

HOSPITALITY AND TOURISM

RESCUE
PLAN



HOSPITALITY AND TOURISM

RESCUE PLAN

The hospitality and tourism sector is the third largest employer in the UK & NI, creating one in six of all jobs and employing 6 million people (3.2 million directly)¹. If urgent action is not taken, hundreds of thousands of these jobs² could be lost over the next three months, and more than half of businesses in the sector will fail³.

AN INDUSTRY IN CRISIS

Hospitality & tourism has been hit hard during the Coronavirus crisis, with output falling by 86.7% in accommodation and food services alone.⁴ The Job Retention Scheme has been a life raft for the majority of those employed in the sector, but the industry is far from recovering from the impact of the first Covid-19 lockdown restrictions and now faces imminent danger from the removal of the Job Retention Scheme.

As of September 2020, over a third of hospitality staff were still furloughed full-time and 16% were on flexible furlough⁵. The number of workers furloughed will rise significantly as local hospitality lockdowns come into place, yet only those staff working for businesses that are legally required to shut their doors – which currently excludes those selling food – will receive support.

If the Job Retention Scheme comes to an end in all other areas on 31 October 2020, and is withdrawn from businesses when local lockdowns are lifted, over 750,000 jobs will be put at risk, and the succeeding Job Support Scheme offers little help. Almost all (99%) hospitality businesses are SMEs and many cannot sustain current staffing levels if the government goes ahead with proposals to pay just 22% of wages. The ill-defined “viability” test presents a further risk. On average, businesses believe their workforce will be cut by 25% by February 2021, and over 50% of companies expect to collapse completely⁶.

The sector has been impacted by a host of factors, not all of which are unavoidable. Custom has fallen due to the Coronavirus restrictions, the wider drop in disposable income – at least 2.7 million are now claiming unemployment benefits, a 120% rise since March – and the near-shutdown of the tourism industry. But staff sickness and self-isolation is also draining businesses, with poor health and safety guidance and a lack of effective testing leading to unnecessary days lost.

A DANGEROUS TIME

November is an extremely dangerous time to withdraw support from an ailing sector that has proven very sensitive to changes in policy. The introduction of a 10pm curfew on 24 September triggered an 8.2% drop in trade in just one week, deepening an existing crisis that saw sales fall by 27.7% on the previous year in September⁷.

With a second wave of the Coronavirus hitting us and expected to extend over the winter months, some pubs and bars have already been ordered to shut during local lockdowns. The traditionally busy festive period will therefore draw a much lower level of trade, leaving hospitality businesses vulnerable to collapse during the typically weaker months of January and February. The exit of the UK from the EU is also expected to drive economic downfalls, which may create particular instability in hospitality, where a high proportion of staff are EU migrants (75% of waiting staff⁸, for example), and due to the inevitable reduction in the tourism industry. Removing the life raft now will mean many in the hospitality sector – employers and workers – will sink.

A BLOW TO THE ECONOMY

Hospitality is a viable sector, but without proper support it may cease to be. The industry is worth £130bn a year to the UK economy – more than the automotive, pharmaceutical and aeronautics sectors combined – and enjoys higher productivity and higher growth than the UK average. It provides entry-level employment to millions of young people, as well as a livelihood for older workers who have established careers in the sector. Young workers aged between 16 and 34 make up 44% of the hospitality workforce and have already been particularly hard hit by the economic effects of the pandemic⁹. The 16-24 age group suffered the largest drop in employment of all demographics, with at least 156,000 jobs lost¹⁰, and the 25-34 age group shed 98,000 jobs¹¹. Some industries, including live music and cruises, have collapsed completely. The value of the sector to the economy is even larger when its impact on wider supply chains is taken into account, including taxi services, takeaways, food manufacturers and breweries.

A BLOW TO WORKING STANDARDS

The hospitality industry has lagged behind many other sectors in terms of good working practices, with staff working up to 70 hours per week, on an average pay of just £8.84 per hour¹² (although over 10% of hours may be unpaid¹³) and more workers employed on zero-hour contracts than in any other sector (accounting for 22.6% of all zero-hour contracts). Unpaid trial shifts, pressure to opt-out of working time rights, and unfair tipping practices are also endemic. Unite the Union is already seeing signs that these exploitative practices are being intensified by the impact of the pandemic, with staff at some of the largest employers being forced to sign up for inferior terms and conditions or face redundancy. In an effort to prevent this health crisis being used to create a jobs crisis, Unite are supporting the Employment (Dismissal and Re-Employment) Bill¹⁴ currently passing through Parliament.

A BLOW TO LOCAL COMMUNITIES

Recent research has revealed the devastating impact of pub closures in rural areas¹⁵. There is a statistically significant correlation between the availability of a local pub in small communities and positive measures of social cohesion. The existence of a local pub is associated with a higher frequency of community activities, such as social clubs, sports matches and charity events. This effect has become even more stark as other businesses have disappeared from small towns and villages and the local pub is increasingly the sole lifeblood of rural communities. These hub pubs are not only viable but are valuable to the communities they serve. Unless the government acts, they could be lost forever.

A RESCUE PLAN FOR THE SECTOR

A Hospitality Job Retention Scheme

Extend the Job Retention Scheme for the hospitality industry for a further six months and adapt it to the needs of the sector. It is not enough to extend the Job Retention Scheme only in local lockdown areas and only for the duration of temporary restrictions.

- Where hospitality businesses are forced by Coronavirus restrictions to temporarily suspend activities, workers must be furloughed on at least the same basis as they were during the original Job Retention Scheme.
- Where businesses continue to operate, companies must pursue job sharing arrangements to ensure that all workers can be retained, with full furlough provided where workers are clinically vulnerable. The Hospitality JRS (like the job support scheme) should allow working hours to be spread across the workforce without disqualifying companies from the furlough scheme.
- Income calculations for the purposes of the Job Retention Scheme should include average income from tips as well as wages.
- Government should make up any wages shortfall for those returning to work on reduced hours to ensure workers continue to receive at least 80% of their wage (including tips), or the national minimum rate for the relevant age group, whichever is the higher of the two.
- Government should urgently design a Covid Support Levy to help fund an effective Job Retention Scheme, rediverting money back into the economy that would otherwise fatten shareholder dividends. This levy should be placed on large corporations that have profited from the pandemic and used to assist vulnerable sectors, including hospitality. For example, Amazon's net profits have doubled year-on-year¹⁶; Tesco has seen pre-tax profits rise by 29% after a 90% jump in online sales, which the company has announced will be used to reward shareholders with a 21% increase in their payouts¹⁷; and architect of the UK's failed test and trace system, Serco, expects to increase its profit margin by over a third on last year, largely bankrolled by the UK government¹⁸.

A RESCUE PLAN FOR THE SECTOR

Routine tests and adequate sick pay

Hospitality workers come into contact with a huge number of people every day. Business Minister, Nadhim Zahawi, told the BBC that a third of Coronavirus cases originate in the hospitality sector¹⁹. Staff must self-isolate for up to two weeks if symptoms arise, unless they receive a negative test result. Due to the unavailability of tests, entire shifts are being forced to stay at home for 14 days on just £95.85 per week Statutory Sick Pay, potentially unnecessarily. Asymptomatic workers who unknowingly continue to serve customers present a risk to public health.

- **As part of an overall improvement in the UK's testing capacity, the government should arrange regular testing of frontline hospitality staff.**
- **Statutory sick pay should be raised to full pay for any worker required to self-isolate due to the pandemic.**



A RESCUE PLAN FOR THE SECTOR

Train for the future

One in eight²⁰ – over 100,000 – hospitality workers have already been made redundant and employers are known to have unceremoniously ditched workers on zero-hour contracts when the national lockdown was announced. With 74% of employers from across all the economy saying they plan to keep at least some of their workers working from home²¹, other job losses may be unavoidable as city centre businesses face a drop in sales. According to Unite research, 48% of hospitality workers say they will look for work in a different industry if they are made redundant.

The government's JET scheme is unfit for purpose, offering little more than consultancy on the job seeking process and providing no new workplace skills for applicants.

- **The government must work with Unite's proposed Hospitality Commission (below) to establish a plan to retrain workers who lose their jobs to ensure they do not face long-term unemployment.**
- **Retraining programmes should take into account the changing world of work and the move towards a greener, increasingly automated economy.**
- **All workers must leave the training programme with a higher level of qualification than that with which they entered, equipped with skills with a real value to our present and future economy.**
- **The government must identify how many hospitality workers on insecure contracts dropped out of the workforce entirely when the national lockdown was brought into place and provide a pathway for these workers to find quality jobs with guaranteed hours.**

A RESCUE PLAN FOR THE SECTOR

Hospitality Commission

Working together, UNITE believes we can build back a sector that is robust, ready to serve local communities and able to service an economy built around homeworking, shorter working hours and increased leisure time. A sectoral approach to recovery will also help shift hospitality away from its status of low-paying, insecure employment, towards terms and conditions, pay, health and safety, training and security - fit for the 21st century in the world's 6th richest nation.

- **Tripartite working between employers, unions and government must be immediately established to help secure and ensure the survival of the sector.**
- **A Bargaining Council consisting of representatives of the hospitality industry and of Unite should be established so as to find sector-wide solutions to the problems of employment in the industry and to resolve disputes.**

Conditionality

Support for companies via the Hospitality Job Retention Scheme should be made available on the condition that employers:

- **Provide secure contracts with a guaranteed minimum and maximum number of hours to all workers on their payroll within the last three months.**
- **Utilise job sharing to keep as many workers in jobs as possible rather than overburdening some staff and laying off the rest.**
- **Engage with the Hospitality Commission to improve working conditions.**
- **Curb excessive executive wages in larger corporations, and demonstrate that public money is not being used to pay shareholder dividends.**

The latest figures show that 9 million low and mid-income workers could have their pay improved if the top 1% earners gave up a fraction of their wages. An Autonomy/Survation poll found that the majority of voters support the introduction of a maximum wage²².

REFERENCES

1. UK hospitality:
https://cdn.ymaws.com/www.ukhospitality.org.uk/resource/resmgr/2019/documents/general_election/UKH_Infographic_and_summary.pdf
2. UK Hospitality:
<https://www.ukhospitality.org.uk/news/531121/Hospitality-and-pubs-face-750000-jobs-lost-without-urgent-Government-support.htm>
3. UK Hospitality:
<https://www.ukhospitality.org.uk/news/531121/Hospitality-and-pubs-face-750000-jobs-lost-without-urgent-Government-support.htm>
4.
<https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpfirstquarterlyestimateuk/apriltojune2020>
5.
<https://www.ukhospitality.org.uk/news/526294/UKH-warns-over-scale-of-hospitality-job-losses-if-further-employment-support-not-forthcoming.htm>
6.
<https://www.ukhospitality.org.uk/news/531121/Hospitality-and-pubs-face-750000-jobs-lost-without-urgent-Government-support.htm>
7.
<https://www.cga.co.uk/2020/10/02/curfew-and-lockdowns-put-pub-and-restaurant-recovery-into-reverse/>
8.
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/814592/Restaurant_Sector_Director_of_labour_market_enforcement_July_2019_IFF_research.pdf
9.
https://www.google.com/url?sa=t&source=web&rct=j&url=https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/827952/Hospitality_and_Tourism_Workforce_Landscape.pdf&ved=2ahUKEwiMo46EkaXsAhUholwKHe2NDaYQFjAVegQICxAB&usq=AOvVaw3xdQmRAYcauzOEOyGRhK-Y
10.
<https://commonslibrary.parliament.uk/research-briefings/sn05871/>
11.
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/employmentunemploymentandeconomicinactivitybyagegroupseasonallyadjusteda05sa>
12.
<https://www.caterlyst.com/caterlyst3/insight/Insight.aspx?n=28426>
13. <https://www.morningadvertiser.co.uk/Article/2019/03/04/Hospitality-managers-work-7.5-hours-a-week-unpaid>
14.
<https://services.parliament.uk/bills/2019-21/employmentdismissalandreemployment.html>
15.
<https://newsroom.northumbria.ac.uk/pressreleases/expert-comment-rural-pubs-really-do-make-countryside-communities-happier-but-they-are-closing-at-an-alarming-rate-1806414>
16.
<https://www.ft.com/content/7a42b1d8-9ca7-4827-aaae-729fdb7637f5>
17.
<https://www.thisismoney.co.uk/money/markets/article-8813685/Tesco-ups-shareholder-payouts-profit-soars-face-Covid-19.html>
18.
<https://www.theguardian.com/business/2020/oct/16/serco-considering-dividend-payout-covid-test-and-trace-boosts-profits>
19.
<https://www.independent.co.uk/news/uk/home-news/coronavirus-uk-cases-pubs-restaurants-covid-nadhim-zahawi-b904636.html>
20.
<https://beerandpub.com/2020/09/23/quarter-of-hospitality-businesses-believe-they-could-fail-in-next-three-months-without-further-government-support/>
21.
<https://www.bbc.co.uk/news/business-54413214>
22.
<https://highpaycentre.org/paying-for-covid-capping-excessive-salaries-to-save-industries/>