



Future Shock

Issue 13 - Embracing equity, diversity and inclusion

Partners:



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Foreword

Hospitality has always been a people-first business. Whether that's the staff that are so important to our businesses, or the customers who come back time and time again with their loyal custom.

It's that ethos of putting people first that has meant hospitality has always been one of the most inclusive sectors in the world. Over decades, our pubs, bar, restaurants and hotels, to name a few, have been safe spaces for those who felt they had nowhere else to go.

It will have escaped no-one's attention that equity, diversity and inclusion (EDI) is, rightly, a huge priority for the sector, which is why we wanted to dedicate this edition of Future Shock to it.

Hospitality has a fantastic story to tell and this edition is packed to the rafters with what the sector is doing to bolster its already strong credentials in this area.

Whether that's implementing ever higher standards through the Hospitality Wellbeing and Development Promise, an insight into the work of our EDI committee or how we're helping businesses recruit over 50s, we've got you covered. Personally, I'm really proud and privileged to be able to share a little more about my role working with the Cabinet Office as its Disability and Access Ambassador, representing hospitality.

As always, we're extremely grateful to the sponsors and partners who make Future Shock possible and to all those who have taken the time to generously contribute to this edition. I hope you enjoy reading it.

Kate Nicholls OBE, Chief Executive, UKHospitality

Welcome to the 13th edition of the Future Shock report from CGA by NIQ and UKHospitality.

As we head towards the crucial summer months, our report sets out the state of play in Britain's hospitality sector and takes a deep dive into the hot topic of ethics in our industry.

By any measure, the first quarter of 2023 has been challenging. As we see here, sales growth has lagged behind inflation, contributing to the closure of hundreds more licensed premises—especially independently-run ones. Business operating costs have been heavily impacted by double-digit inflation. There is little respite in sight on price rises across energy, food, drink, labour and other key inputs, and few signs of relief from the government after the cut in energy support.

Nevertheless, there are some encouraging signs as we look ahead to the rest of 2023. Closures have slowed, the London market has bounced back after several years of COVID-related problems, and the confidence of business leaders and investors remains solid. Most importantly of all, CGA's research consistently proves the public's appetite for the special experiences that only hospitality can provide.

While some consumers are being forced to tighten their purse strings at the moment, visitation levels have not yet been significantly affected—and we can be confident they will rise again when people feel more cash in their pockets. Hospitality is a resourceful and resilient industry with a bright long-term future despite the current challenges. As this report makes clear, it is also a very responsible sector, and committed to improvements on big ethical issues like sustainability and diversity.

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

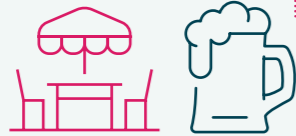
Karl Chessell, Director – Hospitality Operators and Food, EMEA at CGA by NIQ



Hospitality in 2023: 10 key numbers

101,315

Total licensed premises in Britain at March 2023



1.4%

Like-for-like sales growth for managed restaurant, pub and bar groups, March 2023 v March 2022



756

Net decrease in licensed premises March 2023 v December 2022



13,793

Net decrease in licensed premises, March 2023 v March 2020



16

Consecutive months of negative year-on-year delivery and takeaway sales growth for managed restaurant groups



20.6%

Year-on-year inflation in the foodservice sector, February 2023 v February 2022

47%

Of business leaders feel confident about prospects for their business in the next 12 months



41%

Of On Premise consumers visited the On-Premise at least weekly between December 2022 and March 2023—only two percentage points behind the previous four-month period



14%

Of business leaders say their business is at risk of failure in 2023



9%

Of roles in hospitality are currently vacant and open for applications



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



CGA by NIQ's overview of hospitality draws on exclusive research to reveal trends and developments in four key areas—the size of the market, sales, business confidence and consumers' perspectives. It also explores the importance of diversity, equity and inclusion in the sector.

The size of the hospitality market

The first quarter of 2023 brought more venue closures across Britain's hospitality sector—albeit at a slower rate than in 2022.

The Hospitality Market Monitor from CGA and AlixPartners, which tracks openings and closures on a quarterly basis, indicates a net decline of 756 licensed premises in the first three months of 2023—a quarter-on-quarter drop of **0.7%** and equivalent to more than eight closures every day. This brings net losses to 13,793 venues in the three years since March 2020—a **12.0%** contraction. In other words, Britain has lost nearly an eighth of its licensed premises since the start of the COVID pandemic.

These closures represent a devastating loss of businesses and jobs across the country. More encouragingly, the rate of closures in the first three months of 2023 was less than half that during the second half of 2022. This partly reflects the relief on energy bills provided by the government in late 2022, which helped to protect many businesses—but the cut in this support from April, coinciding with rises in wage rates, puts fragile operators at renewed risk of closure.

Some segments of hospitality have found trading more difficult than others. COVID and the cost of living crisis have taken a particularly heavy toll on smaller businesses, and there was a **0.9%** net drop in the number of independently-run venues in the first quarter of 2023. By contrast, the managed sector achieved marginal site growth of **0.3%**. This continues a trend that has been in play ever since the start of the pandemic, with the free segment recording a **14.1%** drop in sites since March 2020—more than four times the rate of **3.3%** on the managed side. This illustrates the vulnerability of small, family-run businesses that can't draw on the reserves of larger, multi-site operators.

756



Net drop in Britain's licensed premises, March 2023 v December 2022

As our table here shows, 2023 has been slightly better for pubs and bars than for the restaurant sector. Nightclubs have suffered worst of all, and more closures in the first quarter mean there are now **30.6%** fewer clubs than just three years ago. On the positive side, heavy losses in the sports and social club segment since the start of COVID appear to have slowed, and numbers fell by only **0.3%** in the first quarter.

0.9% 

Net decrease in independent premises, March 2023 v December 2022

Further encouraging trends can be seen in major city centres—especially London, where hospitality is most heavily concentrated. The capital was hit particularly hard by COVID measures, which prompted commuters to work from home and kept tourists away. It led to a net decline of **15.6%** in London’s licensed premises in the three years to March 2023—equivalent to one closure every two days. But

the rate of closure has slowed, to **0.2%** in the fourth quarter of 2022 and **1.0%** in the first quarter of 2023. While trading conditions remain challenging, there are some positive signs in sales terms too (see below).

Predicting hospitality’s openings and closures over the rest of 2023 is difficult. On the one hand, thousands of hospitality businesses have been left fragile by the triple whammy of COVID restrictions, high inflation and squeezed spending. On the other, demand for pubs, bars, restaurants, hotels and other licensed premises remains strong, and dynamic new hospitality operators continue to emerge by the day. Many more closures are inevitable, but for well-run, distinctive and good value venues the longer term outlook remains bright.

0.9% 

Net increase in managed premises, March 2023 v December 2022

Britain’s licensed premises, March 2023 v December 2022: Selected segments

	Sites at December 2022	Sites at March 2023	% change in sites, March 2023 v December 2022
Bar	4,455	4,457	0.0%
Bar restaurant	3,283	3,242	-1.2%
Casual dining restaurant	5,185	5,160	-0.5%
Community pub	18,382	18,254	-0.7%
Food pub	11,813	11,754	-0.5%
High street pub	6,072	6,040	-0.5%
Hotel	7,328	7,264	-0.9%
Large venue	4,525	4,519	-0.1%
Nightclub	882	865	-1.9%
Restaurant	15,630	15,350	-1.8%
Sports / social club	20,377	20,317	-0.3%
Total	102,071	101,315	-0.7%

Source: CGA and Alix Partners’ Hospitality Market Monitor

Sales trends

Britain’s pubs, bars and restaurants have achieved modest year-on-year sales growth in the first quarter of 2023—but with inflation still so high, trading is well down in real terms.

The Coffey CGA Business Tracker, a monthly monitor of sales at leading managed groups, showed a strong start to the year, with sales up **10.9%** in January. However, comparisons benefited from a weak January 2022, when concerns about the Omicron variant of COVID were keeping some consumers at home. Growth in the Tracker has slowed since then, to **3.9%** in February and **1.4%** in March—the lowest point in the last eight months (see box). Inflation, as measured by the Consumer Prices Index, has been in double digits throughout 2023, which means the value of sales was substantially behind 2022 in both these months.


Breakdowns of the Tracker’s segments indicate that pubs have achieved slightly better growth than restaurants for most of 2023, while the bar channel has seen three consecutive months of negative figures. There has also been a notable revival in London, with like-for-like first-quarter growth more than twice as high within the M25 than outside it.

On the delivery and takeaway side, we have seen a steady decline in sales through 2022 and early 2023. CGA’s Hospitality at Home Tracker—which has a different cohort to the Coffey CGA Business Tracker—has reported 16 consecutive months of negative year-on-year sales, and trading has been down by between **2%** and **6%** in the first three months of this year (see box). This indicates that some consumers have switched their habits from ordering in to eating out as COVID concerns ease, but it also suggests that spending on treats like deliveries has been pinched by rising household bills. The volume of orders has fallen much further than the value—which indicates that people are buying fewer deliveries, but spending more when they do.

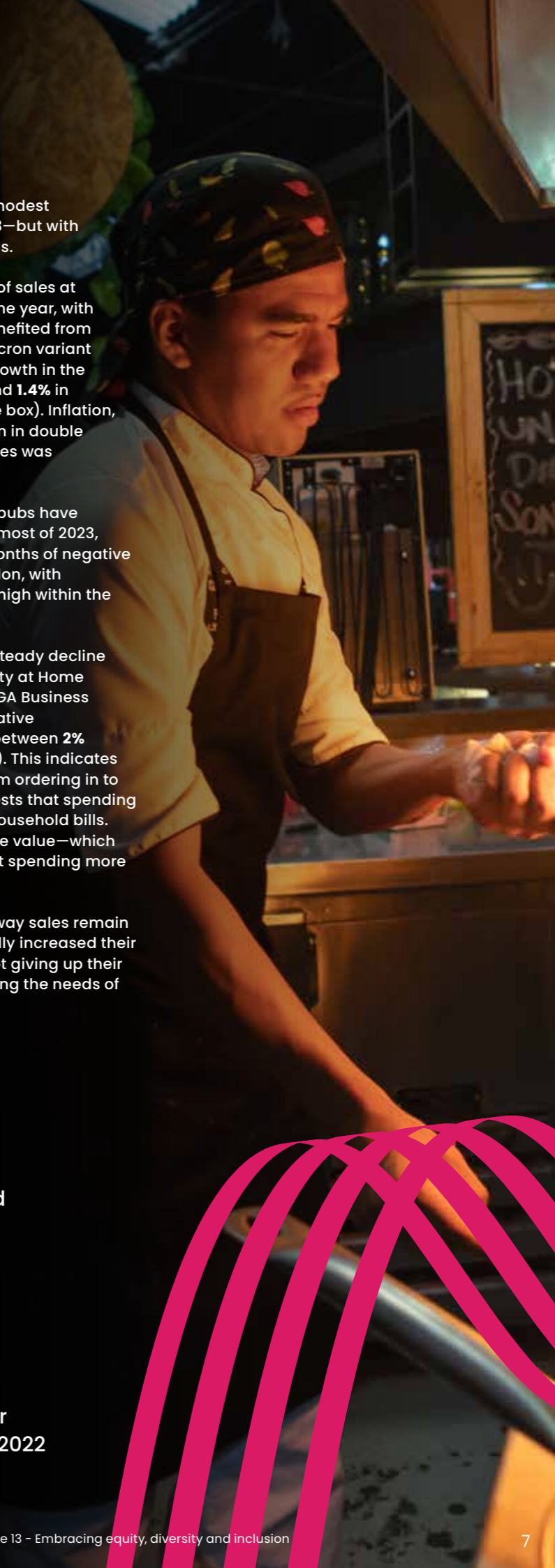
Nevertheless, restaurant groups’ delivery and takeaway sales remain double those of pre-COVID levels. Having substantially increased their spending during lockdowns, some consumers are not giving up their habits, and restaurants will have to continue balancing the needs of eat-in and take-out consumers.

1.4% 

Like-for-like sales growth for managed groups, March 2023 v March 2022

-3% 

Delivery and takeaway sales growth for managed groups, March 2023 v March 2022



Food price inflation

The pressure on consumers' spending and operators' margins has been intensified by very high levels of inflation in key food and drink items.

The CGA Prestige Foodservice Price Index reported year-on-year inflation of nearly **21%** in February—down slightly from the record high of **23%** in December 2022, but nevertheless way above the levels seen before COVID.

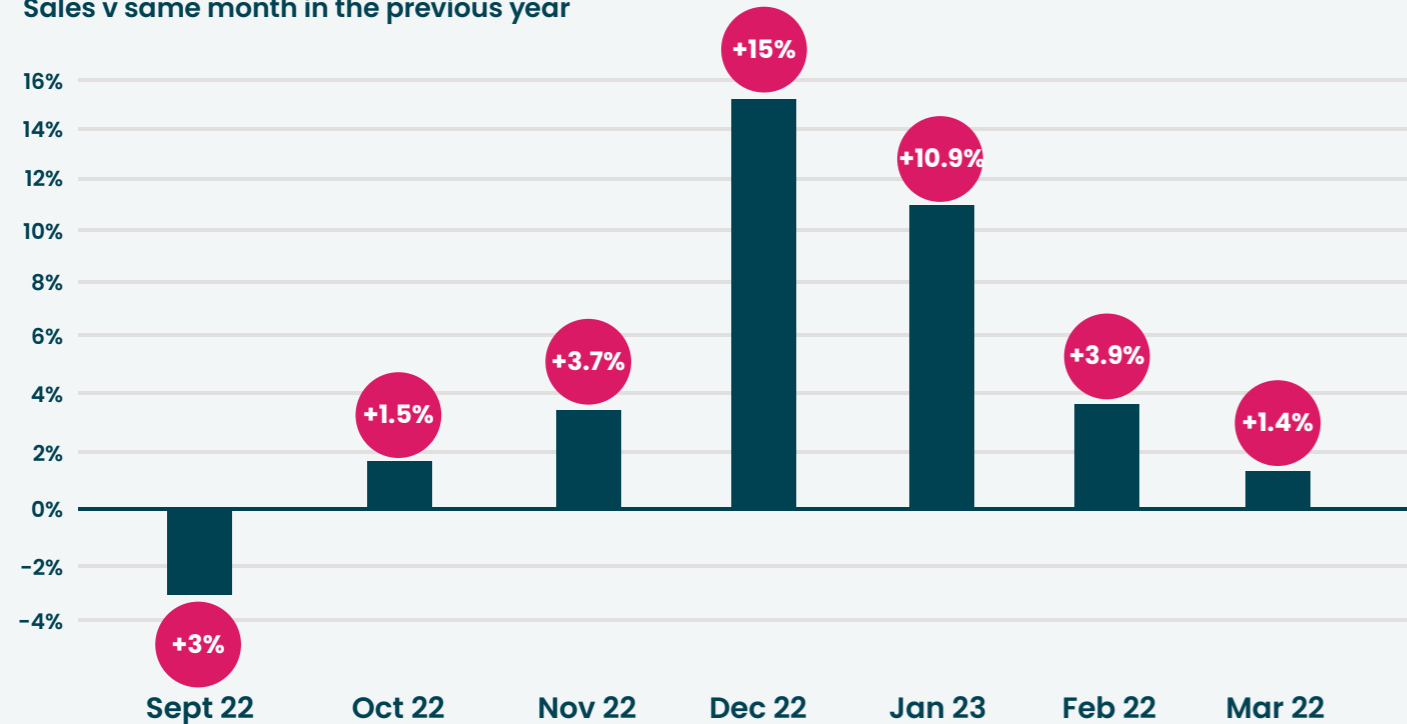
High energy, oil and labour prices, the war in Ukraine and

various weather and supply problems have all driven prices relentlessly up.

This has inevitably forced operators to raise their prices. The Business Leaders' Survey from CGA and Fourth indicates average increases of **12%** and **10%** in food and drink menu prices respectively in the last 12 months. While lower consumer demand across the foodservice sector is starting to bring down prices in some areas, the rate of inflation is likely to remain high for the rest of 2023.

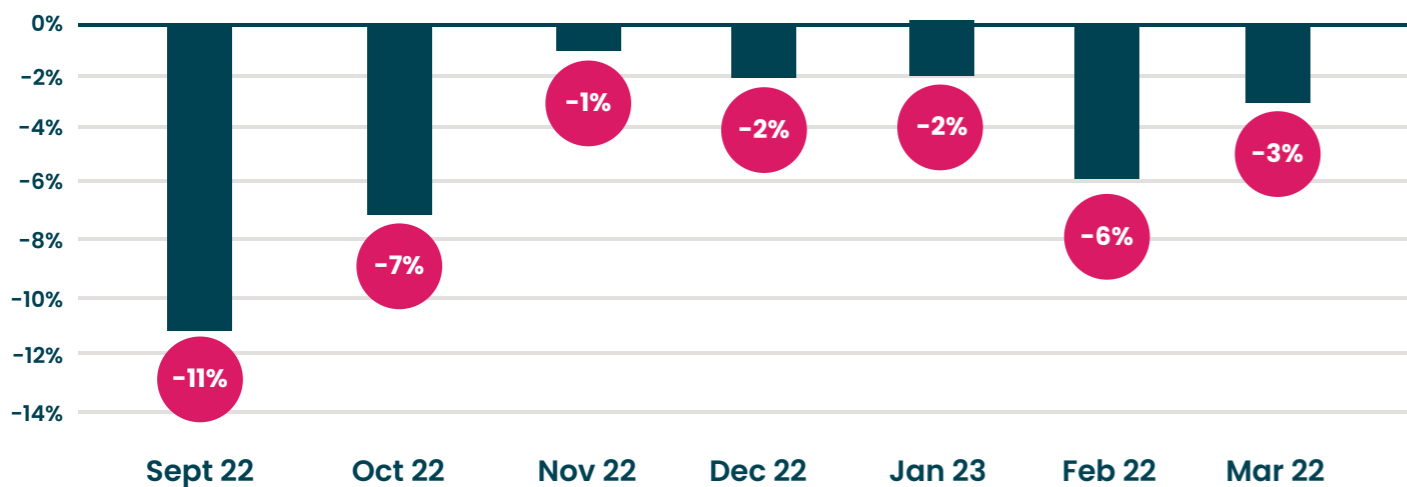
Managed groups' (like-for-like) year-on-year sales

Sales v same month in the previous year



Source: Coffer CGA Business Tracker

Managed groups' year-on-year delivery and takeaway sales



Source: CGA Hospitality at Home Tracker

Business confidence

Given all the challenges facing hospitality leaders in 2023, business confidence is encouragingly high.

The Business Leaders' Survey from CGA and Fourth shows **47%** of leaders in the managed pub, bar and restaurant world feel confident about prospects for their business this year—an upswing from **29%** in the last survey three months ago. It is also more than twice the **20%** of leaders who feel pessimistic about the next 12 months. Confidence about the wider eating and drinking out market is lower at **31%**—though this is also a substantial rise on the previous survey.

The survey indicates that many hospitality businesses remain profitable. More than four in five (**84%**) leaders say their business operated at a profit in 2022, and half (**51%**) were more profitable than in 2021. Leaders of multi-site businesses are notably more optimistic than those of smaller ones—a reflection of the fragility of independently run venues at the moment (see above).

However, the survey also has warning signs for hospitality in 2023, and around one in seven (**14%**) leaders say their business is at risk of failure this year. This is largely due to very high inflation, and nearly all leaders say they have experienced higher costs in food and drink (**96%**), energy (**91%**) and front-of-house labour (**91%**).

The Business Leaders' Survey reveals one in 11 roles are currently vacant and open for application, while the rate of churn—the proportion of staff leaving their job in the last three months—stands at **16%**. Both numbers are a slight improvement on the levels of 2022, but recruitment problems continue, and only a third (**33%**) of leaders say they feel confident about their ability to recruit at the moment. Shortages are also driving up pay levels, and leaders have increased their rates for new staff by an above-inflation **12%** in the last 12 months.

Wage inflation alongside a cut in the government's support on energy bills, will further dent business confidence. The Business Leaders' Survey demonstrates the need for more support: four in five (**81%**) leaders want to see a cut in hospitality's rate of VAT, and well over half (**61%**) would welcome rates reform.

Optimism is further tempered by the expectation of reduced frequency and spending on hospitality visits. Leaders anticipate consumers focusing more sharply on price when going out this year, and demanding more value for money when they do so. Expectations will be higher than ever, and businesses will have to deliver consistently high quality experiences if they are to keep guests coming back.

96%

Of leaders have experienced **higher costs in food and drink**

12%

Average increase in pay for new staff in the last 12 months

84%

Of leaders say their **business operated at a profit in 2022**

The cost of living crisis

Soaring energy, food and property bills have put households' discretionary spending under severe strain in the first quarter of 2023. However, the pressure does not yet seem to have dented consumers' enthusiasm for eating and drinking out.

CGA by NIQ's monthly Cost of Living Pulse surveys, which provide a barometer of consumers' attitudes and behaviours in hospitality, indicate only a modest impact on visitation levels. It shows two in five (40%) consumers went out to eat and drink at least weekly in April 2023—a figure that is unchanged from March and down by only two percentage points from six months previously in October 2022. More than nine in ten (94%) consumers went out at least once in April—one percentage point more than in March, and two points more than the level of six months earlier.

In another sign of stability, just under a quarter (24%) of consumers told the Cost of Living Pulse they went out more frequently than usual in April—one percentage point down from last October. While 43% say they went out less often than they usually would, this figure is unchanged.

While some consumers have inevitably been forced to cut their spending on discretionary items, underlying demand for hospitality has not dropped significantly since the start of the cost of living crisis (see above). Previous CGA research has shown that many consumers will reduce their spending on eating and drinking out only as a very last resort, and will often prioritise it over other areas like travel, clothing and home improvements. This raises hopes that hospitality spending will be sustained throughout 2023, and will rise again when consumers' bills start to ease and inflation settles down.

It also suggests that businesses' biggest challenges lie in their own rising costs, rather than consumers' financial pressures. The spiralling price of food, labour and other key inputs are much more damaging than any modest drop in consumers' visits, and have been the most significant factor in site closures. It emphasises once again the need for government support on these and other challenges facing hospitality businesses in 2023.

Consumers and equity, diversity and inclusion

CGA research for this edition of Future Shock shows ethical considerations have a significant influence on consumers' decision-making in hospitality venues.

People are particularly sensitive to issues around equity, diversity and inclusion (EDI). According to CGA's special survey of 1,000 nationally representative consumers, two in three (64%) think a venue's EDI policy is either very important (25%) or somewhat important (39%). Just 11% attach no importance to it.

64%

Of consumers say a venue's EDI policy is important to their choice of venue

However, relatively few of these consumers actually see evidence of brands' work on this front. Only a third (34%) say they see venues advertise and promote their work on EDI and accessibility very often (10%) or often (24%).

This suggests that many venues are missing opportunities to attract diversity-conscious consumers. Three in ten (30%) say they would be more likely to visit a venue if it had policies and facilities to promote EDI, and the figure rises to 43% among those who eat and drink out at least weekly—hospitality's most valuable consumers.

30%

Would be more likely to visit a venue if it promoted EDI policies and facilities

Equity in hospitality also means ensuring that venues cater for all consumers, including those with special diets. Two in five (42%) say menus that cater for all diets, including veganism and allergies, are a factor in their choice of venue. Accessibility is another big issue, and a quarter (26%) consider in-venue adaptations like accessible toilets in their selections. It applies online too, and nearly one in five (18%) think the accessibility of a website is an important factor.

The conclusion here is clear: inclusive policies and clear communications about them is likely to be rewarded in more visits and spend. Good practice on EDI isn't just the right thing to do ethically—it pays off in commercial terms too.



Say venues' adaptations to improve accessibility is an important factor in their venue choice

UKHospitality Equity, Diversity and Inclusion committee

Hospitality has a fantastic tradition of welcoming everyone to its venues, without barriers or prejudice, and that's a history that everyone in the sector is committed to upholding. That's why we have our own Equity, Diversity and Inclusion (EDI) committee to bring together leading operators to ensure EDI has a loud voice within the sector's leading trade body.

Sitting alongside our committees and forums, which hear about sectoral or regional issues, our EDI committee ensures a strong focus is kept on one of the most important issues within hospitality.

Why is that important? We recognise that everyone is different and has their own identities, experiences, abilities and ways of thinking. That's what makes our society, and hospitality, so diverse. In fact, we're already one of the most diverse sectors in the economy and that affords us the opportunity to lead the way.

The purpose of our committee is to deliver non-discriminatory paths into education and work, accessible venues and experiences, spaces that are self-empowering and community-inspiring and rejuvenated high streets with offerings for everyone.

Not only does it benefit our customers, but there are huge benefits for businesses too. They can attract new and broader audiences, recruit and retain a wider range of skillsets, discover innovations and products, champion the social impact of hospitality, promote communities and empower individuals.

With its multi-million strong workforce and wide public reach, hospitality can have one of the strongest impacts in transforming lives and changing public attitudes. That's the ethos our EDI committee adheres to and strives to reach.

The committee's values

The EDI committee adopts the following five values to direct our work:

- **Expertise** – a range of information sources and approaches will be utilised.
- **Lived experience** – the committee will be informed by those with first-hand experience.
- **Business positive** – the benefits of business engagement will be championed.
- **Individualism** – outputs will emphasise people are different with their own needs.
- **Critically reflective** – our work will be open about the barriers people face in the sector, and the challenges in implementing good practice.

Characteristics of focus

Hospitality venues should be as accessible and enriching as possible for everyone. To do this, the EDI committee will focus its discussions on these broad characteristics that are informed by the Equality Act 2010:

- **Age**
- **Impairment and disability**
- **Race**
- **Sex and gender**
- **Sexuality**
- **Lifestyle and circumstance (e.g., economic status and criminality)**

We have sub-committees for each of these demographics to identify their specific needs and opportunities. These committees will report back to inform its outputs and understanding.



View from our EDI chair

Serena von der Heyde

Chair, UKHospitality Equity, Diversity and Inclusion committee, and Partner, Georgian House Hotel.

As chair of UKHospitality's Equity, Diversity and Inclusion (EDI) committee, I have an admission to make. I am not an EDI professional. However, I do have very relevant expertise: I run a small hotel that takes EDI extremely seriously.

Over the past 15 years, we have focussed on EDI and I have witnessed first-hand the benefits to the business: wider discussion, better decision making, improved business performance, more in-house career development, longer length of service, a more cohesive team, a kinder work environment, people who choose to work with us because of our inclusive policies, guests who choose to stay with us for that same reason and a community that is proud to be doing the right thing.

If our little business of fewer than 50 employees can do it without specialists and loads of money, then surely all businesses can do it.

The EDI committee within UKHospitality exists to support and guide hospitality businesses, both large and small, to do just that.

We provide advice on inclusive recruitment, EDI templates for SMEs, signpost funding and access to training and mentoring

for businesses and individuals, we deliver a platform of helpful resources and provide case studies, as well as putting on a calendar of EDI-related activities.

There are sectors of our industry that are already very diverse, but there is so much more to be done. Not a single of the protected groups are adequately represented within our leadership.

At a time when our industry is so short of skilled workers, why are we overlooking the talent we have, and failing to promote more diversity? How many of us have businesses where a person's sexuality can affect their experience of work? What active steps do we take as employers to enable people with seen and unseen disabilities to work with us?

These issues take time and sustained effort to tackle but as we look to the future of our industry it is vital that we do just that. Serving our diverse customer base to the best of our ability requires a diverse workforce.

Through modelling fair and inclusive employment practices, we will not only grow our businesses but also showcase to the wider world the importance and relevance of our industry.

Hospitality Wellbeing and Development Promise

In 2022, the Hospitality Tourism and Skills Board began working on an employee wellbeing charter to unite the sector under one framework, ensuring that our businesses provide their team members with working environments to thrive in.

Whilst this is already common practice for the vast majority of our sector, with many businesses having well-developed policies in place, the Board saw value in ensuring that a minimum standard is established to provide guidance for businesses who may not have the resource to undertake this work. This developed into the Hospitality Wellbeing and Development Promise.

This is designed not only with employers in mind but also for the entire workforce to have an understanding of what our sector stands for, and where they can get support across various areas.

It seeks to act as a signpost for both employers and their teams to access the necessary resources in existence to support best practice of wellbeing not only in the workplace but also supporting individuals in their wider lives. Providing such support will enable members of our industry to reach their full potential and ensure longevity for those within our sector.

The Promise sets out 10 pledges across three key themes. These are:

1. Respect for all team members is a vital pillar in any business, particularly in hospitality with its social nature. Team members have the right to feel happy and supported within their place of work – attributes that are largely built on a foundation of respect.
2. A rewarding job and career, where team members are supported to be given the skills and opportunities for professional development. Businesses within the sector boast a range of remuneration packages and opportunities for growth.
3. The ability to enjoy a healthy lifestyle, first and foremost in the workplace, but also extending such support into the personal lives of team members, regarding their mental and physical health. Team members should have full access to supportive measures provided by businesses, for example through Employee Assistance Programmes.

Of the 10 pledges, a number cover zero tolerance for harassment, promoting a diversity and inclusion policy, and ensuring that team members are well rewarded for their work, considering a wide range of pay and benefits and communicated through a clear pay policy.

The Promise is a free resource, and signatories will also gain access to assets that enable them to proudly display their commitment to uplifting the working standards of the sector, both online and in venues.

We would like to encourage all hospitality businesses to sign up to the Promise by visiting www.wellbeingpromise.co.uk and demonstrate their commitment to the training, development and wellbeing of their staff. By signing up, you will be joining some of the biggest names in hospitality, such as Greene King, Big Table Group, and Revolution Bars, to name but a few.



Hoteliers' Charter

As demonstrated by the Hospitality Wellbeing and Development Promise, there is a clear focus within hospitality on its responsibilities to its customers and staff. The hotel sector has gone, the entire sector takes its responsibilities to its customers and staff extremely seriously and the hotel sector has gone one step further by implementing its own Hoteliers' Charter.

The Charter, set up in 2020, aims to raise the profile of the hotel industry and advocate hotels as a great career choice, while also dispelling the myth that a job in the sector cannot translate to a successful and fulfilling career. It was founded by Sally Beck, general manager of The Royal Lancaster London, who wanted to take matters into her own hands and unify the hotel sector under an umbrella charter of shared objectives.

The initiative has been hugely successful, with around 500 hotels signing up to the Charter. The vast majority of hotels will already be implementing many of the commitments in the Charter but signing up shows the strength of feeling in the sector to create a unified front on this issue in particular. Among the commitments are about investing in your staff. For example, signing up to the Charter signals clear intent to developing team members through training, apprenticeships, coaching and mentorship. Such investment can only pay dividends to hotels, who will be more likely to recruit and retain staff.

It also ensures that team members' work/life balance is respected by providing sufficient notice for changes to rotas and working hours.

Our colleagues in hospitality are so important to a customers' experience, which is why there are also commitments for signatories to champion a fair and transparent service charge and gratuities system.

Offering colleagues access to an employee assistance programme to get confidential support if needed and advocating equity, diversity and inclusion are also included. Examples of this include offering English lessons to colleagues where required and taking practical measures to make hotels accessible for all disabilities. These efforts are all to provide a positive and nourishing workplace environment and culture for our colleagues, which is so important to ensure that people feel valued and fulfilled at work.

Being part of the Charter doesn't just mean looking internally at your own business, either. It means taking a holistic view to ensure that the hotel sector is giving back to the rest of the sector and local communities by supporting industry and community charities.

Venues that have signed up are actively supporting the sector's work in the wider hospitality space, particularly its commitments to become more environmentally sustainable and the sector's ambition to reach net zero by 2050.

In recent months, UKHospitality has taken on ownership of the Charter and continues to work closely with Sally, its founder, to drive it forward. Alongside our wider work in the workforce and wellbeing space, there are ambitions to continue developing the Charter so it can cover more of hospitality and extend its impact and reach.

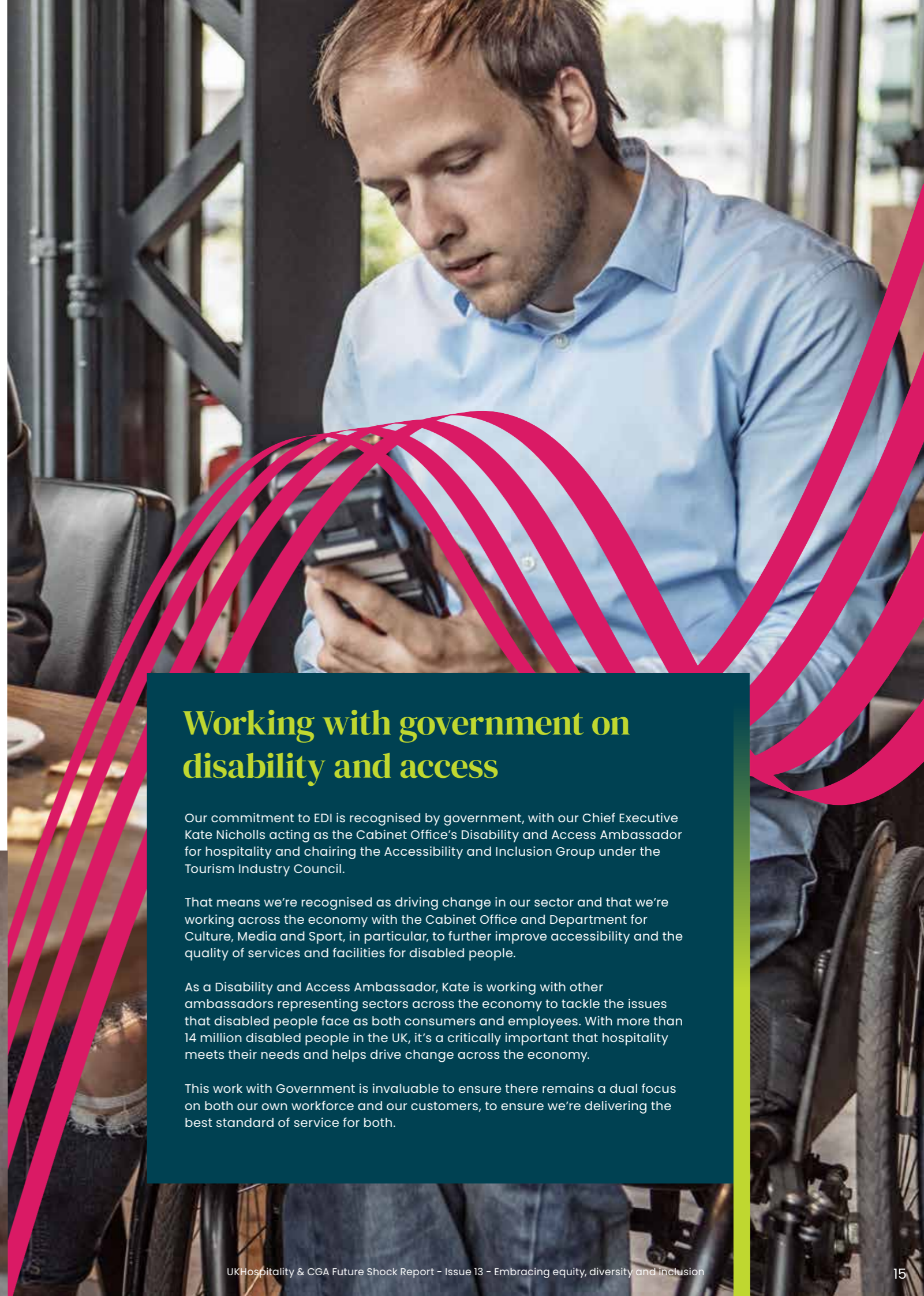
Working with government on disability and access

Our commitment to EDI is recognised by government, with our Chief Executive Kate Nicholls acting as the Cabinet Office's Disability and Access Ambassador for hospitality and chairing the Accessibility and Inclusion Group under the Tourism Industry Council.

That means we're recognised as driving change in our sector and that we're working across the economy with the Cabinet Office and Department for Culture, Media and Sport, in particular, to further improve accessibility and the quality of services and facilities for disabled people.

As a Disability and Access Ambassador, Kate is working with other ambassadors representing sectors across the economy to tackle the issues that disabled people face as both consumers and employees. With more than 14 million disabled people in the UK, it's a critically important that hospitality meets their needs and helps drive change across the economy.

This work with Government is invaluable to ensure there remains a dual focus on both our own workforce and our customers, to ensure we're delivering the best standard of service for both.





GREENE KING
BURY ST EDMUNDS



Garry Clarke-Strange,
Head of Inclusion and Diversity,
Greene King

The road to Everyday Inclusion

At Greene King we are firmly on the journey to Everyday Inclusion and committed to making Greene King a place where all our people feel they belong and can thrive. Two years ago, we set out our plan for change with a clear internally focussed I&D strategy. This wasn't just about words. Data and insights have been really important for us to be able to measure how we're performing. We're proud of the progress we have made so far and the difference it's starting to make to our people. We see this in various ways including positive shifts in employee engagement insights and some in certain areas of our diverse representation figures across the organisation.

Employee-led inclusion groups help drive change

Our employee-led inclusion groups representing our teams from LGBTQ+ communities, women, those with disabilities and from ethnic minority backgrounds are growing from strength to strength. They put our team members firmly at the heart of driving change and raising awareness of the experiences of people from diverse, underrepresented and marginalised communities. We're enthused by the outcomes of change programmes like Reverse Mentoring and nudge inclusion activities such as our I'm Not Prejudiced, But campaign.

But a culture shift like this with a progressive plan isn't achieved overnight and is not without its challenges. Operating in a matrix organisation spread across the UK in 1,600 pubs, hotels and restaurants, distribution sites and support centres the cut through to reaching every one of our 38,000 people is an ongoing challenge and one that we continually critique and review our approach to.

Cultural change will achieve success

We recognise that a collective approach to driving cultural change is the best way to achieve success. We want to embed inclusion in our DNA and create a sustainable future of inclusion. In early 2022 we launched a project aimed at engaging all our leaders and pub managers in the conversation and helping them to understand their role in leading inclusively.



Watch Greene King's
"I'm not prejudiced, but..."
video - Nominated for best
marketing campaign

Partnering with an external D&I consultancy, INvolve, we set about creating a workshop and eLearning module focussed on the basics of inclusion that would remove fear, engage everyone in topic, raise awareness of key points like bias and privilege delivered in a way that felt real, humanised and truly aligned to our industry.

We chose a panel of external associates from various backgrounds to deliver the workshops to our top 300 leaders that we felt understood our industry, its challenges and people who could help us frame the session as a conversation to encourage people to participate with an open mind and feel part of a safe environment to share, challenge and learn from each other.

We're hearing really positive responses on the impact and actions that attendees have taken from the sessions, and how they are implementing what they have learned. To further encourage the discussion throughout their business areas we have distributed a post session toolkit with tips and conversation guides. With busy schedules, facilitating this with every one of our leaders is another challenge

and taking a less is more approach encouraging the continuation of the conversation everyday has become our key focus for the year.

Spreading the word

Our management population of around 2,000 people now taking part in an eLearning version that encourages interaction, action, commitments and further conversations featuring video content to create consistency in experience for everyone.

We hope that this will help us on our drive to cut through to the frontline and help us achieve our goal where all our people feel part of driving the change and truly feeling like they belong. And we hope this will also have a positive impact on our customers. It's going to be a challenging road to achieving this with bumps along the way but with a clear goal in sight we're excited see positive change where everyone is made welcome and feels valued for who they are.

Over 50s Guide

In December 2022, UKHospitality proudly launched our 'Hospitality Guide to Recruiting Workers Aged 50+', which provides employers within the sector with tips for attracting this age group, debunking some of the myths and subconscious bias within recruitment processes.

Our journey to developing the guide began following the Government's creation of the Over-50s Ministerial Taskforce, where we were represented by our CEO Kate Nicholls. Through collaboration with The Phoenix Group and working with our members, we recognised that there was a gap in knowledge about how to capture and attract this largely untapped pool of workers.

People over 50 years old have been historically underrepresented in our sector and with an additional 1 million workers over the age of 50 in the UK workforce by 2025 businesses should be ensuring their recruitment practices allow them to recruit this age group.

In our guide, we identified the myths attached to this age group in the workplace and found solutions to the barriers which not only prevent the sector from supporting older employees throughout their everyday working life but also hamper the critical recruitment process.

Understanding the generational difference is crucial, as this is often the first hurdle fallen by many employers. Our guidance sets out best practice for businesses in our sector to capture this pool of workers, with years of skill and experience already behind them. Overall, enabling businesses to create more diverse and harmonious teams. In summary, the guide highlights that:

1. Job adverts should ensure imagery is age diverse and includes older workers, use language that doesn't deter older workers, and emphasise employer benefits that may appeal to an older worker, such as flexible working.
2. Recruitment efforts should also be targeted where older workers are more likely to see them. This includes job boards targeted at older workers, using social media platforms like Facebook, and physical advertising, such as on bus stops.
3. Adaptions to the workplace may need to be made to ensure workers over 50s feel valued and comfortable. This could include adapting uniform policies, offering the opportunity to advance their skills, highlighting opportunities to progress and promoting flexible working arrangements.

As one of the most dynamic and vibrant fields of employment, hospitality has a unique ability to provide employees with a great deal of mobility and freedom due to the flexibility and omnipresent element of the sector. In addition, the industry is incredibly social, allowing employees to meet people from incredibly diverse backgrounds.

We would encourage businesses to take a read of our Over 50s Guide and see what changes can be made to welcome this experienced, skilled group of workers into your business.



Featured Article



STABILITY THROUGH EMPLOYMENT

Working together to provide employment opportunities

We're proud to work closely with Only A Pavement Away as one of our chosen charities, supporting the fantastic work they do to offer employment opportunities to people who may be prison leavers, veterans or facing homelessness. Only A Pavement Away connect forward-thinking employers in hospitality to people in need of long-term and stable employment. Here are two of their success stories.



Paul Hannaford

Paul was encouraged to attend our Life Skills Hub project in July 2021, by his referral charity The House of St Barnabas. As part of the three-week skills training course, Paul went on a two-day work experience placement with The Ivy, receiving very positive feedback.

"Paul was very engaged and willing to learn. When not set a specific task, he took the initiative to help sweep and tidy up after the chefs. He is very willing to learn, and the work experience was successful. We have therefore made an offer of employment," it said.

After receiving his job offer, Paul said: "My whole world has changed in the last week. I have become very busy and working at the restaurant is great, with talented staff and I am making friends. I thank you all very much. With you and my charity, I've come a long way and I feel very confident I can do this."

Paul has just completed 1 year working with The Ivy.



Iulian Stratila

Iulian had been made homeless in November 2018 after living in accommodation provided by a new employer who said rent would be deducted directly from his wages. Sadly, his wages never came and after working unpaid for six weeks, he was told to leave the property. After sleeping rough for several weeks, Iulian was helped by StreetLink who supported him into Crisis at Christmas. In mid-January he moved into a Caritas Anchor Assessment Hub and six weeks later he received the keys to his new home at Caritas Anchor House.

Having previously worked in the hospitality industry, Iulian's social worker directed him to Only A Pavement Away, who helped him with his CV and prepared him for interviews with registered employer partners of the charity. In February 2019 Iulian was hired as a kitchen porter at The Ivy St John's Wood. After just four and a half months in the role, he progressed to commis chef and four years later is proud to be working as a Junior Sous at Scott's Mayfair.

On his Only A Pavement Away journey Iulian said: "When you go from being homeless to moving in to your new home and being given a chance to forge a new career, it's a feeling I can't easily describe. Looking over the last four years, I am so proud, and know I have accomplished something amazing. Cooking is something that I really love and I'm so grateful to everyone who's helped me get to where I am in my career."

Johanna Wimmer, of Scott's Mayfair, said: "Iulian is an invaluable member of our team at Scott's, and it has been a joy to see his confidence grow and progress in his career over the last four years. We were delighted to promote him to Junior Sous this year and everyone is excited to see how Iulian develops further in the role."



The hospitality workforce landscape of the future

It is well known that a hospitality business is only as good as its workforce – those that deliver the hospitality. ‘Labour costs make up, on average, around **30%** of turnover and is one of the biggest costs for businesses. The world of work is going to change significantly over the next 12-18 months, and this will be particularly relevant to hospitality.

Government has been promising an Employment Bill for a number of years and, instead of a single piece of legislation, this has surfaced in a series of Private Members’ Bills. This means labour market legislation is going to evolve over the next year or so.

Some elements of this have received a great deal of attention and businesses are aware of change coming – other elements have received less scrutiny. The biggest issue is that details on how new laws might work remain unclear. Below, we look at the most significant changes and what they mean for hospitality businesses.

Tipping

Tipping legislation has been the most commented area and the Government has supported the Allocation of Tips Act, which has recently received Royal Assent. The Act results in 100% of tips being passed onto staff, with no deductions permitted – this includes agency workers. We have been working with Government and Parliamentarians to improve the legislation and have been assured that a number of our suggestions – around the timing of payments, agency workers and pooling of tips between sites – will be picked up in a Code of Practice.

UKHospitality is closely involved with the development of a Code of Practice to determine how tips and service charge are distributed – this is likely to be finalised in the Autumn.

The new law will involve businesses potentially making changes to how they distribute tips and service charge. Those that make deductions will no longer be able to. Others will have to conform to new standards around payment time. The Code of Practice, not likely to be confirmed until the end of 2023, will set out rules on how distribution happens – and this could involve further changes to processes. We will be consulting with our members throughout and providing clarity as we receive it.

National Minimum Wage policy

April 2023 saw a record increase in the National Living Wage (NLW) and National Minimum Wage (NMW) as high wage inflation coupled with Government’s intention to get the NLW to **66%** of median earnings by 2024 took effect. While it is all but inevitable that the NLW will increase to hit the **66%** target in 2024, an almost certain election year, there will be a lot of focus on the future trajectory.

The Low Pay Commission is currently consulting on future plans, and political parties will be working up their own electoral pitches. Members views are being canvassed to feed into this process to ensure that we are seen as an attractive sector, but one that is able to trade effectively.



Shortage Occupation List

The Migration Advisory Committee (MAC) has just finished consulting on its Shortage Occupation List (SOL) and UKHospitality submitted a robust response, urging more action. Job roles that are placed on this list attract advantages in terms of recruitment onto skilled visas, with a lower salary threshold and lower fees. In our response, we asked the MAC to add chefs to the SOL and also reclassify a number of job roles, including hospitality supervisors, receptionists and housekeepers, so they would become eligible for the skilled worker visa.

There is another Private Members Bill progressing through Parliament, aimed at protecting workers from harassment by third parties – customers and suppliers. The legislation would put the responsibility on employers to take all reasonable steps to prevent such harassment. We initially had concerns about the practicality of such rules but we have been working with Government to ensure this will not be overly onerous. Guidance will be developed with the Equality and Human Rights Council (EHRC) to support businesses implementing the change. We do not expect this to go further than what most members are already doing. Once further details are received we’ll produce guidance for members.

Holiday pay and entitlement

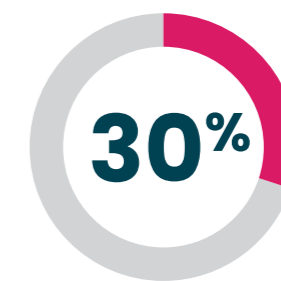
A legal case during 2022 involving a schoolteacher resulted in a judgment that changed how holiday pay and entitlement is interpreted. This created anomalies and Government has been consulting on changes to the law to correct this. In our response to the consultation, we are calling for a more pragmatic approach to zero hours contracted employees. Our advice to members is to review holiday policies to ensure it is compliant with the law.

Predictable hours

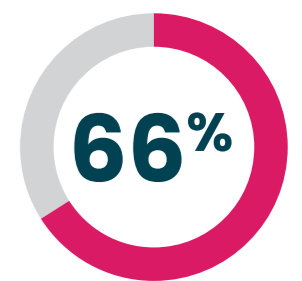
There is yet further proposed legislation affecting the sector, this time focusing on the predictability of shift patterns. The new law would give employees the right to request fixed shift patterns. However, there are clear grounds for the employer to reject such requests including where it impacts the ability to meet customer demand and where it adds extra costs. This is expected to have limited impact on the hospitality sector.

Flexible working

A further piece of legislation gives employees the right to request flexible working arrangements from ‘day one’ of their employment, rather than after six months. We fed into the consultation process and, while supporting flexible working where feasible, highlighted that employees need to be present to deliver hospitality service. The legislation reflects this, and an employer will have the ability to reject requests for home working when an employee is required to be present.



Employees costs are also the single biggest cost for a business



National living wage will increase to hit the 66% target in 2024



We must listen in order to lead on inclusion

Gary Keller, Wine and Drinks Expertise Director and leader of Employee Resource Group for Disabilities at Molson Coors Beverage Company

The hospitality sector is committed to enacting real, long-term change on diversity and inclusion, and over the past year it's been fantastic to see the industry work collectively to move further and faster towards our goals.

We know a similar collective effort is vital to achieving our own goals. If we want to make sure our business is open to everyone, all of our people need to be involved in our journey, and to be given the opportunity to have a real say in how we best continue to build a truly inclusive culture and the policy decisions we make that help enable that culture.

Understanding our people

At Molson Coors we employ more than 2,000 people across Great Britain, a workforce made up of people from a range of backgrounds. We see our approach to diversity, equity and inclusion (DEI) as one of the ways our values-led culture comes to life. At the heart of our culture is our commitment to 'put people first', which for us means we value and respect differences and believe diversity with inclusion is the key to collaboration and a winning team culture.

We know there's still progress to be made on our journey to making inclusion our way of doing business, and we also know that to get there we need to understand the experience of all the people in our business. We want to celebrate those positive experiences, but we also need to hear what we can do better and when we get things wrong.

That's why when we began this journey we set up an Inclusivity Forum, made up of representatives from right across our business. The purpose was very simply to hear from our people, learn from their experiences and to help shape our DEI approach. Thanks to the momentum created by that forum, we now have four Employee Resource Groups (ERGs) focused on different diverse characteristics – ethnicity, disabilities, LGBTQIA+ and gender. Our ERGs are open to every employee in every team at all of our sites across our Western Europe territory, from our breweries to our offices and call centres. It means that every single employee has somebody they can reach out to if they want to express a concern or put forward an idea, as well as providing a space for learning, development and fostering understanding between different groups.

Each quarter these groups meet with our DEI Council, which comprises senior leaders from every function within our Western Europe business, where ideas and challenges are shared, and importantly, actions agreed that serve to continue and accelerate our DEI journey.



Collaboration and conversation

I'm lucky enough to head up our ERG for Disabilities at Molson Coors. It's been amazing to see the group's impact and we've been able to have a real say in some of the major decisions being made. The business is due to open a new office next year, and the group has had input at every stage of the development to ensure that the space is suitable for all groups.

As well as listening to people's concerns, we're also opening up conversations and educating our colleagues across the business. For Neurodiversity Celebration Week in May, we set up webinars to offer more insight into neurodiversity, which we shared across our social channels and internal platforms to give everyone the chance to learn more.

Thanks to the incredible work the team is doing, Molson Coors has earned Disability Confident Committed accreditation as part of the Government's Disability Confident employer scheme.

This is just one of countless excellent examples of the impact our ERGs are making. Representatives from our gender ERG has and HR have also recently worked with the experts from My Menopause Centre and Henpicked: Menopause in the Workplace, to create training materials for our business leaders, HR teams and network of Mental Health Champions to help make them more aware of the experiences of those going through the menopause.

Leading by example

All of our ERG activity ties into three goals – supporting our people, educating colleagues and leaders, and influencing future policy. This approach helps us to ensure that we're engaging everyone in our efforts and sharing our experiences throughout the business, at all levels, which is vital to fostering a culture of inclusion.

By encouraging open conversation and giving everyone the opportunity to have their voices heard we can start to create an environment that makes everyone feel welcome, happy and proud of where they work.





Hospitality is at the heart of the UK's culture, society and communities. As the lead trade body for the industry, UKHospitality represents every corner of the sector. Member-focused and community-driven, we're the collective voice campaigning for positive change: for people, for businesses and for the future of hospitality.

We represent hundreds of businesses across the UK, operating more than 100,000 venues, from pubs, bars, restaurants, nightclubs and hotels to contract caterers, indoor leisure, wedding venues, leisure parks, and holiday homes.

We work on behalf of a sector at the heart of the everyday economy; creating £130 billion in economic activity, generating £39 billion of tax for the Treasury and employing more than 3 million people as the third largest private employer in the UK.

Our job is to lobby Government, influence policy, shape debate and empower an environment for hospitality to thrive.

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

T: **020 7404 7744**

E: **info@UKHospitality.org.uk**

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Please contact CGA for questions relating to research and content:

T: **0161 476 8330**

E: **hello@cgastrategy.com**

Visit: **www.cgastrategy.com**

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