



HOSPITALITY
FORUM

UNDERSTAND, INFLUENCE, CELEBRATE

Report June 2023



York & North
Yorkshire Chamber
of Commerce

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It is our view that unless a concerted focused strategy and programme of support activities is undertaken, the hospitality sector in our region may be damaged beyond repair.



Hospitality, the beating heart of York & North Yorkshire:

Back in February when the Hospitality forum was launched, we talked about hospitality being the beating heart of York and North Yorkshire – a sector that is at the very heart of what makes the region great.

It is a sector that continues to be misunderstood, can be taken for granted and too often reduced to debates around productivity, low pay, and low skill. This does not reflect the sector many of us have worked in, experienced, and supported.

The sector we know is creative, brave, caring, resilient and tenacious.

Across North Yorkshire hospitality is responsible for a total of 48,500 jobs and its Gross Value Added (GVA) contribution is £865m.

A total of 4,035 businesses operate in North Yorkshire's hospitality sector, and it has a GVA of £865m across the region (if you subtract York this declines to £630m).

It is hugely diverse, ranging from start-up tea rooms and pubs to global brands and Michelin star restaurants. Its economic impact is not only the obvious direct one but also the huge supply chain including regional food and drink producers, services, and support functions.

Whether it be that first cup of coffee in the morning, doing business, having lunch with your friends or family, a visit to the pub at the weekend, or a treat in your favourite restaurant, hospitality is essential to our region's economic success and overall wellbeing. However, it finds itself in a perfect storm with the combination of the pandemic, inflation and economic instability continuing to take a heavy toll on this much-valued sector.

It is a storm that includes rising and unsustainable costs, recruitment challenges, consumer confidence, inflation, and economic uncertainty. This is resulting in business closures. Between May 2022 and May of this year there were 315 liquidations in the sector in North Yorkshire, representing 8 per cent of all liquidations across the geography.

Behind these numbers are a rise in related mental health issues and the significant knock-on effect to other sectors involved in the supply chain.

Philip Bolson

Chair, York & North Yorkshire Hospitality Forum

Hospitality isn't tourism:

One key message is that Hospitality is not tourism.

Hospitality is much more than that and supports other businesses growth, binds communities, and yes drives tourism (domestic, inbound and outbound).

However, most people will lump them together or interchange between the two as if they are the same thing. They are not.

Very simply without hospitality businesses we don't have tourism.

This difference is important to understand to ensure that any strategy developed either locally or at Government level supports businesses and enables them to grow their tourism strategy. This is even more important now with the development of LVEP's (Local Visitor Economy Partnerships).

Hospitality ultimately enables tourism to happen and whilst of course they are intertwined, without a healthy Hospitality sector, tourism in this instance, will simply not be sustainable.

Hospitality is the operator – the doer.

The people that get up every day and open their business to the public, to visitors, to businesses. From cafes and coffee shops, B&B's and hotels, independent and global brands through to luxury 5-star resorts and Michelin star restaurants the sector is vast. Indeed, many people use hospitality every day without even thinking, and as Covid has taught us we miss it when it isn't there.

At the heart of what makes the sector special is no one element alone but a coordinated mix of capabilities and resources such as tech, marketing strategies or design but most importantly its people - those that clean the rooms, look after guests, wash the pots, create amazing dishes, and make the coffee, those who bravely invest, develop, and seek to grow their businesses. It is a diverse, all-encompassing, and highly skilled sector that is at a crossroads.

The Forum believes that Hospitality includes topics such as:

- Attracting and retaining great people. Changing the perception of the sector and sharing the diversity and flexibility available whether someone is after a career or simply passing through.
- Growing skills. Understanding how, when and where these skills can be learnt.
- Delivering compassionate service
- Running compassionate businesses
- Business growth. Ensuring that businesses are financially viable, well run, building partnerships, collaborating, and having effective commercial strategies in place.
- Understanding and reducing the impact on the environment.
- Understanding and utilising technology effectively.
- Helping businesses have access to affordable finance.

The list is a long one and we must ensure that any policy, strategy, or plan includes having robust conversations about these and other topics that lead to tangible activity to support the meaningful change that is needed.

Not having a healthy hospitality sector and expecting tourism to grow in a sustainable manner is like setting off to climb a mountain in slippers. Dangerous, painful, and ultimately futile.

York & North York Hospitality Forum:

York & North Chamber of Commerce earlier this year took the step of forming a Hospitality Forum specifically designed to champion the sector's strengths and highlight its challenges. It is the only forum dedicated to the hospitality sector in all the 53 British Chambers of Commerce nationally.

The Forum was set up with a clear purpose to "give a hospitality a voice". Its mission "to understand, influence, and celebrate". A Forum that can impact change. Ultimately to get those who need to sit up and listen to take notice and make hospitality a priority.

The challenges have been mentioned and whilst forecasts predict some form of improved economic stability with inflation likely to fall in the coming months, other issues such as recruitment and increased costs are likely here to stay for the sector.

As such, a strategy is needed to move the debate forward and change the narrative. A strategy that involves the sector, central Government, and local Government.

Throughout April and May, members of the Hospitality Forum staged a series of roundtables around the region to engage with hospitality businesses about their biggest challenges and what they would like to see happen in terms of intervention and support, the results of which are outlined below.

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What is needed:

During these round tables three questions were asked to understand what change is needed to make hospitality healthier:

- 1** What does the sector itself need to do to improve attraction and retention?
- 2** What do we need from our two councils and a Mayoral Combined Authority?
- 3** What do we need central government to do?

The summary of these questions is:

Central Government

we stress that there is a need to act fast on short and medium-term measures to help business survive in the short term, and then create an environment that enables the hospitality sector to flourish.

Local government

we ask that the right level of resource, policy, and business support is in place and that hospitality is not confused with other sectors

The sector

we need to continue to do better, share best practice, and work harder on improving not only the perception of hospitality but also the reality.

Central Government:

The sector needs a stable economy and a government that not only understands and champions it but enables businesses to keep hold of as much of its cash as possible to invest into its people, product, and community. Therefore intervention and support by government is critical.

In May this year the steering group travelled to Westminster and met with tourism minister Sir John Whittingdale, business and trade minister Thirsk & Malton MP Kevin Hollinrake, York Outer MP Julian Sturdy, York Central MP Rachael Maskell, Harrogate and Knaresborough MP Andrew Jones and Skipton and Ripon MP Julian Smith.

The big picture was discussed and specifically what we believe the Government need to do to make an immediate and long-lasting difference. There was some sympathy and appreciation of the sector, along with an understanding that support was needed but no specific action plan is in place.

In the short-term government need to consider and act upon:

- Reducing VAT within hospitality. The single and quickest way to help businesses survive.
- Implementing a more progressive approach to the VAT threshold. Both encouraging investment and growth
- Putting pressure on utility providers to reduce costs including in the short term the need for providers to actively promote the option to “blend and extend” or to break punitive contracts
- Putting all hospitality roles on the workers shortage list
- Appointing a Minister for Hospitality and keep separate from sectors such as culture, media, and business.
- Making the apprenticeship scheme a flagship policy and grant them equal status to that of degrees. They need to be more flexible and easier to access. Reintroduce the apprenticeship grant scheme for those aged 19 and above.
- Incentivising businesses to reduce their impact on the environment whether this be through grants, reduced taxation, or other incentives.

- Current Government policy does not reflect the significant contribution that the sector makes to the UK economy. Policies for both Further and Higher Education will reduce the attractiveness of programmes targeted at the sector at a time when hospitality, tourism, and the event sector are facing significant challenges to recruiting suitably qualified staff, spanning entry-level positions through to senior management jobs.
- Having accurate data that reflects the true state of the sector and making this available to all. This should include businesses that have had to reduce trading hours or have closed but haven't ceased trading.
- Actively encourage people of all ages and backgrounds to join the sector.
- Work harder to truly understand hospitality. Not only the diverse nature of it and the huge wider economic contribution, but the impact it has on both individuals and community wellbeing.

Increases in the cost of energy of more than 300 per cent are being seen in some instances and businesses are unable to get out of deals done at the peak of the crisis in 2022.

In the medium term:

- Review and change what, how, and where we teach hospitality.
- A review of planning policy. Where policy includes a requirement for infrastructure or sustainable investment (e.g., EV or substations) then grants / financial support should be made available. It is understood that the developer takes on most of the risk however where investment requirements are mandated financial support should be forthcoming.
- Support the region to build more affordable housing
- Work with the region to invest in and fix transport – rural and urban, from potholes to buses and rail.
- Fund LVEPS to support business growth and sustainability – in both a business and environmental sense.
- Review the way data is captured to ensure that the sector and in particular rural areas are correctly categorised, understood, and as such receive the support needed. For example, in recent years data about self-employed people has ceased (non-PAYE) resulting in the classing of many people as economically inactive. Also, the IMD (index of multiple deprivation) is biased towards rural areas so urban areas look more deprived and rural areas more affluent than they are.

Rachael Maskell, MP for York Central, believes that Government has a responsibility to ensure that the needs of the hospitality sector are given serious consideration and that a strategy to help the hospitality sector in York and North Yorkshire develop, including grow its skills base.

She added, “In the immediate, the challenges of high energy costs must be addressed, and VAT changes could also assist the sector get through this challenging economic period.”

Julian Sturdy, MP for York Outer, also looked forward to further talks between politicians and those in hospitality and tourism.

He added: “These sectors have faced a uniquely challenging period over the last few years as a result of COVID, labour shortages and the rise in the cost of living, therefore the importance of a forum to raise these concerns with elected representative is a fantastic step in the right direction.”

The Forum will continue to meet and lobby the Government to make the changes required.

Local Government:

York and North Yorkshire is on track to become a Mayoral Combined Authority (MCA). This is an opportunity for the elected Mayor and the local authorities to fully support the sector. Importantly York and NY must work closely in their commitment and support of hospitality.

- Recruit a “hospitality czar”. Someone with experience and Board responsibility for hospitality to champion, encourage quality, sustainability and growth whilst also delivering targeted business support. A role that would complement any tourism strategy.
- Encourage and work with other organisations to bring businesses together to share best practice, challenges, and even resource.
- Amend planning policy and ensure that committees are resourced, fit for purpose, act with speed, and encourage sustainable growth.
- Put resources and funds behind adult education to encourage older people and those from different backgrounds to join the sector.
- Invest in infrastructure – develop a plan that improves both transport and housing whilst supporting business growth.
- Actively promote the sector and encourage people of all ages and backgrounds to “get involved”
- Develop regional “skills academies” in partnership with the private sector.

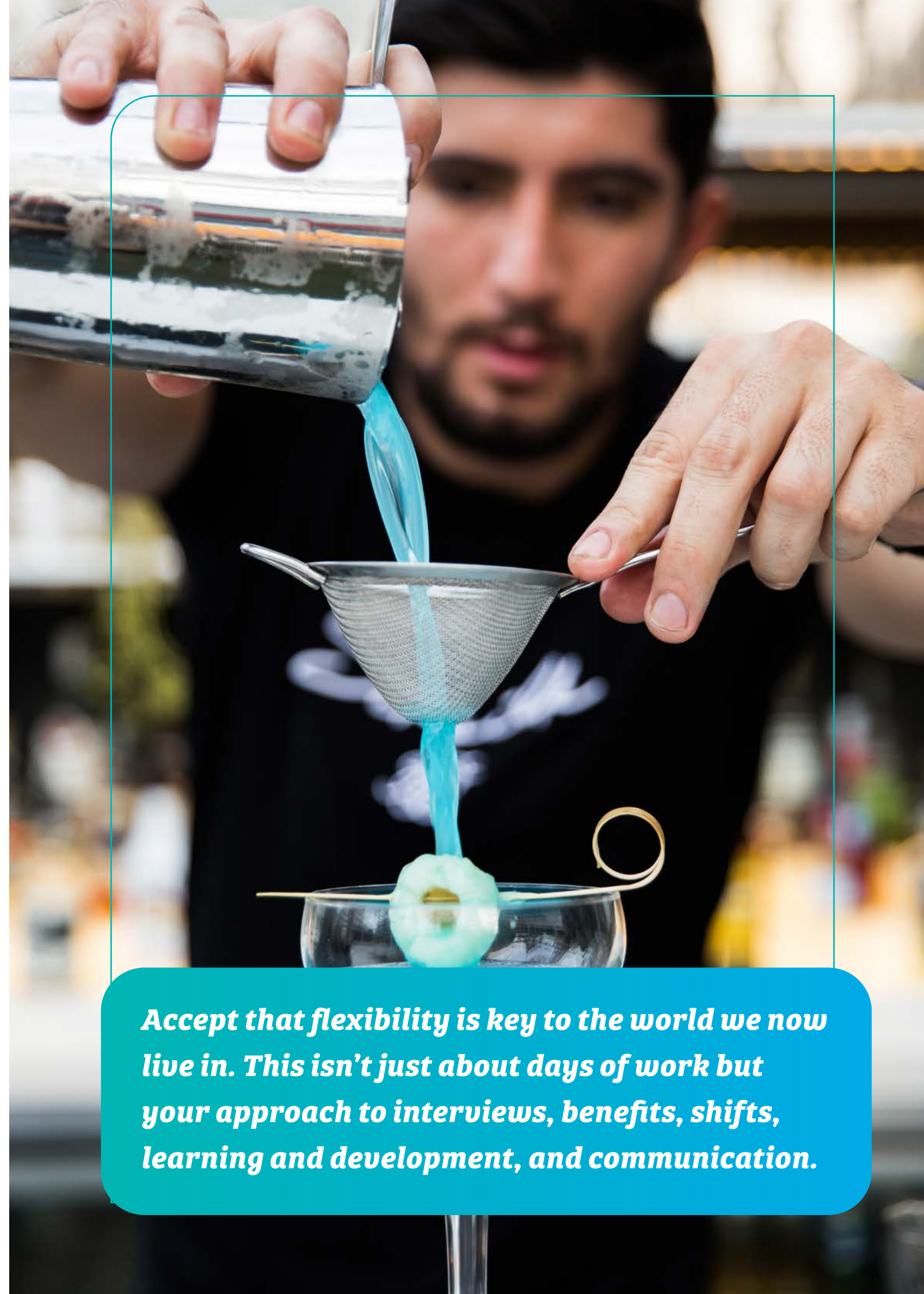
The forum will support both North Yorkshire Council and City of York Council to help develop the LVEP strategy needed.

The Sector:

Some strides are being made to improve the perception and reality of the sector, but it knows it needs to do more:

- Work to appeal to all ages and not just the young. Hospitality can offer the hours, flexibility and community to people of all ages and all backgrounds.
- Get the right people in front of young people. At career fairs for example too often the general manager or HR will attend. This is wrong and young people in particular need people they can identify with. Therefore, get your younger people to host these stands and to talk to them.
- Find your local apprenticeship provider and understand how they can help with both attracting, skilling, and retaining the right people.
- Work with local food and drink suppliers as much as possible. Work with them to help deliver the quality, consistency, and margin required.
- Accept that flexibility is key to the world we now live in. This isn't just about days of work but your approach to interviews, benefits, shifts, learning and development, and communication.
- Stop recruiting and start attracting. Using Indeed is not a recruitment strategy. Use social media to tell your story at all opportunities - benefits, sustainability, development opportunities, partnerships etc.
- Retention doesn't need to be hard. Talk, share, listen, act.
- Stop thinking "back to workdays" and "celebrate service / sales weeks" have any lasting benefit. People can see through these types of stunts for what they are.
- Pay as much as you can.
- In most cases your team have better solutions and ideas than you - encourage them to help you as an owner or manager fix issues and grow your business.
- Stop thinking that "leadership" is a natural progression to management and supervision. All are equally important, and everyone can be all three.

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Next Steps:

The forum has been established to give hospitality across the region a voice. A start has been made on this including the launch, formation of a steering group, roundtables, the Westminster visit, and the media activity that has surrounded these past few months.

As we develop, the Forums ability to give the sector a voice will only increase and as such we commit to:

- 1** Continue to talk to hospitality businesses across the region understanding the issues and opportunities.
- 2** Gather and develop meaningful data.
- 3** On an ongoing basis put our findings and recommendations in front of the relevant people including MP's, Ministers, and local government.
- 4** Ensure that York and North Yorkshire work together to the benefit of all hospitality businesses.
- 5** Share best practice and celebrate success.
- 6** Have a view on Government policy.
- 7** Represent the diverse nature of hospitality across the region.
- 8** Raise the profile of the sector and actively look for opportunities to tell its unique story.

To do nothing or pay lip service to this crisis is effectively abandoning this vital sector to accelerated decline, it is time to demonstrate Leadership.



At the heart of what makes the sector special is no one element alone but a coordinated mix of capabilities and resources such as tech, marketing strategies and design but most importantly its people - those that clean the rooms, look after guests, wash the pots, create amazing dishes, and make the coffee, those who bravely invest, develop, and seek to grow their businesses. It is a diverse, all-encompassing, and highly skilled sector that is at a crossroads.

