

Fourth

The Hospitality Workforce Report

November 2021

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Introduction

Our second workforce report comes at a crucial time for the hospitality sector. Following the devastating impact of the pandemic, the nation is slowly beginning to move again. Venues are open, drinks are being poured, meals are being served, and a grateful, yet cautious, public are able to enjoy the socialising they have so desperately missed.

Green shoots are visible: more hours are being worked, more staff are being recruited than are leaving, and more money is being spent in our pubs, bars, restaurants and hotels than at this time last year.

But the situation remains delicate and the industry is still some way off where it was before we became all too familiar with words such as lockdown, COVID-19 and furlough.

While many metrics appear to be moving in the right direction, there is still much recruitment and rebuilding to do to get back to pre-pandemic levels of staffing and trading.

The data in this report is drawn from analysis of more than 700 companies across the UK restaurant, pub, bar and hotel sectors. Fourth has been collating this data since 2016.



An Autumn Budget that included business rate relief and duty reform and cuts should help the sector's confidence. However, rising utility bills, inflation, ongoing supply issues, staffing shortages and the introduction of a higher minimum wage rate will keep the pressure firmly on operators in the sector.

Technology came to the fore during the pandemic to help with areas such as booking, checking in, ordering from tables and contactless payments. Its implementation and wider use remains vital in the evolution of how hospitality businesses operate both front- and back-of-house.

This report looks in detail at some of the key workforce indicators as the nation rebuilds. It shows how the industry is moving in the right direction but also highlights how far there is to go, just to get back to previous levels.

The road ahead is potentially fraught with pitfalls but we hope this report can provide some help in navigating that journey.



Sebastien Sepierre
Managing Director – EMEA
Fourth



The Hospitality Workforce:
The Road to Recovery

If our previous report (August 2021) revealed hospitality's first tentative steps on the path to recovery following the pandemic, it is now getting up to walking pace, if not quite a full jog. Staff headcount in June was still around 20% down on the same period last year (and 25% down on 2019). In the last three months, headcount is getting back to the same levels of one year ago and there are now more people working in hospitality than at any time in the previous 12 months.

Staff headcount is virtually the same as it was this time in 2020, but still some 17.5% down on October 2019. There is still some way to go to get back to pre-pandemic levels.



Kate Nicholls
Chief Executive
UK Hospitality

"The labour shortage in hospitality was already a critical issue before the pandemic. We now have a labour vacancy rate that shows little sign of easing as we've come out of lockdown and as furlough has unwound."

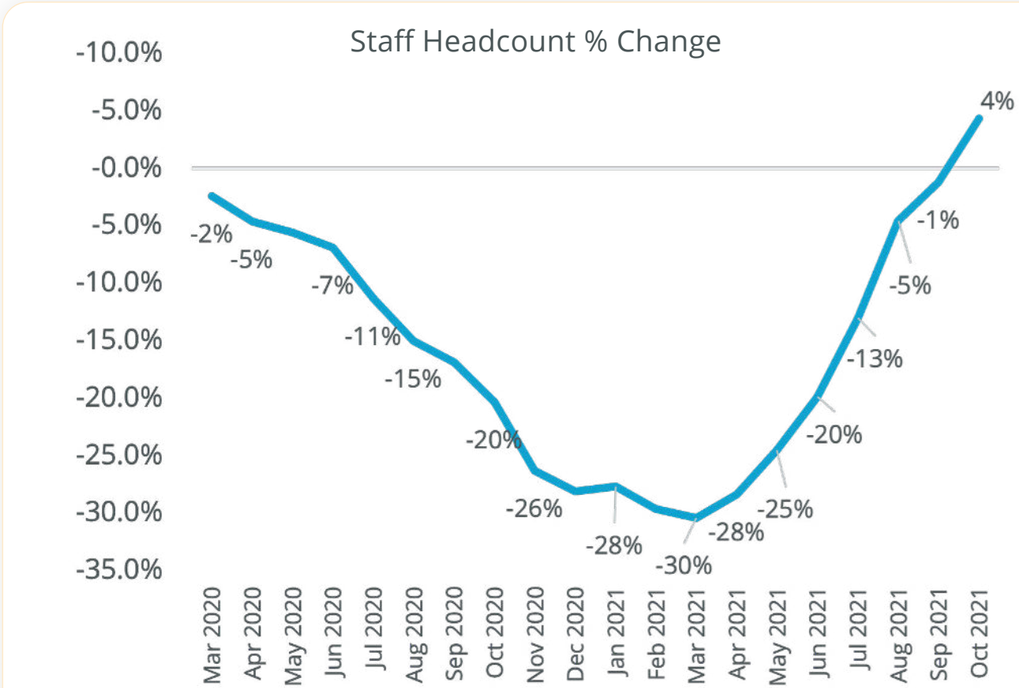
"This report brings into sharp focus the challenges the industry faces and how vital it is to find long term solutions to ensure that hospitality is an attractive and fulfilling career opportunity."



Staff Headcount

The graph below shows how staff headcount in hospitality appears to be levelling out after continually dropping every month compared to the same month in the previous year, during and since the pandemic. The dramatic decline has been arrested as trading restrictions have been lifted and a degree of consumer confidence has returned.

The figures for October 2021 are the first to show hospitality's staffing levels after the end of the furlough scheme. They are also the first to show growth versus the same month in the previous year since the start of the pandemic. At the peak, nearly 9m UK workers were furloughed.



Staff Headcount Breakdown Comparison

-4.6%
Aug 2021 vs Aug 2020

-1.2%
Sept 2021 vs Sept 2020

+4.3%
Oct 2021 vs Oct 2020

Headcount by Business Type

The month of September was the first time in almost two years to show staff headcount growth in the industry month on month. October saw these figures increase slightly, with an overall headcount increase of 1% from September to October.

Both hotels and QSRs had more staff on their books in September 2021 than they did in September 2020. Pubs and Restaurants also tracked higher numbers of staff in October compared to the same month last year, as customers return and sales begin to improve.

While the return to growth in staffing is positive, the industry is still way below (17.5%) the staffing levels of October 2019, with a greater fall for pubs in October compared to September. It will be interesting to see how this trend develops as we approach Christmas and the traditionally more challenging New Year period.



Headcount Breakdown Per Sector

Here we see a breakdown of staff headcount per sector, spanning through August, September and October against 2020 and 2019.

Pub Headcount Breakdown Comparison	-1.1% Aug 2021 vs Aug 2020	-2.1% Sept 2021 vs Sept 2020	+2.4% Oct 2021 vs Oct 2020
	-17.4% Aug 2021 vs Aug 2019	-18.1% Sept 2021 vs Sept 2019	-17.5% Oct 2021 vs Oct 2019

Restaurant Headcount Breakdown Comparison	-3.9% Aug 2021 vs Aug 2020	-2.4% Sept 2021 vs Sept 2020	+5.8% Oct 2021 vs Oct 2020
	-18.7% Aug 2021 vs Aug 2019	-17.9% Sept 2021 vs Sept 2019	-15.7% Oct 2021 vs Oct 2019

QSR Headcount Breakdown Comparison	-5.2% Aug 2021 vs Aug 2020	+4.1 Sept 2021 vs Sept 2020	+11.7% Oct 2021 vs Oct 2020
	-21.7% Aug 2021 vs Aug 2019	-18.7% Sept 2021 vs Sept 2019	-16.2% Oct 2021 vs Oct 2019

Hotels Headcount Breakdown Comparison	-3.8% Aug 2021 vs Aug 2020	+3.2% Sept 2021 vs Sept 2020	+9.9% Oct 2021 vs Oct 2020
	-20.5% Aug 2021 vs Aug 2019	-17.6% Sept 2021 vs Sept 2019	-17.0% Oct 2021 vs Oct 2019



Claire Clarke
Group HR Director
Big Table Group

"As this report demonstrates, tackling the high vacancy levels in hospitality is one of the key issues the industry must address. This goes way beyond plugging gaps and requires strategic and long-term thinking to ensure that we recruit and retain a committed and motivated workforce who see genuine career prospects as hospitality professionals.

"The combination of the pandemic and the impact of Brexit on the workforce have placed tremendous pressure on businesses who must now carefully consider how they are to evolve their staffing models."

Applicant Tracker System (ATS)

Embracing technology is essential in the quest to tackling the labour shortage in the hospitality industry. Doing so can help employers find and retain the best workers available and drive efficiencies in the recruitment process.

Fourth's ATS provides a company-wide branded recruitment service for attracting and finding talent across all online job boards; hiring and onboarding quickly and efficiently, by tracking the entire recruitment process and uploading and sharing employment documentation.

It ensures that a candidate's journey from recruitment to their first shift is seamless, with all documents and payroll information updated.

Starters versus Leavers

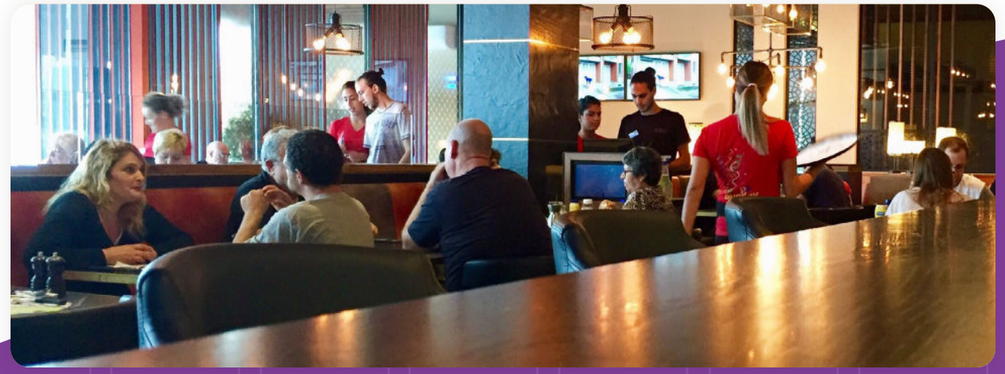
For the seventh consecutive month since trading restrictions were first lifted, the number of recruits joining hospitality outnumbers those leaving the industry. This is encouraging, but with more than 100,000 vacancies to fill, according to the Office of National Statistics, there is still some way to go.

The percentage of the overall hospitality workforce leaving has crept up to 8%, the highest rate since the beginning of the pandemic in March 2020. This is a likely result of the impact of the end of the furlough scheme and may not actually be as dramatic as many had feared.

Pubs experienced the most dramatic increase in this area back in May and June when the lifting of indoor restrictions were soon followed by a summer of sport, that included the delayed EURO 2020 football championships and the Tokyo Olympic and Paralympic games. Since then, hours worked have continued to steadily rise and are now heading towards 2019 levels.

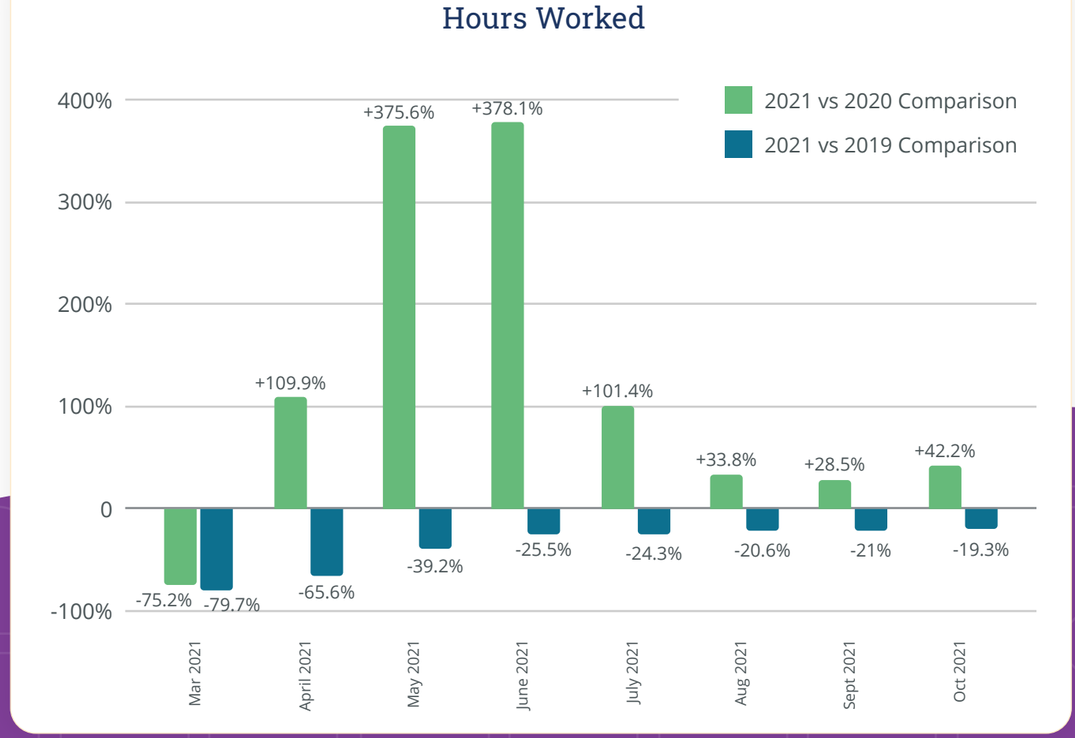
Hotels and restaurants will have been buoyed by the boom in the staycation market. Hours worked have continued to grow in both of these sectors as attitudes to eating out and staying away for business and leisure reasons begin to evolve.

It's a similar story in QSR, which has now recorded seven consecutive months of growth in the number of hours worked.



Hours worked

The graph below shows how the collective hours worked has continued to rise following the re-opening of hospitality and the gradual easing of restrictions. While hours worked are not yet at pre-pandemic levels, we can expect these numbers to continue to rise as the workforce grows.



Hours Worked Breakdown Per Sector

Here we see a breakdown of the hours worked across the sector for August, September and October. Every sector logged more hours than in the corresponding month in 2020, but this is still down on two years ago, with pubs performing best in this regard.

Pub	+9.9%	+11.4%	+30.7%
	Aug 2021 vs Aug 2020	Sept 2021 vs Sept 2020	Oct 2021 vs Oct 2020
	-5.8%	-8.2%	-9.7%
	Aug 2021 vs Aug 2019	Sept 2021 vs Sept 2019	Oct 2021 vs Oct 2019

Restaurant	+32.2%	+29.3%	+45.6%
	Aug 2021 vs Aug 2020	Sept 2021 vs Sept 2020	Oct 2021 vs Oct 2020
	-20.7%	-20.2%	-20.1%
	Aug 2021 vs Aug 2019	Sept 2021 vs Sept 2019	Oct 2021 vs Oct 2019

QSR	+51.6%	+45.3%	+48.9%
	Aug 2021 vs Aug 2020	Sept 2021 vs Sept 2020	Oct 2021 vs Oct 2020
	-28.3%	-25.8%	-21.9%
	Aug 2021 vs Aug 2019	Sept 2021 vs Sept 2019	Oct 2021 vs Oct 2019

Hotels	+59.8%	+49.1%	+63.0%
	Aug 2021 vs Aug 2020	Sept 2021 vs Sept 2020	Oct 2021 vs Oct 2020
	-25.2%	-26.1%	-21.8%
	Aug 2021 vs Aug 2019	Sept 2021 vs Sept 2019	Oct 2021 vs Oct 2019

Scheduling and real-time visibility of labour costs

To meet today's labour challenges, hospitality businesses must cater for the needs of employees while optimising costs. To do this they need to ensure they have the employees required to deliver the productivity needed to provide their customers with an exceptional experience, all while making profit.

The Fourth Workforce Management solution matches available staff with the hours you need covered. The pioneering tech also allows the employer to base staffing decisions on key variables, such as sales trends, the weather and local events.

It also gives managers the ability to track employee work hours, lieu and sick days in real-time when creating and amending staff rotas.

The user can see how many team members are needed in every area for each 30-minute period of the day.

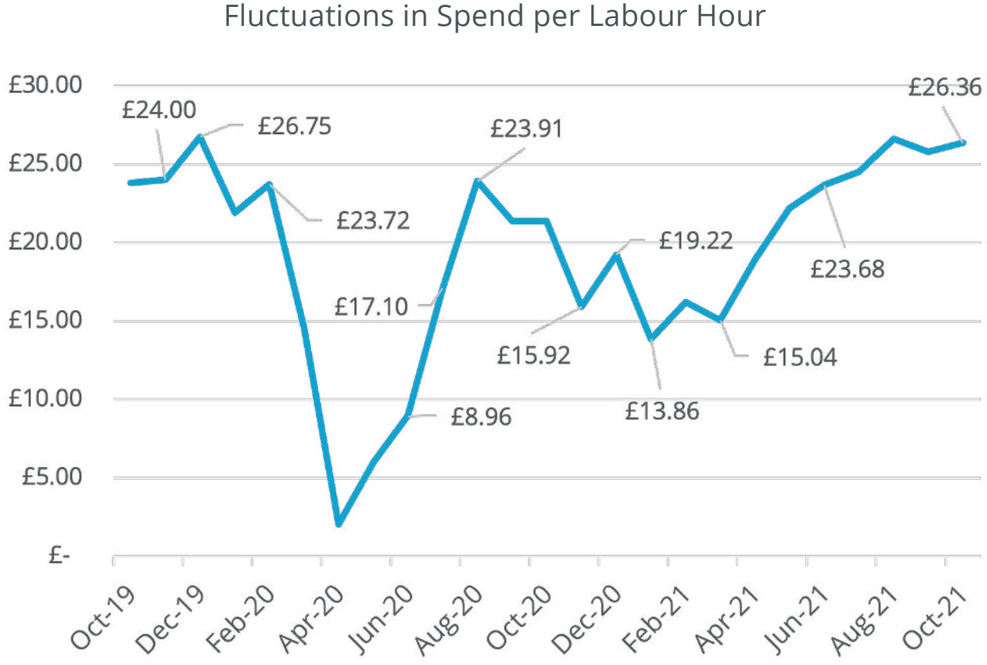
It's easy to use and provides fully costed wage forecasting and a complete view of employee work patterns across multiple sites.



Spend Per Labour Hour

Our previous report revealed how ‘spend per labour hour’ had grown to the highest average since the pandemic began. The metric reveals productivity by calculating total sales and dividing this by the number of hours worked. This has continued to grow across hospitality over the most recent period, showing the resilience of the sector and the returning confidence of the consumer.

Fluctuations in Spend per Labour Hour



Pay and Wages

The average hourly rate paid to staff in front- and back-of-house roles is higher than the current National Living Wage (NLW), introduced in April. Overall, back-of-house roles in both pubs and restaurants have an average hourly rate that is slightly higher than front-of-house positions. All roles are continuing to see an increase, which indicates the competitive landscape for acquiring and retaining roles as we move towards what the Prime Minister has described as a “high-wage, high-skilled, high-productivity and low-tax economy”.

Wages will continue to increase with new rates for the NLW announced in the recent Autumn Budget. From April 2022 the rate for over 23s will go from £8.91 to £9.50 an hour, 21 to 22s from £8.36 to £9.18, 18 to 20s from £6.56 to £6.83 and Under-18s from £4.62 to £4.81.

Pubs versus Restaurants

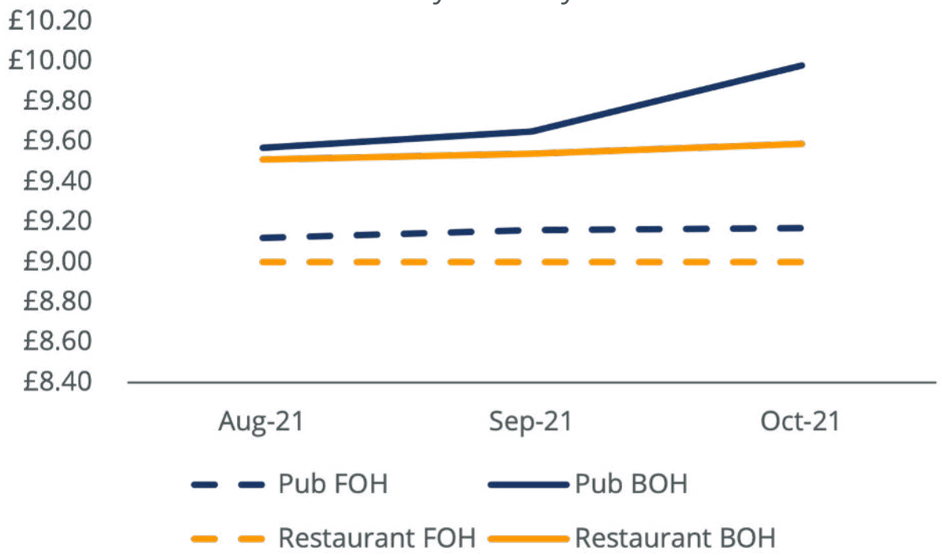
There is very little difference between the rates paid to pub staff compared to restaurant workers. The average hourly rate for all back-of-house pub staff has risen slightly above their equivalents in the restaurant sector for the first time since December last year. It will be interesting to see if this is the beginning of a trend, as pubs pay more to recruit to tackle the ongoing labour shortage.

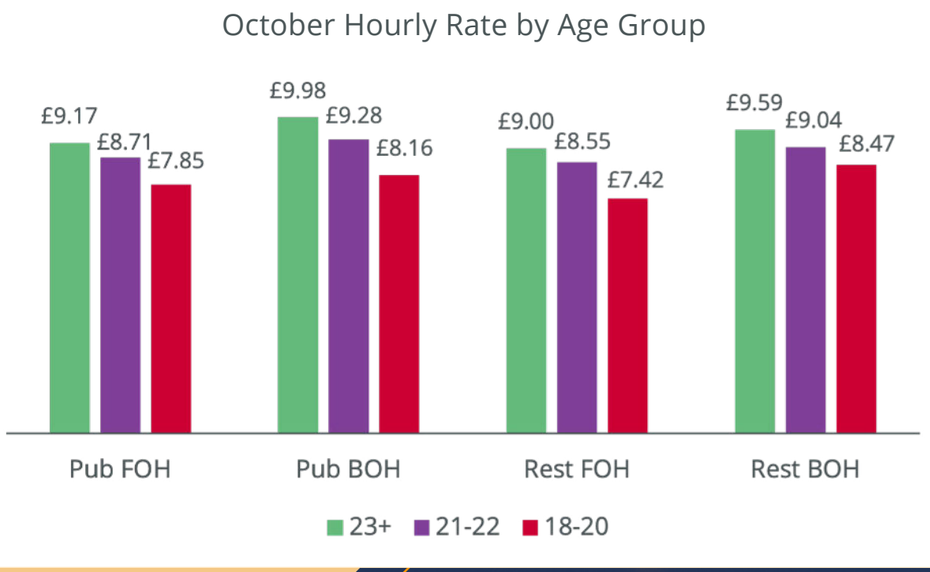
Fourth Analytics

Fourth Analytics helps you identify opportunities to increase trading times, align labour with changing sales patterns and highlights your best performing sites. You can select reports by category, location or by time period – allowing you to track performance and identify more opportunities to grow profits.

Engage

Fourth Engage allows everyone in your organisation to communicate, collaborate and stay more connected to the business. Engaged employees help retention, reduce churn, ensure you have a productive workforce and provide a memorable service.





Wagestream

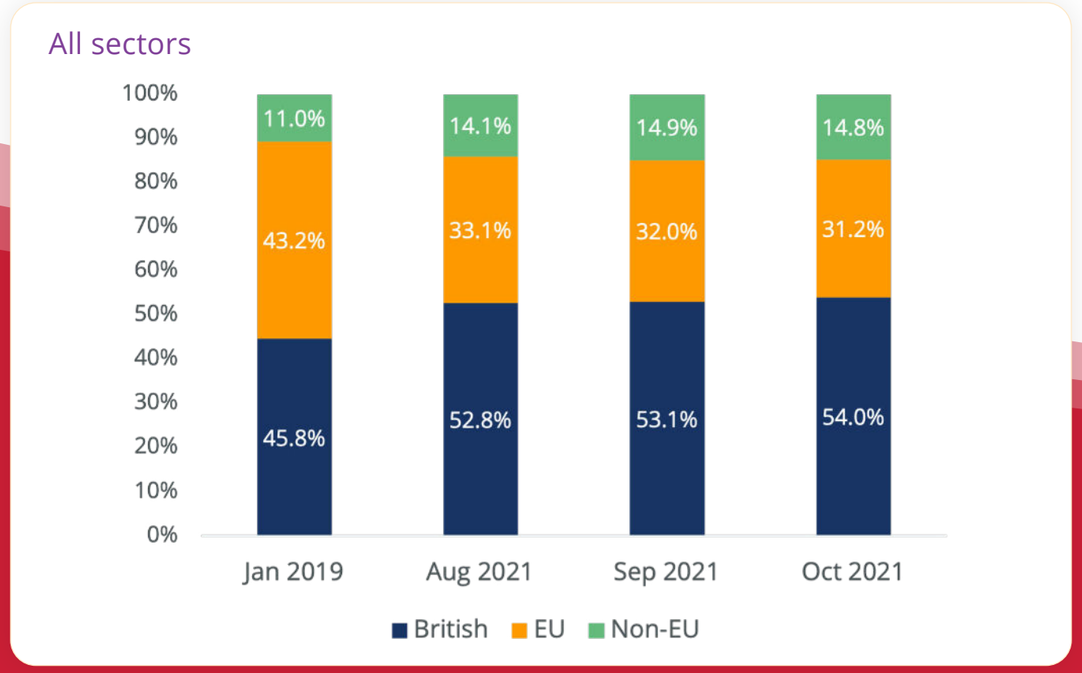
Employers not only have to satisfy worker demands for competitive pay but, to attract and keep top talent, must also accommodate staff requirement for flexibility to allow them to attain a better work-life balance.

Fourth partners with Wagestream to give employees power over their pay – with smart budgeting, savings and coaching, built around a flexible pay cycle – all through an easy-to-use app that's accessible via single sign-on from the Fourth Platform.

The Make-Up of the Workforce

Ever since the outbreak of the pandemic we have witnessed a continual shift in the make-up of the hospitality workforce. There has been a decline in EU workers and rises in the percentages of British and Non-EU workers employed in hospitality, which is a trend that has continued over recent months. This is likely due to a combination of factors, including EU workers willingly returning to their home countries to be with friends and family, the fact that the UK had the highest infection rate in Europe at one point and the formalisation of Brexit in 2020, all of which will have contributed.

The biggest area of growth in the percentage of British workers is in the QSR sector, with this increasing by 12.2 percentage points since January 2019.



Pubs			
	BRITISH	EU	NON-EU
Jan-19	67.8%	25.9%	6.3%
Oct-21	**72.3%**	**20.9%**	**6.8%**
Restaurants			
	BRITISH	EU	NON-EU
Jan-19	38.7%	49.8%	11.5%
Oct-21	**47.6%**	**37.0%**	**15.4%**
QSR			
	BRITISH	EU	NON-EU
Jan-19	36.9%	52.8%	10.3%
Oct-21	**49.1%**	**39.0%**	**11.9%**
Hotels			
	BRITISH	EU	NON-EU
Jan-19	60.6%	29.0%	10.4%
Oct-21	**60.8%**	**23.3%**	**16.0%**

ATS & Right to work checking

Fourth's Applicant Tracking System ensures eligibility and GDPR compliance, with secure right to work checks, all in one intuitive platform.

Tackling the Labour Shortage

Even before the pandemic, the UK hospitality industry was under severe pressure from various angles, not least staffing. This has been thrown into sharper focus and exacerbated by the unprecedented events of the last 18 months.

As this report shows, there are some positive signs around hours worked and the numbers of people taking up positions in the trade. We are heading back towards where we were in 2019, but the question is: is this where we want to go?

The obvious answer would appear to be yes. Of course we want positions filled and fewer vacancies – especially as we approach the busy Christmas and New Year period - but temporary solutions will not solve a long term problem.

The pandemic has shown that not only is there a shortage of staff but that there are clear and historic reasons for this. Hospitality is still widely viewed as low-wage work with unsociable hours in poor conditions with limited career prospects. Is it any wonder that we are now seeing staff furloughed from hospitality finding alternative careers, or students disinclined to work in pubs and restaurants alongside their studies, or fewer people joining the trade at 18?

The onus is on businesses to review their existing recruitment and retention strategies and to address why hospitality does not appear to offer the long term prospects employees seek.

Wages play a part in this, as do working conditions, benefits, security, and promotional opportunities.

There's an important role for tech in managing the process, providing efficiency, and in ultimately bringing down costs that would otherwise be passed onto the consumer.

This is why the real question leaders must ask themselves is not as simple as 'how many do we need', but a more existential 'how do we do this?



About Fourth

Fourth provides end-to-end, best-in-class technology and services for the hospitality, leisure, and retail industries. Its procurement, inventory, and workforce management solutions, coupled with a complete data and analytics suite, give businesses the actionable insights they need to control costs, scale profitability, improve employee engagement, and maintain compliance.

Since its merger with US-based HotSchedules, Fourth serves more than 7,000 customers across 120,000 locations globally.

Fourth works with multi-national companies across the retail, hospitality, and leisure industries, including Fortnum & Mason, Tesco Family Dining, Gail's Bakery, Soho House, The Ivy, The Dorchester, The Ritz, Burger King, Leon, Pizza Express, Wentworth Club and SSP Group.

You have enough to do

Let's get some admin off your plate. To learn how we can help simplify your back office operations, boost your efficiency and profitability, and improve your inventory management, contact us.

Fourth®

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11/2021