short of what operators might ordinarily hope for. Crucially, it has also been wiped out in real terms after adjustments for inflation (see box). The value of sales in 2022 has been inflated by higher prices in most restaurants, pubs and bars rather than increased visits. In other words, consumers are eating and drinking out less often than they did before COVID but spending more when they do so.

4% Total **like-for-like sales growth** for managed groups, October 2022 v October 2019

Managed groups' delivery and takeaway sales: 2022 v 2019

Sales v same month in 2019



Source: CGA by NielsenIQ Hospitality at Home Tracker

2. Outlet numbers

The COVID-19 pandemic forced thousands of hospitality venues to shut, and after a year of stability a new of wave of closures has begun.

The Hospitality Market Monitor from CGA and AlixPartners, which tracks openings and closures across the sector, revealed a net loss of nearly 10,000 licensed premises in the first 18 months of the pandemic, from March 2020 to September 2021—equivalent to around 550 closures every month. The downward trend eased over the next six months as hospitality returned to something like normal, but the latest edition of the Hospitality Market Monitor shows a net decline of 2,230 licensed premises—**2.1%** of the total—between June and September 2022. This is equivalent to 24 net closures every day, or one an hour.

It is a stark indicator of the pressures that pub, bar, restaurant and other licensed operators are under now. Businesses that were weakened by months of lockdown have been pushed to the wall by soaring costs, and independents—who usually lack the financial reserves and buying power of bigger operators—have borne the brunt of the closures. The Monitor shows that the indie sector contracted by **2.6%** in the three months to September, while the managed side was in growth of 0.9%. Independents still account for nearly two-thirds of Britain's licensed premises, and they remain vital to local communities, but thousands of them are now very fragile.

Some segments of hospitality have been hit harder than others lately. Nightclub numbers fell by **5.6%** between June and September, and there are now a quarter fewer sites than in March 2020. The sports and social club market, down by **3.8%**, has also been disproportionately hit.

Other segments of licensed hospitality, including bars and hotels, have been more robust. We have also seen high churn in the market, with many closed premises swiftly reoccupied by start-ups and small but ambitious groups. As is often the case during a recession, one operator's failure is another's opportunity.

Nevertheless, Britain now has nearly 11,500 fewer licensed premises than at the start of the pandemic in March 2020, and many more closures are likely in the months ahead. The severe inflationary pressures facing both operators and consumers have put many businesses—especially smaller ones—on a knife-edge. Christmas trading should provide some respite, but without urgent and targeted government support on costs, thousands more businesses and jobs will be at risk in 2023.

9.9%

Net decrease in licensed premises between March 2020 and September 2022

Britain's licensed premises, September v June 2022: Selected segments

	Sites at June 2022	Sites at September 2022	% change in sites, September v June 2022
Bar	4,544	4,487	-1.3%
Bar restaurant	3,380	3,331	-1.4%
Casual dining restaurant	5,381	5,292	-1.7%
Community pub	18,948	18,538	-2.2%
Food pub	12,055	11,877	-1.5%
High street pub	6,232	6,122	-1.8%
Hotel	7,464	7,379	-1.1%
Large venue	4,550	4,548	0.0%
Nightclub	994	938	-5.6%
Restaurant	16,372	16,016	-2.2%
Sports / social club	21,364	20,552	-3.8%
Total	**105,912**	**103,682**	**-2.1%**

2.6%

Net decrease in independent licensed premises between June and September 2022

0.9%

Net increase in managed licensed premises between June and September 2022

3. Business confidence

Considering all the challenges in 2022, it is no surprise to find that the confidence of hospitality business leaders has plummeted.

The October edition of the Business Confidence Survey—a poll of leaders of multi-site businesses across the sector that is run by CGA in association with Fourth—makes for bleak reading.

Just **8%** said they felt confident about the next 12 months for the eating and drinking out market—a sharp drop from the figure of **23%** in the previous survey in June, which in turn was a steep fall from **65%** in February. The proportion of leaders feeling confident about prospects for their own business over the next 12 months has plunged too—from **53%** in June to **29%** in October.

For context, these numbers are the lowest since the dark days of October 2020, when the sector was reeling from COVID-19. That shows the severity of the cost challenges currently facing restaurants, pubs and bars and their impact on trading. While four in five **(80%)** leaders told the Business Confidence Survey that their business was still operating at a profit, more than half **(53%)** said margins are lower than before the pandemic. One in eight **(13%)** expects their business to be either running at a loss or unviable by the end of 2022.

CGA and Fourth's research highlights widespread concern about costs, with nearly nine in ten **(86%)** leaders reporting significant inflation in the prices of both energy and food. Ingredient costs have soared in recent months, and the October edition of the Foodservice Price Index from CGA and Prestige Purchasing recorded record inflation of **19.9%**. Some of these extra costs have inevitably been passed on to consumers, and leaders said their food and drink menu prices had increased by **13%** and **11%** respectively in the last 12 months. This helps to protect margins, but it also risks a backlash from guests whose disposable incomes are under strain.

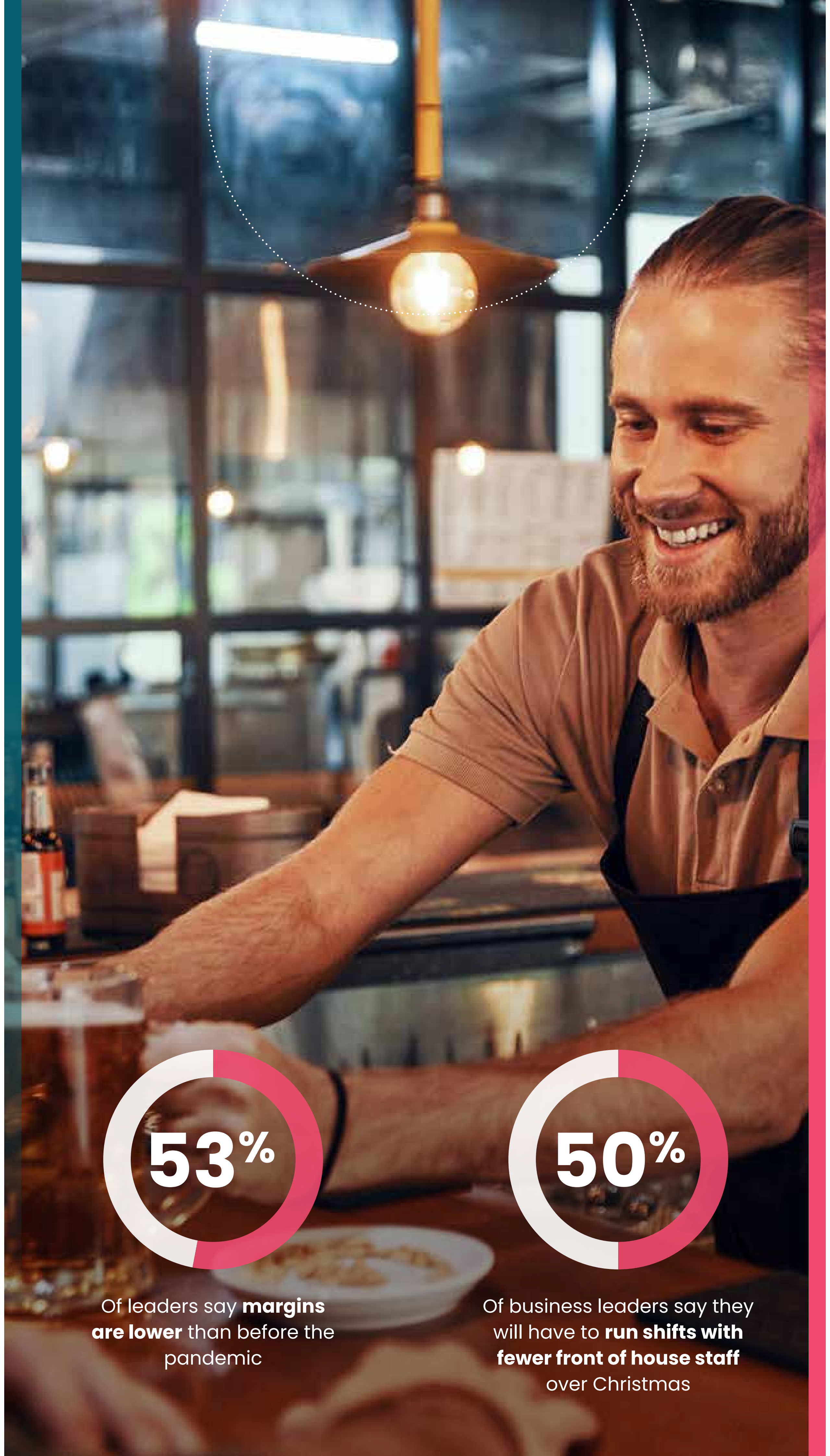
Staffing problems continue to dog hospitality too (see below)—as do supply chain issues. Three quarters **(76%)** of leaders told the Business Confidence Survey they had experienced reduced or unavailable product lines, and nearly two-thirds **(62%)** said some products had not turned up. Supply problems may have eased since the start of the year, but the lingering effects of COVID, war in Ukraine, labour shortages in logistics and poor harvests in key areas all mean they are far from over.

86%

Of leaders report **significant inflation** in the prices of both **energy** and **food**.

13%

Average increase in **food menu prices** introduced by leaders in the last 12 months



4. The labour crisis

Hospitality's recruitment and retention crisis, which began with Brexit and intensified over COVID lockdowns, is set to continue well into 2023.

The latest Business Confidence Survey from CGA and Fourth highlights the scale of the challenges facing employers. Leaders told the survey that an average of **11%** of roles—one in nine—are vacant and open for applications. An average of **19%** of workers have left businesses during the last three months—a rate of churn that creates an intense battle for recruitment, requires constant investment in training, and makes it very difficult for operators to plan ahead. Fewer than half of business leaders currently feel confident about recruiting **(40%)** or retaining **(46%)** enough staff.

Many of the vacancies have been created by EU workers leaving the UK after Brexit, and by thousands more going home during the COVID crisis. Some have been caused by the departure of hospitality staff to other industries while restaurants, pubs and bars were closed, and others are a result of difficulties finding domestic jobseekers. There are longer term issues too, like the image problem that the sector has suffered among prospective employees. The cross-industry Hospitality Rising campaign is helping to address that, but unfair perceptions of hospitality as a temporary, demanding and unrewarding career persist.

Ongoing shortages are reverberating around hospitality. They are driving up pay levels, and leaders say they have increased rates by an average of **9%** in the last 12 months to try to attract and retain the talent that is available. However, the stubborn vacancy rate—which at 11% is unchanged from the summer—shows that raising pay alone is not enough to fix the recruitment crisis.

Staff shortfalls also make operations and scheduling difficult. Half **(50%)** of leaders say they will have to run shifts with fewer front of house staff over Christmas, and nearly as many **(46%)** will have to get by with fewer back of house staff too. Just over a third **(35%)** plan to simplify menus to cope. Even more concerning are the numbers who will be forced to reduce their opening hours **(32%)** and even opening days **(13%)** because they are short staffed.

Measures like this risk damaging the experiences of guests, by slowing service and compromising quality. Some businesses are now severely short of experience, especially at manager level; before COVID, leaders said **63%** of managers were highly experienced, but that number has been halved to **30%**.

Reducing opening hours will also reduce income at what should be the most profitable time of year for most operators. Christmas usually generates the cash that tides businesses through the quiet first few months of the year, so drops in income will store up more problems for 2023.

19%

Of hospitality workers have **left businesses during the last three months**

Working with government to tackle our workforce challenges

Under the governance of the Hospitality Sector Council (HSC) there are four groups who have come together to focus on core activity defined by HSC members aligned to government priorities; the Resilience and Recovery Group, the Hospitality and Tourism Skills Board, the Local Economies and Communities Group and the Sustainability Committee.

It's been 12 months since the hospitality industry have been combining energy, resources and actions by forming a strategic approach to recovery, resilience and skills to drive positive change and build sustainable solutions to future proof the sector post pandemic and mindful of the current business cost challenges.

The Resilience and Recovery Group are focused now on short- and medium-term fixes to provide stability for the hospitality workforce. The COVID pandemic created unprecedented challenges for the UK's labour market, and these have manifested themselves very clearly in the hospitality sector. Uncertainty in the labour market at the end of the last decade led to vacancies reaching record levels pre-pandemic. The pandemic severely affected confidence in the sector, with regular closures and restrictions, and led to a sharp reduction in foreign nationals working in the sector, as they returned to their home countries.

As we emerge from the pandemic the decline in workers is compounded by a break in the pipeline in talent – schools and colleges were unable to get large swathes of the population skilled and ready for work. This sees the hospitality sector facing double the level of vacancies it saw pre-pandemic – already a period of crisis.

The route to a workforce recovery

Government is aware of the difficulties the sector is facing and committed in its Hospitality Recovery Strategy to support the sector with recruitment struggles. The Department for Work and Pensions (DWP), through JobCentrePlus, has also been proactive in highlighting the sector. Jobs in the sector have grown by a quarter of a million in a year – one in three of all new jobs created.

The sector has also made a clear commitment to making job opportunities more attractive, based around an upskilling of its workforce. This is enshrined in UKHospitality's Hospitality Workforce Strategy, which sets out a partnership approach to fixing our workforce challenges in the short, medium and longer terms. The actions of this Hospitality Workforce Strategy feed into the actions of the Resilience and Recovery Group and the Hospitality and Tourism Skills Board.

The work of the Resilience and Recovery Group needs support from government due to the substantial disruption in the labour market that we have witnessed in recent years.

Fixing the immigration and apprenticeship system

UKH proposes a two-phase approach from government - temporary tweaks to the immigration system to bridge the gap in our talent pipeline caused by the pandemic, accompanied by reforms to the apprenticeship levy regime to ensure that we can meet our skills needs at entry level and help our team members to progress in their careers – this effectively replicates the Kickstart scheme that was so successful.

Immigration system changes

We strongly believe that government should be pursuing Youth Mobility Schemes with European and other nations and that a review of the Shortage Occupation List (SOL) needs to take place urgently given the state of the labour market. However, in addition we propose the following time-limited measures to bridge the gap caused by the pandemic.

Firstly, we propose the abolition of the Immigration Skills Charge (ISC). The ISC is an additional charge on top of the need to get a Sponsor Licence and other requirements. It's a punitive deterrent measure introduced in 2017 before the Points-Based System was brought in. It is obsolete and its abolition would support businesses to fill their vacancies with no impact on salaries.

Government must also fast-track applications. Those who do pursue the PBS route are facing significant delays in the process and this can often lead to missed opportunities, with prospective employees finding employment elsewhere. This is often the case for those applying for a Sponsor Licence for the first time. A guaranteed time limit on elements of the process would provide certainty and reduce business delays.

We also support the urgent agreements of bilateral Youth Mobility Visas. The UK has several bilateral agreements for Youth Mobility Visas (YMV) and has the powers to extend these further in agreement with third countries. We urge the Government to work with industry to identify an initial five key nations to agree YMVs. This would ease the staff shortages issue the UK economy is facing, while also allowing young UK residents to explore opportunities overseas.

Reform of the apprenticeship levy system

Alongside the time-limited changes to the immigration system there must be reform of the apprenticeship levy system. There are two elements to this. Firstly, a proportion of funds should be eligible for use on non-apprenticeship training; and there should be additional flexibility in the application of apprenticeships to benefit both employers and learners (including currently deterred learners).

We propose that up to 25% of apprenticeship levy funds be available to fund non-apprenticeship training. If used for entry-level training, it could ensure that people can take their first step into on-the-job learning. Under our proposals this would be on a modular basis so that learners could build towards a full apprenticeship if they so wish.

There would need to be an equivalent funding mechanism for SMEs that do not pay the levy but that have an interest in investing in their teams.

This process would allow for a standardisation of entry-level qualifications that replicates the impact of the Kickstart scheme to ensure that team members have transferability of skills between businesses. Currently there are a range of courses, internal and external, which are not deemed acceptable to future employers. This results in team members moving between businesses and having to repeat core training modules. Removing this would benefit employers and the workforce, and boost productivity and retention.

The second element is about improving the operation of the apprenticeship system, for the benefit of business and employees. This involves introducing more flexibility around the use of funds.

Learners should be able to frontload their training so that they are fully capable of fulfilling their roles as early as possible in their employment. The system could also be used to support seasonal workers who are currently ineligible for apprenticeships due to the minimum learning period – this could be solved by multi-employer apprenticeships to ensure continuity of employment.

We believe the scheme could facilitate more pooling of levy funds, potentially through industry third parties, to allow greater access to apprenticeships for SMEs, broadening the number of learners able to take up apprenticeships.

A unified industry voice on workforce – delivering positive change

The Hospitality and Tourism Skills Board (HTSB) also sit under the Tourism Industry Council and members are drawn from senior operators and business leaders from across all the sub sectors of hospitality, members also include trade associations and other leading bodies all working together to deliver sector-wide activity required to transform productivity and deliver the skilled workforce required for sustainable growth in hospitality and tourism across the UK.

The actions from UKH Hospitality Workforce Strategy feeds into the HTSB objectives and this work includes wellbeing, universal entry standard, Hospitality Rising, vulnerable groups and apprenticeships:

Wellbeing: The Board has developed a Hospitality Wellbeing and Development Promise. The Checklist is freely available and will encourage every business in the sector to provide employees with support within and outside of their working lives, uplifting the overall standard of the sector for its workforce.

Universal Entry Standard (UES): To deliver upskilling within the sector, the Board is developing a UES with industry stakeholders to improve the baseline of qualified employees to increase productivity and retention and create transferable and portable skills.

Hospitality Rising: The Board has long supported this industry campaign to raise the sector profile. Led by Mark McCulloch, Hospitality Rising has united the sector under one movement, to deliver the largest recruitment advertising campaign for the hospitality sector.

Vulnerable Groups: The Board maintains various initiatives to support the vulnerable groups of society to obtain long term and stable employment in the hospitality sector. This includes working with the New Futures Network on their 'Unlocking Hospitality' campaign, focused on providing prison leavers with opportunities in the hospitality sector. Secondly, the Board continues to maintain a close relationship with organisations such as The Clink and Only A Pavement Away, additionally supporting veterans and homeless.

Mentoring: Recognising the need for greater development and mentoring schemes within the sector, HTSB has produced guidance to promote and expand awareness and increase uptake. Here's a snapshot of what the guidance includes and click here for the link https://cdn.ymaws.com/www.ukhospitality.org.uk/resource/resmgr/reports/htsb/hospitality_mentoring_progra.pdf

Apprenticeships: Led by the Apprenticeship Steering Group, HTSB has set ambitious targets for apprenticeship starts and aims to deliver an apprenticeship system that works to its full potential for the sector (see article on formal training).

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Rehabilitating prison leavers through hospitality

The 'Unlocking Hospitality' campaign is working with prisoners on hospitality and catering programmes and the HTSB has brought together the leading organisations within this space to deliver a coordinated process of engagement for businesses that are yet to tap into this slice of the workforce. The hospitality industry has already made great progress in providing pathways for prison leavers to enter the workforce upon their release. Businesses have recognised that ample prisoners learn the skills that the sector is currently facing a deficit of, enabling them to be job ready upon their release. It is therefore crucial that businesses are able to work closely with prisons across the country and provide immediate employment.

New Futures Network

Working immediately with the prisons is the New Futures Network (NFN); a specialist part of Her Majesty's Prison and Probation Service (HMPPS). They advertise jobs in the prison and give a national scope to the roles available; they can send relevant CVs to businesses; and invite organisations into prisons to show prisoners the potential to work in your business. NFN assess the individual's needs and where they are from an employability perspective. Springboard is then able to provide hospitality specific training.

Springboard currently provides this service in Scotland, providing the provision to put people in training. They can also refer leavers onto programmes, as well as match people straight up. In October 2022, NFN launched their 'Unlocking Hospitality Campaign' from the 14th to the 28th October, to give hospitality employers the chance to see the work that goes on in prisons to understand the training that prisoners receive and meet future employees.

Only A Pavement Away

Only A Pavement Away (OAPA) has a broad range of ongoing work within its custodial programme. They have established employer recruitment fairs in prisons and have set up a jobs board. They are also investigating a virtual reality offer for training prisoners and have set up the Sponsor a Kitchen programme with Gaucho and Greene King, with six more sites being assessed. OAPA's website includes a 'Get Involved' page where you access various ways to support their work, join projects, and many more.

The Clink

The Clink works in partnership with Her Majesty's Prison Service to run projects that train and give practical skills to prisoners to aid their rehabilitation. This includes the 25 Clink kitchens run within prisons, which government has planned to double the number of by the end of 2023. Upon release, The Clink Charity helps graduates find employment within the catering and hospitality industry. On their website, The Clink has guidance available for employers interested in taking on a Clink Graduate, as well as variety of other ways to get involved.

Apprenticeships and T-levels – the foundations of our future skilled workforce

Hospitality starts have recovered to pre-COVID 2019-20 levels, but remain **18%** below 2018-19 starts. Based on the current trend, Hospitality 2021-22 starts are forecast to be approximately **32%** higher than last year but **16%** less than 2018-19. There were **39%** more Non-Levy hospitality starts in Feb-Apr 2022 compared to the same period in 2019. This data is telling us more SMEs are engaging with apprenticeships which is excellent news for the sector and a tribute to the initiatives during the year to engage SMEs with apprenticeships.

Quarter 3 of 2021-22 has seen the same volume of starts in front of house hospitality apprenticeships as the whole of 2020-21, suggesting recovery is well underway. Quarter 3 of 2021-22 has seen a similar volume of starts in Production Chef apprenticeships as the whole of 2020-21 and Commis Chef apprenticeship starts exceeding the whole of last years starts.

There are some fantastic initiatives supporting Apprenticeships in Hospitality and Catering with the Institute for Apprenticeships and Technical Education (IfATE) hosting an Employer Symposium on the 22nd November which brought the industry together to discuss the current Apprenticeships and the revisions that need to happen to bring these standards in line with industry needs today and tomorrow. More than 50 industry experts took part in this session and committed to working closely with IfATE and us to drive this agenda forwards.

The new Career Starter Apprenticeships Department for Education (DfE) campaign for hospitality and catering has been approved and will go live in December 2023. This is a perfect platform to showcase our level 2 apprenticeships for Hospitality Team Members, Production Chefs and Commis Chefs and to show the progression onto our level 3 apprenticeships for Hospitality Supervisors, Senior Production Chefs and Chef de Partie.

The campaign is focussed on 18-19 year olds and demonstrates the exceptional opportunities to progress and earn more money and create careers in our industry. Supported by the ASK programme (Apprenticeship Skills and Knowledge) in schools and colleges and through the Careers and Enterprise Company and Careers Hubs, our outreach will be significant and focussed on filling vacancies in these entry level jobs.

We will also look to link our Industry Guide to Good Hygiene Practice as a resource for teachers and lecturers as we communicate best practise to these partners.

The workforce strategy extends focus to the whole of the education offer to ensure there are clear routes into the industry from school, college and university which match supply and demand and enable us to grow our own talent and thrive on development to stay innovative with relevant skills.

We have closely followed and contributed to the government consultations at level 3 and level 2 and below and are forensically motivated to ensure we have strong provision at level 1, level 2 and level 3 in further education which works to cater for a different student than the new T Level Catering student and those who choose apprenticeships at level 2 and 3.

There is strong agreement with government to simplify the 8000 qualifications post 16 which is clearly confusing and inefficient compared to such countries as Germany, Netherlands and Canada who have 100-200 highly relevant qualifications to transition students from education to employment with the skills industry value.

Championing the voice of our employers and industry to ensure we have fit for purpose routes through education into employment is critical for our talent pipeline and grow our own strategy. Today there are 60,000 students on GCSE Food Preparation and Nutrition and 30,000 students on level 1 and level 2 Hospitality and Catering qualifications, since the new A Level in Food and Nutrition was withdrawn it is important to give these students viable options into the breadth of our industry which reaches into food nutrition, sustainability and innovation through our supply chain for example.

The UKH Sustainability Committee, working with leading food waste experts will be critical to help guide content to meet the new sustainability skills needs in industry but also in curriculum. Skills was a major feature of the new UKH Sustainability Commitment with a commitment to embed sustainability skills in all relevant training courses.

The new T Level in Catering which will supply qualified chefs to the industry annually from July 2025 is a critical milestone for future chef development. Working with Highfield Awarding Organisation, employers and training providers has been such a significant step forward to creating the right content and framework for this brand new qualification which will be available from September 2023 with the first chefs enrolling.

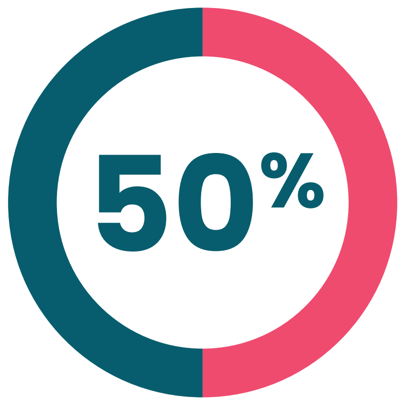
The job for the next year is to engage employer and colleges and match relationships and demand to ensure we build the number of chefs we need each year to meet industry demand. Not all students will be suited to this T Level which equals the A Level standard of level 3 study and competence, so the pathway to this T Level and the alternatives for less academic students is crucial to fill the skills gaps and build bridges and options to suit all learners.

Planning for the future

Looking further into the future keeps the focus on the key challenges to come with **50%** of employees needing to reskill by 2025 according to the World Economic Forum Future of Jobs 2020 report. The choices for organisations are clear: you'll need to either buy, borrow or build your skills for the future. Buying is expensive and doesn't address the skills gaps; borrowing through contractors or freelance workers is disruptive to company culture and doesn't address the skills gaps; so the best option is to build the skills you need for the future. Building skills requires internal investment and takes time but you'll be paid back with talent retention, boosts in morale and loyalty.

This has to involve the entire senior team and data insight from the HR Research Institute sponsored by Oracle describes the challenges behind using good data to support HR investment with only **29%** claiming they are good at making change decisions based on people analytics and with **35%** only having access to descriptive analytics which provide information on the past and just **15%** having access to predictive analytics which forecast future.

In a visionary scenario, spending now on skills would create the highest impact and return on investment ensuring high levels on engagement, effective strategic planning and solid measurement KPIs. These skills solutions need to be innovative, fast, adaptive and 'just in time', ideally with individual learning accounts, quality assurance and full inclusion across the workforce.



of employees **need to reskill by 2025** according to the World Economic Forum Future of Jobs 2020 report

According to PWC Future of Jobs 2025 report here are the top 10 ways to help future proof yourself and your business:

1. Innovation analytical thinking
2. Active learning and development strategies
3. Complex problem solving
4. Critical thinking
5. Creativity, originality and initiative
6. Authentic Leadership and social influence
7. Tech use and control
8. Tech design and programming
9. Resilience, stress tolerance and flexibility
10. Reasoning, problem solving and ideology

High emotional intelligence, genuinely considerate and fair and responsible in attitude and delivery. Being diverse and inclusive, preparing and equipping your workforce for challenge and change, empowering your people, valuing security and motivation and having vision have always been some of the powerful essential characteristics of successful people and teams, who shape the company culture.

Invest in future skills and strengthen your learning culture for sustainable business success built on a talent pipeline strategy that creates your most diverse and inclusive workforce yet.

Evolving the Hotelier’s Charter

The Hotelier’s Charter was unveiled in 2020 to raise the profile of jobs in the sector and persuading more people to choose hotels and hospitality as a career choice. The Charter was created from a passion for the sector, spearheaded by Sally Beck, General Manager of the Royal Lancaster. Sally has been ably supported by other dedicated industry leaders, such as Adrian Ellis, chair of the UKH Northern Committee. The next stage of the Charter’s evolution will see it run operated by UKH, building on its core principles and widening its remit.

The Charter already has 500 signatories and the ambition is to substantially expand that. Signatories commit to 10 measures to boost the profile of the sector. These range from team development to wellbeing, a commitment to sustainable practices and support for charities, and more.

The Charter has seen a number of excellent initiatives, not least the partnership between hotels and local schools that has been created in Manchester. This has brought together hospitality businesses, school children and their parents to understand what a career in hotels and hospitality is like, and just how rewarding it can be. With the backing of the founders, UKH intends to dramatically expand this scheme, creating a template for businesses across the country to use.

This is an exciting time for us at UKH as we look to expand the Charter to more businesses across the hospitality sector, integrating it with the range of other initiatives currently underway or in the pipeline.

The Welsh hospitality skills landscape

While recruitment remains a severe and immediate problem for many businesses, our ground-breaking, industry-led All-Wales Skills Partnership has settled into work and is seeking to transform the climate in the medium to longer term to make the industry more attractive to school leavers and returners. A welcome to UKHospitality’s skills specialist Sandra Kelly, who has been appointed Chair of the Wales Partnership.

Our careers promotional campaign, driven by our members and funded by Welsh Government, has helped to begin the long process of breaking down the misconceptions that exist about working in the industry. The campaign was launched last year and has been freshly resourced this autumn.

This year also saw a further £150,000 Welsh Government skills support package, unlocked by UKHospitality Cymru. It is anticipated that this will help fund a job fairs promotional blitz to project industry opportunities to potential candidates, a new hospitality touring bus that will call into scores of educational venues, school webinars and new ‘fact file’ packs for teachers from primary school age and up.

Dettol PRO SOLUTIONS
A hygiene standard businesses can trust

Ensuring your workforce knows the importance of maintaining hygiene protocols in large sporting events

By Dr Lisa Ackerley, Director of medical and scientific engagement, hygiene for Dettol Pro Solutions at Reckitt

Helping to prevent the spread of illness-causing viruses and bacteria at large-scale events will be central to reassuring both fans and staff - as well as continuing to increase their confidence outside of the home.

By using a risk-based approach to hygiene at sporting venues which takes into consideration how fans and staff interact with surfaces within a physical space, a more measured and focused level of intervention can be taken to improving hygiene at large events.

This approach has been implemented with Dettol Pro Solutions' partners such as Avis, British Airways and the Football Association, the Birmingham 2022 Commonwealth Games as well as at the UN Climate Change Conference, (COP26), which was one of the largest physical events to be held since the beginning of the pandemic.

The protocols put in place offer an example of an efficient and effective approach to hygiene intervention, known as Targeted Hygiene. Developed by Dettol Pro Solutions' team of virologists, microbiologists, public health and medical scientists, in collaboration with London School of Hygiene and Tropical Medicine (LSHTM), the protocols and hand hygiene interventions implemented at COP26 helped reduce the spread of illness-causing germs across 50,000 hotspots in a conference space larger than 30 football fields.

The procedure is fully replicable in the environment of large sports events and as such was implemented at the Birmingham 2022 Commonwealth Games where Reckitt was the hygiene Partner; learning from our experiences, venue operators seeking to set best practice in Targeted Hygiene should consider the following takeaways:

Take a targeted, risk-based approach

Rather than simply creating what can be seen as "hygiene theatre" by carrying out unnecessary – and sometimes ineffective – large-scale disinfection, venues should implement Targeted Hygiene protocols that are informed by science to help break the chain of infection.

Typically, after identifying frequently touched surfaces in different locations, an assessment about the frequency and timing of cleaning and disinfection can be made thus developing a tailored, risk-based approach which also encompasses the critical role that hand hygiene plays.

Identify hotspots

Typical hotspots would be frequently touched surfaces such as stair and balustrade railings, escalator rails, elevator buttons, door handles, front of house hospitality items such as tables, many of the surfaces in the bathrooms such as toilet flush handles, cubicle door handles, taps and any other high touch surfaces particular to a venue.

Consider timing and frequency

But it is not just about identifying hotspots. Once cleaning and disinfection protocols are established for commonly touched points in a venue, the critical element to reducing the potential for germ transmission is the timing and frequency of cleaning and disinfection.

So, for example, if concourse traffic within a venue is at its highest during half time, cleaning and disinfection of hotspots in this area should happen immediately afterwards. Elevator buttons may need more frequent attention from cleaning teams throughout the game day if they are in high use throughout the event. In hospitality areas, tables need clearing, cleaning, and disinfecting after each use.

Get personal - encourage healthy hygiene habits

Good hygiene is a result of a partnership between the venue and its occupants: it's important to empower and encourage good hygiene habits for spectators, athletes, volunteers and anyone involved.

Don't forget the importance of clean hands, and ensure that you work out where hands need to be washed or sanitised to break the chain of infection. This means ensuring that consideration is made of what would encourage hygienic behaviour – how can we get people to sanitise or wash their hands at key moments? This means thinking about the types of messages that would be most effective in addition to positioning sanitising stations where they are most likely to be used. Also, make sure that hand hygiene supplies are kept topped up – there is nothing more infuriating than touching a sanitiser pump and nothing coming out.

In addition, sports venues can empower their staff and fans and build confidence by supplying top-up disinfection products in high-traffic areas. For example, disinfection products such as wipes can be placed in convenient dispensers to provide extra confidence for fans in their seating areas, or for staff to wipe down frequently touched surfaces like elevator buttons, or handrails.

Engaging, eye catching innovative approaches can help drive better hygiene habits at large-scale sporting events. For example, Dettol Pro Solutions' dispensers feature voice activation that delivers 'thank you' messages to people as they sanitise their hands, plus a counter to show how many times the unit has been used.

A healthy future for the global sports industry

Once a Targeted Hygiene program has been developed, staff need to be trained on implementation, and then managers need to make sure they check suitability during the event, refining measures as necessary. – for example, you may want to move sanitising stations to reflect any change in flow of fans through the venue.

At a time of heightened hygiene concern, a key to success at major sporting events is for fans and staff to feel reassured and comfortable while enjoying the games they love. People are excited to get back to watching world-class sport and Targeted Hygiene protocols can be used to inspire hygiene behaviour change amongst spectators, helping to build confidence not just in large-scale events like these but also in daily life.

ABOUT Dettol® PRO SOLUTIONS

Reckitt's Dettol® Pro Solutions harnesses the power of Dettol® to provide hygienic environments in businesses and public spaces. In today's world, consumers have increased hygiene expectations which makes hygiene habits more critical than ever. The comprehensive approach from Dettol® Pro Solutions incorporates science-backed protocols and training, Dettol® products and Dettol® branded marketing materials and signage. Dettol® Pro Solutions empowers businesses to demonstrate to their staff and customers a commitment to providing a high standard of hygiene.

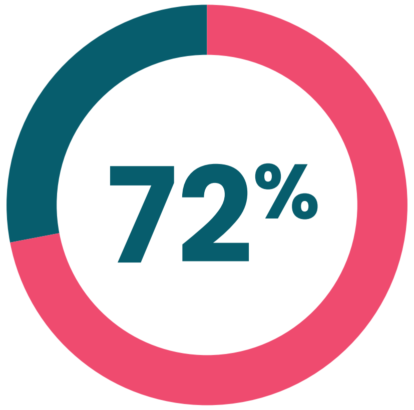
Tapping into opportunity in the face of rising costs

As we head towards a new year fraught with nationwide challenges such as rising costs and record levels of inflation, it is vital to hone in on opportunities. Britvic's Director of Foodservice & Licensed, Adam Russell, looks at how the consumer trend for more sustainable options continues to maintain its relevance amid a cost-of-living crisis, and how operators can benefit.

"We've known for a long time that a growing number of consumers are interested in how they can live more sustainably. This can be through the food they eat, the products and services they buy into or the venues they choose to go to. During the pandemic, these sustainable practices may have taken a back seat for some, but it's a topic that is back on the menu and consumer expectations are higher than ever. While people want to know that the brands and services they use are sustainable, in the context of a cost-of-living crisis, they're not always willing to pay more for the privilege. Operators who can showcase their commitments to combatting waste for example, or eliminating unnecessary packaging, will be looked upon favourably by consumers.

"At a time when consumer spending is expected to decrease as they worry about rising costs, foodservice and licensed outlets must up their game to tempt people from their homes. Sustainability is a good place to start, and thinking ahead to the Deposit Return Scheme expected to come into effect in Scotland next year – and then set to roll out further – there is motivation for us as an industry to focus on minimising packaging.

"Let's examine water – an often overlooked soft drink option within the channel, that is a valuable revenue stream currently worth £451m[1]. Sales of water, however, are threatened as consumers look to make more sustainable choices or cut costs by swapping packaged options for tap water. However, water revenues can continue to flow if operators tap into both planet- and business-friendly options. Offering dispense solutions can of course help reduce road miles and single-use packaging, minimising your carbon footprint. But for hospitality, the sector can earn millions every year by offering guests a choice of still or sparkling packaged water.



"Consumers often make the shift from packaged to tap for environmental reasons, with **72%** of them looking to lead a more sustainable lifestyle"

"While consumers often make the shift from packaged to tap for environmental reasons, with **72%** of them looking to lead a more sustainable lifestyle[2], water from the tap doesn't necessarily hit the taste mark and satisfy consumers who want to enjoy flavoured drinks. As a leading supplier of soft drinks brands, which includes both packaged and dispense solutions, we're committed to innovation at Britvic and provide operators with more sustainable, revenue-driving solutions. Now isn't the time for outlets to lose customers or profits over a trend like sustainability or cost controlling, which we believe will only continue to grow. The time to take stock and modernise is now.

"Solutions to help drive water revenue and profits, while still being cost-effective for the operator and affordable for the consumer are already on the market. Aqua Libra Co, for example, not only provides pure tasting filtered still and sparkling water with a **100%** reduction in packaging use, along with the associated reductions in road miles that come with this, but it can also be utilised as an affordable, high-quality upsell to consumers looking to manage their budgets without impacting taste and experience.

"Investments in technology by operators over the coming months, in a tough economic climate, should always help to drive the bottom line. Aqua Libra Co's tap, as an example, offers smart functionality while also being durable and offering a premium aesthetic, hitting both sustainability and cost metrics – both likely to be top of mind for consumers as we head into the new year."

[1] CGA Foodservice & Licensed Data 30.06.2022 MAT

[2] CGA Mixed Drinks Q3 2022

Driving footfall in the face of economic challenges

Stephen Groucott, On-Trade Category Controller at Molson Coors Beverage Company, offers advice on how venues can make the most of every opportunity that comes their way as they navigate a turbulent economic landscape.

There is no denying that the landscape is looking challenging for the hospitality sector, with inflationary pressures resulting in rising input costs and squeezes on consumer spending.

However, recent CGA data shows that when reducing their spending, consumers will prioritise visits to hospitality venues over things like holidays and new clothes[1]. During previous times of economic uncertainty, many people saved money by cutting out bigger expenditures but held on to smaller indulgences, and drinks and meals out fall into this category.

Navigating the ongoing cost challenges will be the priority for our customers, but making the most of opportunities and giving consumers as many reasons as possible to visit will be essential too. While there will be less scope for extravagant events, there are simple steps that can help drive footfall into venues and deliver what their customers are looking for.

Creating a point of difference

To keep attracting consumers, venues should focus on what hospitality does best – creating a unique experience that consumers can't get anywhere else.

One of the reasons people remain keen to go out for food and drinks is the social element which many missed so much during Covid. That's why social activities are proving popular – a YouGov survey found that two-thirds **(64%)** of people enjoy doing pub quizzes[2]; and we're seeing venues that offer activities like darts, mini golf and table tennis grow in popularity. Whether it's games nights, bingo, or a quiz, running these events regularly can ensure consistent footfall throughout the week.

The sporting calendar also offers a ready-made drumbeat of opportunities, with the Six Nations and an incredibly busy football schedule following the World Cup break. We're seeing more bars make the most of opportunities beyond the more traditional pubs favourites too, like the Super Bowl and big boxing bouts. Creating a buzz around big fixtures and events with special displays and offers is a great way to encourage further visits.

In food-led venues, using themed meal nights with interesting food and drink pairings can create excitement. Earlier this year Cobra Beer partnered with Punch Pubs & Co. to launch the Mighty Kari Night, working together on an elevated menu with dishes that go beyond the standard pub curry and rice, and also pair perfectly with Cobra. This tie-in enabled Punch Pubs & Co. to really tap into Cobra's brand power as a way of driving footfall to their venues.

Offering value for money

Cost pressures will have a significant impact on buying habits, but consumers aren't necessarily looking for 'cheaper' brands; they are looking for brands that deliver guaranteed value for money. People expect quality, whether that is from a mainstream choice or something more premium. That's why popular brands that are performing well will be more important than ever.

Core lagers, which account for more than **36%** of lager volume sales in the on-trade[3], remain key. Options like Carling, the number one lager in Great Britain[4], can be trusted by consumers to deliver every time.

But people may be more inclined to treat themselves to small indulgences when they do go out, so premium options will still be important too. For some that may mean trading up from a core lager to a beer that falls into the Premium 4% Lager category, like Coors, that consumers are willing to pay a little bit more for. Sales of Premium 4% Lagers are up **3.5%** versus pre-pandemic levels and account for nearly **15%** of total lager sales value[5].

64%

Social activities are proving popular – a YouGov survey found that two-thirds of people enjoy doing pub quizzes

For those looking for something a little bit different, world beers are a popular choice. The category has increased in value **43.3%** over the past twelve months[6] and continues to grow with new options to excite consumers, such as Madrí Excepcional. After launching in October 2020, it quickly became the most successful launch in hospitality, delivering the highest value sales of any alcohol brand in its first year since launch[7].

We don't expect to see a shift towards trading up or trading down across the board – consumer habits will vary. That's why a balanced range that offers all of these choices is more important than ever.

Given the events of the past few years we can't say for certain what 2023 will look like. But we're confident that if venues can get these fundamentals right, they will be in the strongest possible position to tap into any opportunities that come their way.

36%

Core lagers, which account for more than **36%** of lager volume sales in the on-trade[3], remain key

[1] CGA OPUS June 2022
[2] YouGov, Q3 2022. Base: 1,130 GB consumers
[3] CGA, volume sales, 52 weeks to 10.09.22
[4] IRI and CGA, value sales, 52 weeks to 13.08.22
[5] CGA data for Total GB On Trade, Total Lager 52 weeks ending 16/07/22
[6] CGA data to 10/09/2022
[7] CGA OPMS 2006-2022

Prior to COVID-19 the hospitality sector employed 3.2 million people, representing 10% of all employment, 6 per cent of businesses and 5 per cent of GDP. UKHospitality is the unified voice for the sector, and seeks to unlock the industry's full potential as one of the biggest engines for growth in the economy, and to ensure that the industry's needs are effectively represented by engaging with governments, the media, employees and customers.

Our key priorities are the revival of a sector hardest hit by COVID-19, safeguarding the future workforce of the sector, tackling the excessive tax burden the sector faces and ensuring that regulation on business is proportionate.

UKHospitality provides a unified voice for hospitality: brewers, coffee shops, contract caterers, hotels and other accommodation providers, indoor attractions and leisure (including ten-pin bowling and escape rooms), late-night, members clubs, pubs, QSR, restaurants, visitor attractions, wedding venues, those that supply the industry and much more.

To contribute to future Future Shock reports or for membership enquiries, please contact UKHospitality:

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CGA by NielsenIQ is the definitive On Premise measurement, insight and research consultancy that empowers the world's most successful food and drink brands. With more than 30 years' experience and best-in-class research, data and analytics, CGA is uniquely positioned to help On Premise businesses develop winning strategies for growth.

CGA works with food and beverage suppliers, consumer brand owners, wholesalers, government entities and pub, bar and restaurant retailers to protect and shape the future of the On Premise experience. Its mission is to use phenomenal data and expert insights to give brands a competitive edge and ensure the market we love is the most vibrant possible.

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