



SURVIVAL OF THE STAFFED

A practical guide to attracting
and retaining skilled workers
at all levels in an inflationary,
post-pandemic world.

HOSPITALITY AND LEISURE

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INTRODUCTION

One of the biggest challenges facing hospitality and leisure sector operators in the current climate is recruiting and retaining workers at all levels - from baristas and waiting staff, through to chefs and front-of-house managers.

There are well-documented reasons why employers are finding that skilled staff are in short supply. First, there was Brexit, which caused some workers to return to their homes in the EU. Then, the restrictions imposed on employers during the COVID-19 pandemic persuaded some workers to switch careers in search of greater job security. Now, rising inflation and a cost-of-living crisis are putting further pressure on operators and their employees. Some workers who might have traditionally considered a career in hospitality and leisure are pursuing jobs in other sectors that are perceived as more reliable and offer a better rate of pay.

Many employers in the sector are finding the current trading conditions challenging, particularly when it comes to filling vacancies and the battle for talent. This report offers practical guidance about how to build a winning employer brand, which is attractive to skilled workers and new entrants looking for a rewarding career path.



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New figures from the Office for National Statistics show that there were 112,000 vacancies in hospitality at the end of 2023, down from 147,000 at the same time in 2022. Current vacancies remain far higher than pre-pandemic levels, when there were 89,000.

(ONS data) UKHospitality
January 2024

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THE STAFFING CHALLENGE



A hospitality and leisure thinktank, led by Menzies LLP, has provided an insight into the concerns of employers in the sector. Most of the employers who took part identified staffing as their top challenge and some felt that wage inflation was a particular issue. One employer commented that 'wage costs are rising faster than margins'.

The number of unfilled hospitality roles has remained steadily above 100,000 since the start of the pandemic in 2020, and many staff members also returned overseas after Brexit.

The Caterer 2024

Recruiting staff is a particular challenge at the moment and the employers who participated in the thinktank shared their experiences. Several employers had been successful in attracting candidates by promoting vacancies across e-newsletters and social channels, such as Facebook. Others felt they had little choice but to rely on recruitment agencies to fill vacancies that were vital to the running of the business.

To encourage staff loyalty and retain skilled people, the employers felt it was important to be imaginative and try something new. One employer noted that wellbeing is as important as pay to some employees and this should be given more consideration. Several employers shared their initiatives for improving staff retention, such as travel support, meals on duty, benefits in the form of retail / leisure discounts and offering more annual leave. One employer found that introducing a job share programme had helped to retain staff by offering an option to work on a part-time basis. Another had set a limit on the number of hours that could be worked each week as part of a work-life balance initiative.

THE COST CHALLENGE



Despite inflation and interest rates settling slightly, the burden of high costs including energy and fuel costs continues. The extension of business rates relief was a welcome announcement in the Autumn statement but, coupled with the increase to the national living wage, the impact of this was largely offset.

Christie & Co's Annual Business Outlook Report 2024 highlights some positives for the sector, including the fact that food inflation fell towards the end of 2023 and that staffing is now causing slightly less concern. The report states that some of this is down to an increased reliance on technology to reduce costs, from ordering platforms to food production, as well as reduced opening hours and simplified menus. However, driving increased turnover will remain a challenge, as pressure on disposable income is set to continue in 2024 and consumers will no doubt remain cautious with their discretionary spend. Ongoing 'working from home' has changed many leisure and dining habits and the same report found that less than 10% of consumers chose to dine out weekly in 2023. In a somewhat polarised market, where consumers are either seeking low-cost options or are willing to pay a premium for experience led interactions, many middle market players are being squeezed out. Differentiation within a competitive market is crucial, as well as close monitoring of finances, including sales, profit margins and cash flow, to allow businesses to remain agile.

Challenging trading conditions in recent years have caused many H&L businesses to delay sustainability projects however ESG credentials are becoming increasingly important to end customers, as well as within supply chains and within corporate travel market. Christie & Co highlight that there is a tangible risk now for hotels to experience value erosion if sufficient investment is not made to address sustainability.

ATTRACTING & RETAINING SKILLED WORKERS

To attract and retain skilled workers at all levels, hospitality and leisure sector employers must look for ways to strengthen their employer brand. Offering the right pay will make a difference of course, but there's much more they can do besides to ensure they stand out from the crowd.

1 It's more than just a job

It has never been more important for employers in the sector to offer workers at all levels a rewarding, long-term career path and flexible working options that promote a healthy work-life balance. Employers need to understand what employees want and build loyalty by giving them a role in shaping the business.

2 Employee experience

Do you really know what your employees think about their job? Regular surveys and exit interviews can help to improve understanding of employee experience and track changes over time.

3 Explore new employment pools

Employers should avoid simply recruiting workers in the same places and in the same way. Social mobility and diversity and inclusion policies can make a difference here, but actions speak louder than words, so employers should proactively reach out to alternative employment pools, for example community groups, senior groups for older workers, returning mums and

jobs fairs at local schools and colleges.

4 Going global in the search for talent

There's a world of talent out there and employers should consider recruiting skilled workers from overseas.



Changes to immigration policy have opened up a number of options. The graduate

immigration route allows those who have studied at UK universities to remain in the country to look for work, or to do work experience for up to two years after completing their studies, or three years if they have completed a doctorate. This is an 'unsponsored' route, which means applicants do not require an initial job offer to qualify and there is no minimum salary requirement. There is also a Youth Mobility Scheme visa, which is better suited to entry-level positions. This visa is available to 18 to 30 year olds from certain countries, giving them permission to live and work in the UK for up to 24 months. There is also an expanded pathway for workers from Australia, which is part of the Australia-United Kingdom Free Trade Agreement.

5 Developing your own talent

What does your training and development programme say about you? Does it give candidates and existing employees what they want? Businesses may be able to create relationships with local schools, colleges and universities and potentially link to any hospitality courses. Apprenticeships can also help employers to create their own talent pipeline and Government funding can be accessed via the Apprenticeship Levy. A well-structured training and development programme could help to attract employees who are keen to develop their skills.

6 Striking the right balance with pay and rewards

Employers should aim to put in place a carefully considered remuneration package that rewards employees without compromising the viability of the business. It's important to strike the right balance when it comes to deciding on rates of pay – with wage bills across the sector rising, driven by the increases due to National Minimum Wage rates, employers need to stay competitive, but not at any cost. A benefits package that offers employees additional support such as help with travel costs, meals on duty and flexible

working options can help to strengthen staff loyalty.

7 Turn tips to your advantage

Tips are often viewed as an important part of an employee's remuneration, but they can also be a source of contention. Some employers choose to outsource their tips system, which is less onerous and less likely to lead to disputes. Legislative change is imminent in the form of the Employment (Allocation of Tips) Bill and employers should keep their tips system under review.

8 Building a strong employer brand

Recruiting staff in a climate of low unemployment is always going to be a challenge. Businesses should aim to

ensure that their brand is attractive and stands out from the crowd. For example, ESG policies can make a big difference for workers with an environmental and social conscience. A commitment to reduce waste and carbon emissions, as well delivering social value by supporting charitable or community initiatives, can help businesses to attract candidates and strengthen staff loyalty.

9 Use staff-friendly technology



Making use of workforce management apps can help to keep businesses open by filling gaps in the roster more quickly. They are also popular with employees; giving them more control over when and

how much they work. For example, some employees may prefer to do more shifts at the weekend when they are likely to earn more tips, whereas others may prefer to enjoy more downtime or take more holiday.

10 Strengthen staff loyalty

There are many ways to strengthen staff loyalty – good management, technology, flexible working, long-term career paths, a commitment to ESG and skills development opportunities can all play a role. Creating a workplace that is perceived as a great place to work, and a brand that employees can take pride in, will help to keep people in the business for longer.

A HOTELIER'S VIEWPOINT



John Williams MBE
Executive Chef
The Ritz

Much like many sectors currently, Hospitality is having a very difficult time recruiting people. We have to look both short and long term, we have lost a lot of good people for various reasons and now need to fill the gaps to ensure businesses survive long enough to flourish again.

Many different tactics should be employed, be it training different people to do new jobs, assisting employees to learn new skills or building the very best working environments so teams are able to thrive. We need to remember the importance of workplace-based learning and build more and more apprenticeships into business. Apprenticeships allow us to shape our young people to be the leaders of the future through training and development. My senior staff have all been apprentices with me and innately understand the kitchen and the business because they have grown up within it.

Equally I feel we need to engage more with schools and colleges - we should push for more management trainee options, allowing these students to work their way around a hotel and really find their niche. It is more important than ever that we make ourselves an attractive industry, that people trust that they will have a variety of options and that they'll be nurtured and developed along the way.

Meeting the staffing challenge has become a matter of survival for many hospitality and leisure industry operators.

NEXT STEPS

In an inflationary climate, paying higher wages may not be an option, so businesses must stay open minded about what they can achieve in other ways. Understanding what workers want and giving them more say over their working arrangements, while offering them a rewarding, long-term career path, can help businesses to recruit and retain skilled workers.

There may be a staffing crisis, but employers can take action to improve outcomes by:



Keeping reward and remuneration packages under review



Benchmarking packages against those offered by competitors



Offering a rewarding, long-term career path, with plenty of training and development opportunities



Being imaginative about employee benefits



Keeping an eye on legislative changes affecting tips systems



Exploring non-traditional employment pools or looking overseas



Using staff management apps to empower workers



Encouraging two-way communication

HOSPITALITY AND LEISURE



MEET THE EXPERTS

HOW CAN MENZIES HELP?

Menzies LLP is a leading firm of accountants, finance and business advisors. At Menzies we have a Hospitality and Leisure sector team, advising businesses including hotels, pubs, clubs and leisure operators, as well as a number of sector-dependent clients. We work closely to find solutions to industry issues, utilising our expertise in everything from business strategy and corporate finance, to audit and tax advice.

If you would like to discuss any of the topics raised in this report, or other areas of advice you may wish to explore, please contact one of the team below, or at advice@menzies.co.uk.



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