

A report by Beyond 2030 on future skills needs in the York, North Yorkshire and East Riding Local Enterprise Partnership Area

More Developed Area: York and North Yorkshire

Visitor Economy: Food and Beverage Service Subsector Report

Completed on behalf of Calderdale College as part of the College's 2017-18 ESF funded Skills Support for the Workforce programme across the York, North Yorkshire and East Riding Local Enterprise Partnership Area.

October 2017.

1 Introduction

The EU's Cohesion policy aims to reduce economic and social disparities at regional level across the EU. Consequently, the European Commission has three categories of regional funding:

- **Less Developed regions**, whose GDP per capita is below 75% of the EU average
- **Transition regions**, whose GDP per capita is between 75% and 90% of the EU average
- **More Developed regions**, whose GDP per capita is above 90% of the EU average

Within the YNYER LEP, York and North Yorkshire at nearly 98% GDP per capita is considered a More Developed Area (MDA), while East Riding at 83% is considered a Transition Area (TA) (Eurostat, 2016).

This report considers the Visitor Economy: Food and Beverage Service subsector within the More Developed Area (MDA).

1.1 York and North Yorkshire MDA

North Yorkshire covers an area of 8,654 square kilometres (3,341 sq mi), making it the largest county in England. The majority of the Yorkshire Dales and the North York Moors lie within North Yorkshire's boundaries, and around 40% of the county is covered by National Parks.

York and North Yorkshire is divided into a number of local government districts: Craven, Hambleton, Harrogate, Richmondshire, Ryedale, Scarborough, Selby and the City of York.

It has a resident population of 809,200, which equates to 71% of the LEPs resident population (ONS, 2017). Nearly 380,000 individuals are employed in the area. Employment rates stand at 81.9% for North Yorkshire and 78% in York compared to LEP average of 79.9% (Table 1).

Using YNYER LEP as the standard, we can see various differences in the productivity, skills and employment across North Yorkshire and York. Table 1 highlights where the area performs better (green) or worse (red). For example, self-employment in North Yorkshire stands at 14.1% - greater than within York, the LEP as a whole and the English average. However, the number of individuals qualified to level 4 or above is lower and the proportion with no qualifications is greater in North Yorkshire.

Table 1 Productivity, skills and jobs:

Measure	North Yorkshire	York	YNYER LEP	England
Gross Weekly pay full time (£)	£489.10	£509.60	£481.30	£544.20
Job density (the ratio of total jobs to population aged 16-64.	0.96	0.85	0.86	0.84
Employment Rate	81.9%	78.0%	79.9%	75.0%
Self-Employment	14.1%	9.6%	12.2%	10.6%
Full-time workers	63.1%	62.7%	63.8%	69.1%
Unemployment Rate	2.3%	3.2%	3.0%	4.7%
Economically Inactive	16.1%	18.8%	17.6%	21.2%
Level 4+	35.9%	42.7%	37.5%	37.9%
No Qualifications	6.5%	6.2%	6.3%	7.8%

Source: Office for National Statistics: LEP and National Labour Market Profiles; GVA for Local Enterprise Partnerships

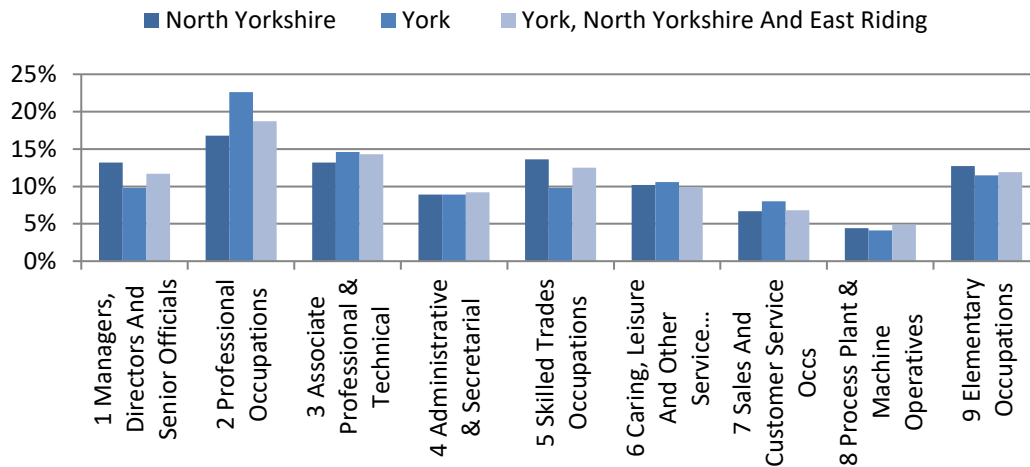
Nearly 380,000 individuals work across the York and North Yorkshire area. The largest employment sectors are (ONS, 2015):

- Health and Social work, employing 13% of all workers
- Accommodation and food services, employing 11% of all workers
- Retail, employing 10% of the workforce

The occupational profile across York and North Yorkshire has some variations compared to the LEP and national data (Figure 1). For example:

- There are more managers in North Yorkshire - 13% compared to 10% in York and 12% at a YNYER LEP level
- Nearly a quarter (23%) of the workforce are professional occupations in York, compared to 17% in North Yorkshire
- North Yorkshire has more skilled trade personal than York (14% compared to 10%)

Figure 1 Employment by broad occupation (Jan 2016 - Dec 2016)



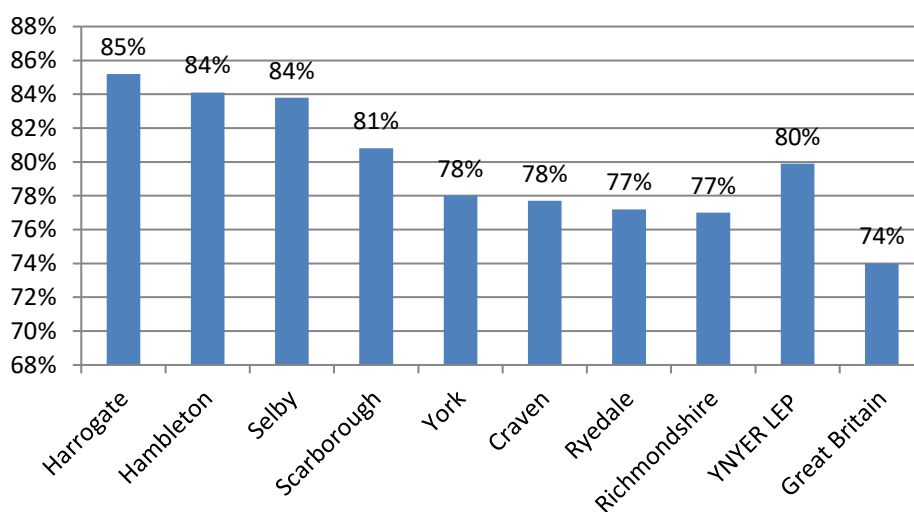
Source (ONS, 2017)

1.1 Local Authorities

The York and North Yorkshire MDA is made up by a number of local government districts: Craven, Hambleton, Harrogate, Richmondshire, Ryedale, Scarborough, Selby and the City of York.

Looking in more detail at Local Authority level, we can see that there are variations in the employment rate: Harrogate has the highest at 85% while Richmondshire has the lowest at 77%. However the employment rate in all local authorities is greater than the national average (Figure 2).

Figure 2 Employment rate across the LEP and North Yorkshire Local authorities



Source (ONS, 2017)

Using YNYER LEP as the standard, additional variations in the job, skills and productivity levels of each of the local authorities are highlighted in the table below. Where the area performs better, we have highlighted this in green with relatively poor performance being highlighted in red in Table 2. In summary:

- Three authorities have a lower weekly wage than the LEP average (Craven, Ryedale and Scarborough).
- In three authorities the job density is above one - meaning that there is more than one job for every resident aged 16-64. These are Craven, Harrogate, and Ryedale. However Craven and Ryedale employment rate is lower than the LEP average.
- Self-employment is particularly high in Harrogate and Scarborough and also in Scarborough, the proportion of full-time workers is low.
- The proportion of workers with a level four qualification ranges from 23.5% in Hambleton to 50.4% in Craven.

Where the local authority area performs better than the YNYER standard we have highlighted this in green or worse in red in the table below.

Table 2 Productivity, skills and jobs by local authorities in York and North Yorkshire MDA

	Craven	Hambleton	Harrogate	Richmondshire	Ryedale	Scarborough	Selby	York	YNYER LEP	England
Gross Weekly pay full time (£)	£413.10	£496.80	£535.50	£507.20	£443.10	£460.30	£549.40	£509.60	£481.30	£544.70
Job density (the ratio of total jobs to population aged 16-64.	1.16	0.98	1.06	0.8	1.02	0.93	0.73	0.85	0.86	0.84
Employment Rate	77.7%	84.1%	85.2%	77.0%	77.2%	80.8%	83.8%	78.0%	79.9%	75.0%
Self-Employment	*	14.7%	19.2%	*	12.7%	18.0%	*	9.6%	12.2%	10.6%
Full-time workers	60%	65%	61.5%	62.5%	69.9%	58.5%	68.6%	62.7%	63.8%	69.1%
Unemployment Rate	3.2%	2.8%	2.7%	2.8%	3.3%	3.7%	3.8%	3.2%	3.0%	4.7%
Level 4+	50.4%	23.5%	42.9%	25.3%	36.8%	37.5%	31.0%	42.7%	37.5%	37.9%
No Qualifications	*	9.1%	*	*	*	7.4	8.9%	6.2%	6.3%	7.8%

(ONS, 2017) * data not available, sample to small

1.2 Emerging developments in York and North Yorkshire MDA

The York and North Yorkshire area is not standing still. Improvements in transport, infrastructure, and housing continue to attract employers and business opportunities. Speaking with stakeholders we understand that each local authority has or is in the process of updating Local Plans and Investment Strategies. For example, Hambleton Inward Investment Strategy and Action Plan has just been published, with the aims to attract quality jobs to the district by looking at its unique selling qualities and how they can be recognised nationally. The initial focus will be on potential employment sites around Leeming Bar. The plan will look at the land, skills, support and opportunity the area has to offer investors, ensure a sufficient supply of good quality sites over the next five years, and encourage links between existing and potential new businesses in the area. It will also promote the creations of centres of excellence in some sectors.

Examples of growth, investment and development in the area includes:

Al Khaleej International is looking at a site next to the Allerton Park waste incinerator, near the A1/A59 junction for a new sugar beet processing plant. The company has asked Harrogate Council planners for environmental opinions before it puts in a full planning application. If the new plant goes ahead, the company claims it would create employment for 200 to 300 jobs, and would buy sugar beet from 3500 farmers mainly across the North East of England (Prest, 2017).

Sirius Minerals PLC is seeking to become a leading producer of multi-nutrient fertilizer and current focus is the development of North Yorkshire Polyhalite project. Located 3.5km South of Whitby, the project will involve the extraction and granulation of the mineral. The project involves the construction of an underground mine, along with the necessary infrastructure above and below grounds that will be necessary for transporting processing and distributing the minerals. The project is expected to deliver 2,500 direct and indirect jobs (Sirius Minerals PLC, 2017)

Covance, a global drug development business, currently based in Harrogate where more than 1,000 people are employed, are expanding on the National Agri-Food Innovation Campus, at Sand Hutton near York. Opening in late 2017, the laboratory extension in York will employ up to 30 scientists (Knowlson, 2017).

ACM Global Laboratories, a medical diagnostic testing company, has added a second specialised building to its laboratory block in Hospital Fields Road, York. The jobs generated will be high tech and include laboratory scientists, life sciences project managers, quality assurance professionals and data managers (York Press, 2017).

Furthermore in York, York Central - a 72 hectare site formed mainly of former railway land behind the station - could see the development of thousands of new homes and enough office space for 7,000 new jobs (City of York Council, 2017)

Near Whitby, a new 60-lodge holiday could be built on a hotel estate. The Classic Lodges hotel group has submitted an application to build a holiday park on its estate at Grinkle Park, following two years of extensive planning and consultation with the relevant authorities (Copeland, 2017). The development would see the restoration of the hotel's Grade II listed stable block, the re-introduction of a derelict caravan site, and the formation of two new lakes to complement the existing water feature. The lodges would be created in an environmentally considerate way and are aimed at the 'staycation' market of families who prefer to holiday in England than abroad. In addition to the construction jobs, once fully operational, the lodge park would create 25 jobs.

Discussions with Selby District Council highlighted a number of planning applications, including housing applications, the construction and operation of a combined cycle gas turbine (CCGT) power station, While Harworth Group Plc has recently secured the resolution to grant planning consent from Selby District Council to redevelop Kellingley Colliery, 151 acre site into a major new manufacturing and distribution centre, which could create 2,900 new jobs and bring investment into the region of £200m. (Bean, 2017).

Newby Wiske Hall, formerly the North Yorkshire Police's Headquarters has been sold to PGL, a company that runs educational activities for schools and young people in March 2017. PGL plan to open the site in Spring 2018 and reported that they will create more than 100 jobs, not only in instructing activities, but in catering, housekeeping, site maintenance and management roles.

The above demonstrates some of the opportunities in the area where new firms are entering and currently resident employers are expanding. These developments will have multiplier effects across the supply chains and wherever consumption occurs.

2 Food and Beverage services in North Yorkshire

2.1 Introduction

This subsector comprises of establishments primarily engaged in preparing meals, snacks and beverages, for immediate consumption on and off the premises. In this way it clearly differs from food manufacturing employers who produce food or meals typically expected to be consumed sometime in the future.

As the interests of the public became more diverse, so too do the offerings of the food and beverage sector.

For example we have:

- Fast-food Restaurants: catering for both residents and visitors they generally located in areas that can be conveniently accessed. They may have drive-through capabilities, located within retail stores, within motorway service stations. Convenience and familiarity is key in this sector.
- Full-service restaurants: Consumer expectations are higher here than fast-food restaurants. The menus offered are varied, but in general reflect the image of the restaurant or consumer's desired experience. Examples may include fine dining, family/casual, ethnic, and upscale casual.
- Catering and Banqueting: banqueting relates to catered food served on premise, while catering typically refers to off-premise service. At a catered event, customers typically eat at the same time, as opposed to restaurant customers who are served individually or in small groups. Catering businesses include: catering companies, conference centres, conference hotels, wedding venues, festival foods
- Accommodation foodservice: These include hotel restaurants and bars, room service, and self-serve dining operations (such as a breakfast room). Hotel restaurants are usually open to the public and reliant on this public patronage in addition to business from hotel guests.
- Drinking: Public houses and bars, licenced clubs, wine bars, juice bars

2.2 Food and beverage service economy and employment

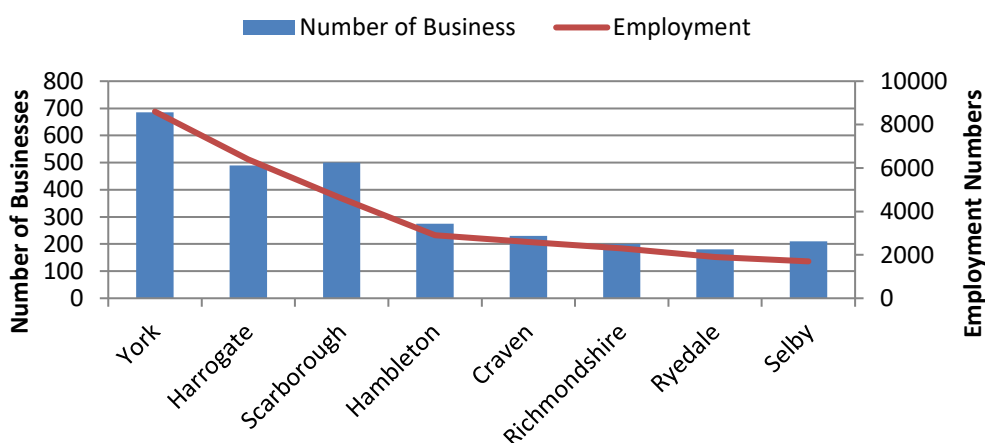
North Yorkshire has a resident population of nearly 810,000 (ONS, 2017) and is also a key destination for domestic and overseas visitors (Visit Britain, 2015). For example in 2015, York was the 17th most visited city by overseas visitors, with 240,000 staying visits (Visit Britain, 2015). Other towns across North Yorkshire attracted a further 190,000 visits. While on average, 4.7million yearly trips are taken to North Yorkshire by domestic visitors (VisitBritain, 2015).

Across the LEP there are 3,600 businesses in this subsector. 77% or 2,770 are located in the North Yorkshire area. In total these business employ over 31,000 individuals (ONS, 2015).

York has the greatest number of businesses and also employs the most people: 28% of the subsector workforce. As noted York is an important area for the visitor economy but it also a large resident base (over 200,000 individuals).

Harrogate accounts for a further 18% of the businesses and 21% of employment. Harrogate has the second largest resident base with 157,000, after York (ONS, 2017).

Figure 3 Distribution of food and beverage service activities businesses and employment in North Yorkshire



Source (ONS, 2015) & (ONS, 2016)

The top occupations in the subsector in the Yorkshire and Humber region are:

- 9272 'Kitchen and catering assistants'
- 9273 'Waiters and waitresses'
- 5434 'Chefs'
- 9274 'Bar staff'
- 1223 'Restaurant and catering establishment managers and proprietors'

2.3 Skills needs – Primary Research testing the data

2.3.1 Planning for the future

Data tells us that across the LEP economy 58% of firms have a Business Plan which specifies objectives for the coming year, which is slightly lower than national findings of 62% (UKCES, 2016). 39% of firms had a training plan, again less than national average of 42%.

Our primary research highlights that employers in the subsector in the MDA frequently do not have either of the above. Smaller establishments are clearly focussing on operational matters, and whilst there is some understanding of the need to plan this is clearly a gap.

2.3.2 Recruitment and retention

There is a high level of recruitment demand across the hospitality sector and this is mirrored in the food and drink services sub sector. Nationally we see that 26% of firms in the hospitality sector report at least one vacancy; greater than UK findings (19%) (UKCES, 2016). The extent to which sector businesses are finding it more problematic to recruit is borne out by the fact that the percentage of employers reporting skill-shortage vacancies has risen by 4% since 2011.

But it is not just recruitment; many firms also report retention issues and this appears to be increasing. In 2010 10% of firms reported difficulties retaining staff but by 2015 this had increased to 15% (UKCES, 2016).

The recruitment of chefs continues to be the most obvious challenge for the sector and it is one that is borne out by both the data and our primary research. Nationally chefs make up a fifth of all skill shortage vacancies for skilled trades and nearly half of all vacancies for chefs prove difficult to fill because of a shortage of skilled applicants (UKCES, 2016). Consequently chefs are recognised in the Migration Advisory Committee shortage occupation list (MAC, 2013).

Chefs (SOC 5434)

Only the following job titles within this occupation are included on our recommended shortage occupation list:

Skilled chef where:

- the pay is at least £29,570 per year after deductions for accommodation, meals etc;
- the job requires five or more years' relevant experience in a role of at least equivalent status to the one they are entering; and
- the job is not in either a fast food or standard fare outlet.

The UK Border Agency also require that the job is not in an establishment which provides a takeaway service; and the job is in one of the following roles:

- executive chef – limited to one per establishment
- head chef – limited to one per establishment
- sous chef – limited to one for every four kitchen staff per establishment
- specialist chef – limited to one per speciality per establishment.

A fast food outlet is one where food is prepared in bulk for speed of service, rather than to individual order.

A standard fare outlet is one where the menu is designed centrally for outlets in a chain / franchise, rather than by a chef or chefs in the individual restaurant. Standard fare outlets also include those where dishes and / or cooking sauces are bought in ready-made, rather than prepared from fresh / raw ingredients.

Source (MAC, 2013)

2.3.3 What are your current skills needs and skills gaps?

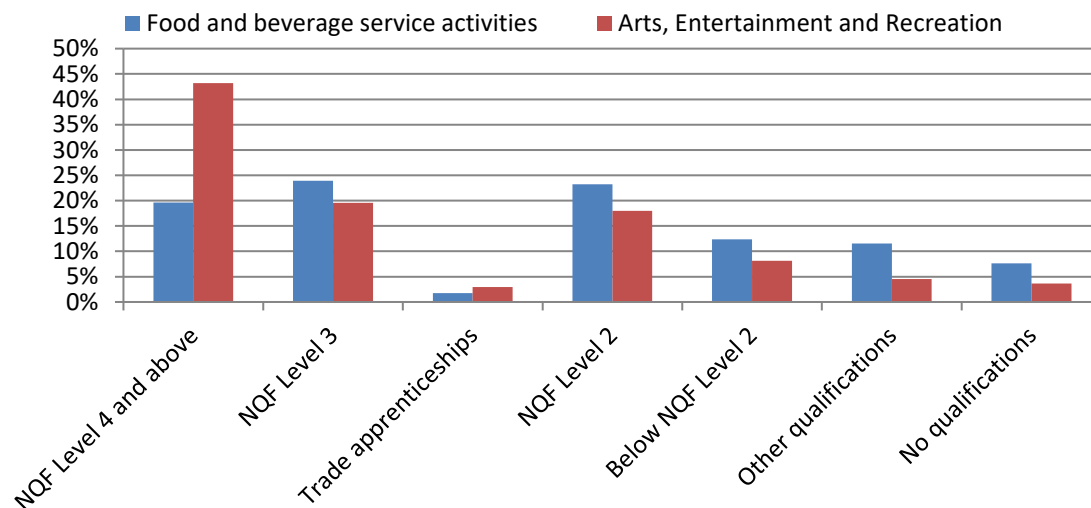
Skills levels

The food and beverage service subsector has a much lower qualification profile nationally than the all sector average (Figure 4). Only one in five workers hold a level 4 qualification or above compared to 43% nationally. 31% do not have a level 2 qualification, with 8% having no qualifications at all.

The largest occupational group in the subsector is elementary occupations – accounting for 52% of the workforce - and these roles traditionally require low levels of qualifications. This subsector is also popular with young people - with 39% employed under the age of 25. Many of these are likely to have joined at entry level before gaining more experience and qualifications.

13% of the workforce is in senior managerial position which you would expect to have higher skill levels. These findings were mirrored and validated by our primary research. In the majority of cases, employers are looking for core soft skills rather than specific technical occupation specific skills. Of course the main area where this is not the case relates to chefs and other expert roles in food preparation. Please see the previous description of a chef as this is very different from someone who prepares simple food.

Figure 4 Qualifications levels of food and beverage service activities subsector



(Office for National Statistics, et al., 2016)

Skills gaps

Across all sectors in the LEP, 15% of firms report having a skills gap - i.e. where an employee is deemed by their employer to be not fully proficient, i.e. is not able to do their job to the required level (UKCES, 2016). Overall it has been calculated that over 21,200 individuals in the LEP are not proficient in their job.

One of the direct results of labour turnover which is estimated to be 30% (People1st, 2015) is that hospitality and tourism businesses are much more likely to have workforces with little experience and who lack the skills to make them high performing in their roles. In our primary work with the subsector, it is clear that this continues to be the case still and high churn is something that casts a shadow over all the training debates.

Staff being new to the role is the most common reason for skills gaps across the hotels and restaurant sector, with 72% of employers reporting this as a reason, followed by training is only partially complete (64%) (UKCES, 2016): both of which could be attributed to the high rates of labour turnover.

From our primary work we can suggest that the following skills are particularly needed and valued by employers:

- Clearly the main pinch point is around recruiting chefs. This is not a surprise following a review of the literature and is one that has been raised frequently and regularly
- Customer service skills were the main area raised, even more so than chefs, but obviously it is a less technical skills
- Health and safety training is a necessity for many roles working in the subsector
- Working with vulnerable people is a skill that was raised as being necessary
- Cleaners. This was raised as a real problem with churn of qualified cleaning staff being exceptionally high. As we will discuss later, the increased minimum wage has raised the challenge of wage differentials, with many staff believing that cleaners are at the bottom of the ladder and so are consequently expecting higher wage rates.
- Management staff are also required.
- English language skills
- One that came a bit from the blue was the need for in-house security staff, particularly at the weekends. Whilst there are several firms offering the service, the cost is not small and is a significant burden for smaller venues.

2.3.4 Training

The hospitality sector invests a significant amount of money in training and development. In 2015, 3.3bn was spent across the Hotels and restaurants sector, equating to an average spend of £2,670 for worker trained (Vivian, et al., 2016).

Across all sectors in the LEP, 65% of firms had funded or arranged training for staff in the previous 12 months, while across the hotels and restaurant sector 63% of firms had done so (UKCES, 2016). The vast majority of training and development is targeted at initial training and development and statutory areas such as food safety and health and safety (People1st, 2015). Certainly we found that this was the case, with the vast majority of training simply covering areas mandated by legislation. In terms of discretionary spending on training, there was actually very little with many employers recognising the value, but prioritising legally necessary training. Consequently, in a low margin sector, training in non-mandated areas is clearly being squeezed.

In keeping with the rest of the sector, employers favour training delivered by experienced staff, or on site by an external provider. There is acceptance that chefs need to learn off site, but for all other roles we found a really strong view that onsite training built around service times was the best and indeed often the only way to conduct training.

We also had several discussions around zero hours contracts and how they had an impact on training staff. Certainly in customer service roles there was a perception that staff were 'guns for hire' who had no real affinity with their employer and would move without too much reason. It was clear to us that the sub sector has a very functional approach to training, largely seeing it as a cost that has to be borne rather than as an investment which would improve performance or profitability.

2.3.5 Apprenticeships

Nationally there has been a large uptake of apprenticeships across the hospitality sector, however only 10% of businesses are offering them and the vast majority are large businesses (APPG, 2016).

Across North Yorkshire there has been a steady increase in the number of individuals participating on an apprenticeship. In 2009/10, just over 9,200 individuals were on one, while by 2013/14 this had risen to nearly 19,000 (DfE, et al., 2017). Nearly two in five (38%) have been within Richmondshire, 14% in Harrogate, 13% in York, 11% in Scarborough and the remainder in the other local authority areas.

In terms of all framework starts, 27% were by individuals under the age of 19, 45% by 19 to 24 year olds and the remainder 28% were over 25 across North Yorkshire (DfE, et al., 2017).

However, the table below highlights that relatively few (140) of the framework starts have been on Leisure, Travel and Tourism frameworks. This is just over 1% of all apprenticeship starts in the area. Considering visitor economy employment is in the region of 10% this can be considered low.

The majority (65%) of starts on frameworks relating to the visitor economy sector at a national level are at intermediate level and 35% at an advanced level.

Table 3 Apprenticeship Programme Starts by Parliamentary Constituency and Sector Subject Area (2013/14)

Sector Area	Harrogate and Knaresborough	Richmond (Yorks)	Scarborough and Whitby	Selby and Ainsty	Skipton and Ripon	Thirsk and Malton	York Central	York Outer
Agriculture, Horticulture and Animal Care	10	40	20	20	30	40	10	10
Arts, Media and Publishing	0	0	0	0	0	0	0	0
Business, Administration and Law	190	270	250	210	170	180	170	150
Construction, Planning and the Built Environment	20	50	40	50	40	60	60	40
Education and Training	0	0	0	10	0	10	0	0
Engineering and Manufacturing Technologies	70	150	120	170	100	120	80	90
Health, Public Services and Care	200	3,670	230	180	170	180	160	120
Information and Communication Technology	20	20	10	20	10	10	10	10
Languages, Literature and Culture	0	0	0	0	0	0	0	0
Leisure, Travel and Tourism	20	20	20	10	20	20	20	10
Preparation for Life and Work	0	0	0	0	0	0	0	0
Retail and Commercial Enterprise	200	280	190	150	190	170	200	140
Science and Mathematics	0	0	0	0	0	0	0	10
Unknown	0	0	0	0	0	0	0	0
Total	740	4,500	880	800	750	800	710	600

Source (DfE, et al., 2017) Apprenticeships by parliamentary constituency 2011/12 to 2014/15

In our primary work we basically found that chefs are the only occupation where an apprenticeship is seen as an appropriate qualification or pathway (in this subsector). Even for management positions, experience and skills were favoured over the apprenticeship route. But in this instance we do think that there might be interest in a standard which was specific to the industry. Taking someone from an entry level job to management is an obvious progression pathway and some employers saw the value, albeit given the fast pace of the industry, the hours worked etc. many employers seemed to regard formal training as being something that was not really an option.

2.4 Future requirements

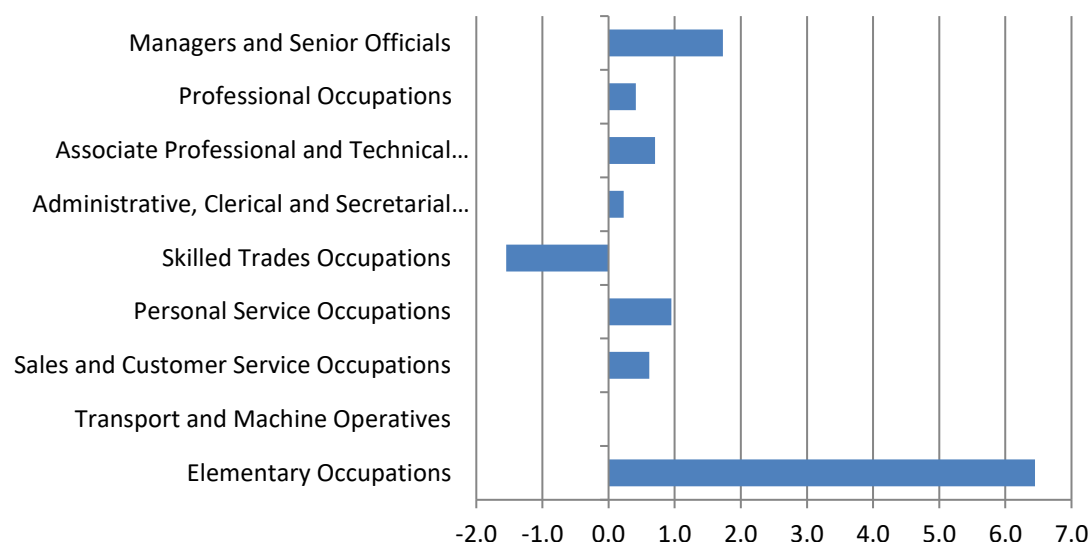
2.4.1 Sector growth

Future workforce projection for the subsector are available at the wider region of Yorkshire and Humber rather than the North Yorkshire area but this still provides a useful indication of changes in the workforce moving forward.

Employment in the Yorkshire and Humber food and beverage service activities subsector is expected to grow 9% between 2014 and 2024 – or by nearly 10,000. This is a greater rate than whole economy where growth of 5.5% is anticipated in the region, but half the rate of the UK subsector figure of 18% (UKCES, 2016).

We expect to see employment growth for higher level occupations, including managers, professional occupations and associate professionals and technical roles. Elementary occupations are projected to see the greatest growth (Figure 5). But net job losses are projected for skilled trade roles.

Figure 5 Food and Beverage services subsector occupation change, 2014 -2024 (000s)



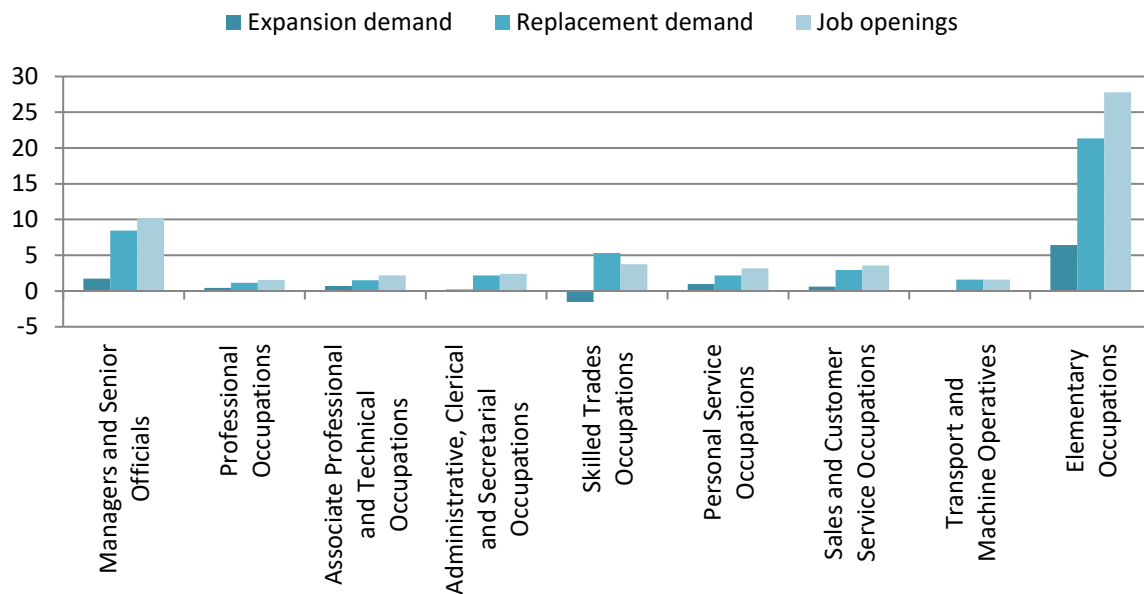
Source: UKCES Working Futures VI

2.4.2 Replacement need and total demand

Over the next decade, replacement demands are expected to generate nearly five times as many job openings in the sector compared to net job growth.

Overall the food and beverage service activities in Yorkshire and Humber is expected to have over 56,000 job openings between 2014 and 2024: 10,000 sector growth and 47,000 replacement demand. Nearly half (50%) of all job openings will be within elementary occupations and a further 18% in managerial positions (Figure 6).

Figure 6 Job openings in the food and beverage services by occupation 2014 - 2024 (000s) in Y&H



Source: UKCES Working Futures VI

The startling fact that 83% (47,000) of the new staff requirements are needed to replace existing employees indicates that the subsector may have a retention problem. So whilst the growth of the subsector means we need to recruit more people, the high rates of labour turnover are driving recruitment needs. Latest figures conservatively indicate that labour turnover at 30% is costing the sector £274m annually (People1st, 2015).

2.4.3 Qualifications

The change in qualification levels of the workforce shows that there will be a shift towards more people holding higher qualifications (Table 4).

By 2024, 36% of people employed in the food and beverage service subsector are expected to be qualified at level 4 and above (lower than YNYER sector proportion 47%), whilst the proportion of people with no formal qualifications or level 1 is expected to fall to 17%.

Table 4 Change in qualification profile accommodation subsector, Yorkshire and Humber

	No qualifications and level 1	Level 2	Level 3	Level 4 – 6	Level 7 – 8
Qualification example	GCSE (grades D – G) BTEC level 1	GCSE (grades A* - C) NVQ Level 2	AS & A level BTEC National	Certificate of higher education (L4) Foundation degree (L5) Bachelor's degree (L6)	Master's degree (L7) Doctorate (L8)
2014 level	33,700	32,600	22,900	18,400	2,300
2024 level	20,300	34,700	21,400	38,800	4,300
2014 – 2024 % change	-40%	6%	-7%	111%	85%
2014 % share	31%	30%	21%	17%	2%
2024 % share	17%	29%	18%	33%	4%

Source: UKCES Working Futures VI

2.4.4 Future Skills

This is clearly not an industry that is expecting massive changes over the next few years, consequently they expect alterations to current roles rather than seeing significant new roles to be created.

2.4.5 Future roles

The above Working Future projections demonstrate that there will be growth across most occupational groups and a significant replacement need for positions. Employers have not necessarily identified any new roles developing in the next 6 years, rather its recruiting for existing positions - i.e. waiters/waitresses, chefs, cleaners, kitchen porters, managers.

2.5 Drivers of change

2.5.1 Political

Leaving the European Union

Uncertainty post Brexit is a concern reported by employers in the food and drink subsector. In the run up to the 2017 General Election when a large Conservative victory seemed likely, it was assumed that the UK was about to begin some form of 'hard' Brexit. Despite being rarely defined, it was expected that this would be a Brexit based on leaving all EU institutions and associated agreements with the UK then negotiating our own agreements at a national level.

However, following the surprise result in June 2017, it now seems likely that whilst Brexit will happen, it may be at the 'softer' end, opening up the possibilities of effectively paying for access to various parts of the EU institutions/agreements – including access to the Single Market.

This uncertainty is a significant challenge. We simply do not know what will be the outcome of the Brexit negotiations, so employers have only best guesses on key issues such as free movement of labour, tariff free trade, legislative requirements etc. This lack of information is clearly unhelpful for making decisions over long term investments.

The subsector traditionally filled vacancies through migrant labour and Asian and Oriental restaurants in particular are heavily dependent on recruiting workers from outside the European Union. Across hospitality and tourism, 24% of the workforce is made up of non-British nationals. But as we have seen the UK labour market become more competitive, with unemployment falling, we have also seen the number of non-British workers in the sector rise. Between 2011 and 2016, the number of migrant workers in the hospitality and tourism sector has increased by 27%, with the majority of this increase coming from other EU countries (People 1st, 2017).

The effect on inward migration policies from the EU and beyond could affect the sector's ability to recruit and retain skilled staff.

Legislation / Regulations

There are a number of areas of legislation and regulations that employers must comply with in the sub-sector, including health and safety, licensing laws and hygiene and food safety regulations (FSA, 2017). Managers and supervisors should have knowledge of these requirements and skills to ensure compliance. The subsector is not expecting any new legislation which will have any serious impact in the coming years, but the situation with Brexit could potentially have an impact.

2.5.2 Economic

A slowdown in economic growth

With the drop in sterling against other major currencies there may be some short term benefits to the visitor economy. More international visitors could be attracted but also a weaker pound may encourage staycations. Imports are likely to be more expensive, potentially pushing up the prices of raw materials including energy. There is likely to be an increase in basic foodstuffs which will impact on prices. Economic downturn is always felt very keenly in the food and drink sectors as it is directly related to disposable income.

Wage levels

The National Minimum Wage (NMW) was first introduced in the UK in April 1999 at a rate of £3.60 per hour for over 21-year-olds. Prior to that there was no statutory minimum. In April 2016 the government introduced the National Living Wage (NLW) at a level of £7.20 per hour for those over 25 years old, increasing to £7.50 in April 2017. It is expected to rise to at least £9 per hour by 2020. The impact of this is likely to be significant on subsector. The subsector will undoubtedly face higher payroll costs.

Labour availability

Following the recession, the economic situation across the UK and North Yorkshire has been improving. Unemployment rates in the area have declined from a high of 7.5% in 2011 to 2.3% at the end of 2016. Of those claiming JSA, 43% have been out of work for six months or more (ONS, 2017) and are therefore more of a challenge to get back into work. Consequently it is becoming harder to recruit.

With fewer younger people entering the job market, the subsector which is particularly reliant on young people faces significant challenges. So employers in particular need to find ways to retain staff.

2.5.3 Social

Consumer needs:

It is clear that the food and beverage sector must remain responsive to consumers' needs and desires.

This is made evident by the emergence of health-conscious eating. The UK market is increasingly looking at healthy eating as a way to address health-care concerns including hypertension, diabetes, and obesity.

This awareness, coupled with an increasing interest and desire for more authentic foods produced without using herbicides and pesticides, free of genetically modified ingredients, and even free of carbohydrates or gluten, has placed pressure on the sector to respond accordingly. Consumers are also more aware of the plight of farmers and producers from faraway places and they are increasingly supporting fair trade practices. At the same time, there is a heightened desire for more locally grown products, as well as a general awareness and appreciation of the quality of produce.

Perception

There is a perception from the public that there is limited opportunity for career development in the sub sector.

2.5.4 Technological

Technology continues to play an ever-increasing role in the sector. It is most noticeable in fast-food establishments where many functions are automated in both the front of house and back of house. WiFi enables credit/debit card hand-held devices to be brought directly to the table to process transactions.

There are also smartphone apps which will tell customers what restaurants are nearby or where their favourite chain restaurant is located. Responding to the new avenues of marketing etc., is an obvious future development for the sub sector.

Marketing

In today's marketplace, being noticed is a constant goal for most companies. Converting that awareness into patronage is a challenge for most operators.

Reviews have been a part of the restaurant sector for a long time but increasingly, influential reviews are coming from members of the public rather than professionals. With the increase of online reviews by customers at sites like TripAdvisor, and sharing of experiences via social media, operators are becoming increasingly aware of their web presence and are spending more time and money on it.

Social media, in its various forms, presents the subsector with a direct way of reaching customers as well as communicating key information about and any offers. But this presents a challenge, especially for the smaller businesses: expertise and time is required.

2.6 Key Points

What follows is a presentation of the key findings from the above.

- There is an increasing diversification of establishments in the subsector, as the interests of the public became more diverse
- Across the LEP there are 3,600 businesses in this subsector. 77% or 2,770 are located in the North Yorkshire area.
- York has the greatest number of businesses and also employs the most people: 28% of the subsector workforce. York is an important area for the visitor economy but it also a large resident base (over 200,000 individuals).
- Harrogate accounts for a further 18% of the businesses and 21% of employment. Harrogate has the second largest resident base with 157,000, after York.
- Many firms report retention issues and this appears to be increasing. In 2010 10% of firms reported difficulties retaining staff but by 2015 this had increased to 15%.
- Recruiting Chefs is perhaps the highest profile challenge affecting the sub sector.
- This subsector is popular with young people - with 39% employed under the age of 25.
- Employers are extremely keen on recruits with soft skills.
- Security is a significant issue in the subsector with it being a significant staffing cost for many establishments.
- Perceived Apprenticeship relevance and uptake in the sub sector is low.
- The subsector will grow and need to replace current employees.
- The subsector is not expecting the creation of new roles, rather employers are looking to recruit into currently existing roles.
- The subsector is very responsive to economic conditions and so investment decisions are affected by uncertainty of the current situation.

3 Annex

Table 5 Employment by Industry in the LEP and Local Authorities

Industry	Craven	Hambleton	Harrogate	Richmondshire	Ryedale	Scarborough	Selby	York	North Yorkshire	East Riding of Yorkshire	YNYER LEP
2 : Mining, quarrying & utilities	125	500	350	225	200	200	2,000	400	4,000	1,250	5,000
3 : Manufacturing	3,000	6,000	5,000	1,000	5,000	5,000	7,000	4,500	36,000	17,000	53,000
4 : Construction	1,500	2,250	3,000	1,000	1,500	1,500	1,750	4,000	17,000	6,000	23,000
5 : Motor trades	450	900	1,750	350	700	600	500	1,500	7,000	3,000	10,000
6 : Wholesale	1,500	2,250	4,500	700	1,000	1,000	2,000	2,500	15,000	5,000	20,000
7 : Retail	3,000	3,500	8,000	2,000	1,750	5,000	2,250	14,000	39,000	12,000	51,000
8 : Transport & storage (inc postal)	1,000	1,750	3,000	600	600	1,250	3,500	4,500	17,000	6,000	23,000
9 : Accommodation & food services	3,000	3,500	8,000	3,000	3,000	7,000	2,000	11,000	42,000	9,000	51,000
10 : Information & communication	350	600	2,000	150	150	300	800	2,500	7,000	2,250	9,000
11 : Financial & insurance	2,500	450	2,500	150	350	600	300	4,500	12,000	1,250	13,000
12 : Property	450	800	1,500	400	800	1,000	300	2,000	7,000	1,750	9,000
13 : Professional, scientific & technical	1,750	2,250	8,000	1,000	1,500	1,250	3,000	8,000	27,000	7,000	34,000
14 : Business administration & support services	6,000	3,000	6,000	1,000	1,250	2,000	3,500	8,000	30,000	7,000	37,000
15 : Public administration & defence	450	3,500	2,000	800	700	1,250	700	5,000	15,000	10,000	24,000
16 : Education	3,000	3,000	7,000	1,500	2,250	3,500	3,500	12,000	36,000	12,000	48,000
17 : Health	2,250	5,000	12,000	1,500	1,750	8,000	3,000	16,000	50,000	17,000	67,000
18 : Arts, entertainment, recreation & other services	1,000	1,750	3,500	1,250	2,000	2,500	700	5,000	19,000	4,500	23,000
Column Total	31,000	41,000	80,000	17,000	25,000	43,000	36,000	105,000	379,000	122,000	500,000

(ONS, 2015)

