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FAIR WORK CONVENTION

FAIR WORK

Fair Work in the Hospitality Industry

Fair Work Convention Hospitality Inquiry Report 2024

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The Fair Work Convention

The Fair Work Convention brings together employers, trade unions and academic expertise to promote and advocate for fair work across the economy and to advise Scottish Ministers on fair work. Fair work is work that offers everyone an effective voice, opportunity, security, fulfilment and respect. It balances the rights and responsibilities of employers and workers. It generates benefits for individuals, businesses and society.

The Hospitality Inquiry

The Hospitality Inquiry was led by an Inquiry Group made up of hospitality employers, employer bodies, trade unions, hospitality workers and other organisations. The Inquiry was led by employer and union Co-Chairs and was supported by an academic advisor.

The Inquiry Group brought a wealth of expertise and experience to the Inquiry process. The Inquiry considered fair work in the broadest sense, exploring the experiences of hospitality workers and employers to identify what is working and where improvements in fair work can be made.

Satnam Ner, Prospect and
Fair Work Convention (Co-Chair)

Linda Johnston,
Auchrannie Resort (Co-Chair)

Why Hospitality?

Hospitality is important to the Scottish economy and contributes to the quality of local community life across Scotland. Hospitality is a changing and dynamic sector which offers business opportunities, jobs and careers, and makes a significant contribution to economic activity, particularly in remote rural areas. The hospitality industry is diverse and businesses range in scale and ownership from sole-trader, micro and family businesses to major multinational corporations. Hospitality also comes with a range of fair work challenges which have been a feature of work in the sector for decades. Improving fair work will create positive outcomes for workers and employers. Investing in fair work now will help employers build strong and resilient businesses for the future.

Hospitality – Overview

Hospitality is an important part of the Scottish economy. Accommodation and food services make up an estimated 8% of Scottish employment, almost 9% of private sector businesses in Scotland, and in 2021 had a turnover of £6.4 billion.

- The hospitality sector is characterised by:

    o A younger workforce.

    o A higher proportion of ethnic minority workers and migrant workers.

    o A higher proportion of part-time workers.

    o A higher number of jobs with a low level of occupational skills.

- Half of all employees work in small businesses employing fewer than 50 people. Small organisations often have fewer resources to create fair work environments. Over a third of employees work in large businesses employing more than 250 workers.

- This sector is labour-intensive, with labour costs accounting for a comparatively high proportion of turnover. It is also characterised by lower productivity and lower pay. Labour shortages have eased somewhat in the past 12 months but remain higher in this sector than for Scottish businesses as a whole.

- The current cost crisis has seen businesses facing higher operating costs. While the debt obligations of businesses have fallen since the end of Covid-19, they have (up until recently) been higher than average.

- The basic non-domestic rates (NDR) tax rate remains frozen for a second year running. While NDR relief introduced during Covid-19 has been removed in Scotland, hospitality businesses located on islands are offered 100% relief (capped at £110,000 per business) on non-domestic rates. As a comparison, NDR relief has been retained in England (75% relief) and Wales (40% relief) for all hospitality businesses (also capped at £110,000 per business).

- The hospitality sector continues to compete with many EU countries which are still operating under reduced VAT rates, averaging around half of the 20% VAT currently levied on UK hospitality.

The last few years for hospitality have been particularly challenging with the pandemic requiring the sector to close down or significantly reduce trading. This resulted in high numbers of workers losing their jobs or being placed on furlough. Coming out of the pandemic, businesses have faced cost pressures and labour shortages as they have tried to recover. While this created challenges it has also created a focus on the value of fair work as businesses seek to attract and retain workers.

Security

Security of employment, work and income are important foundations of a successful life. The Inquiry considered the degree to which workers in hospitality experienced security at work and found the following key points:

- The accommodation and food services sector had the highest number of employees earning less than the Real Living Wage in 2023 (45.8% compared to 10.1% across all sectors) although this figure is significantly lower than pre-pandemic levels (60.0% compared to 16.8% across all sectors in 2019) suggesting some wage growth over time.

- Despite this, the sector still has the lowest hourly pay of all sectors in Scotland.

- Working hours was identified as a key issue for the Inquiry Group.

    o For businesses, issues focused around ensuring sufficient staff availability to cover the hours of work needed.

    o For workers, limited involvement in the determination of working hours was exacerbated by the late notice of shifts, being unable to take breaks and still having breaks deducted from pay, inaccuracies of recording of hours worked, and uncertainty of finish times. Workers were clear that receiving appropriate and predictable hours is essential to support both work/life balance and an adequate standard of living.

- The Inquiry noted a growing use of different contract types, including agency work, self-employment and some use of 'apps' like Stint. Survey work undertaken during the Inquiry revealed a small proportion of workers (13%) without written contracts.

- In 2022, the accommodation and food services sector accounted for around 32.9% of all people on a zero hours contract (ZHC) in Scotland. Views on ZHCs were mixed, with some employers making a clear choice not to use ZHCs in their business and others seeing them as important for dealing with fluctuating demand and seasonality. While some workers valued the flexibility of ZHCs, some also had concerns about the negative consequences of this type of work.

- Tips can be an important top-up to many workers' pay in hospitality. New legislation, expected to come into force in October 2024, makes it unlawful for businesses to hold back tips or service charges from their employees. This is a positive step for workers and provides a clear and consistent standard for employers.

Precarious work and insecurity at work disproportionately impacts certain groups – younger workers, women, disabled workers, non-UK nationals, ethnic minority workers and those with lower educational attainment.

Security at work is fundamental with issues around pay, hours, contracts and basic employment rights, all core elements of workers' experience of work. While improvements have been seen in hospitality around payment of the Real Living Wage, there is more that employers can do to improve security at work.

Findings from this Inquiry suggest that employers focusing on providing transparent and predictable hours and clear information on employment rights to all of their employees is likely to have a significant impact on the experience of fair work in hospitality.

Respect

Respect as a dimension of fair work includes health and safety, dignity at work and issues relating to bullying and harassment, but it also goes beyond this to include dignified treatment, social support and the development of trusting relationships. The Inquiry considered the degree to which workers in hospitality enjoyed respect at work and found the following key points:

- In 2020/21-2022/23, the accommodation and food services sector performed well on some measures of health at work, specifically rates of self-reported work-related ill health, where it is the third lowest of all industries.

- Recognising reported increases in poor mental health in the sector, there are a range of social enterprises and charities dedicated to supporting improved mental health for hospitality workers.

- More negatively, in 2020/21-2022/23 accommodation and food services had the third highest rate of non-fatal workplace injury of any sector of the economy after agriculture and construction.

- The Inquiry heard that proactive inspection by Environmental Health Officers on health and safety issues has significantly reduced in the industry, in line with policy on wider health and safety enforcement. As a result, employers no longer receive the same level of ongoing support and advice on how to maintain standards.

- Bullying and harassment is a significant concern in the industry with many staff citing issues with both customers and managers and some evidence of a lack of action by employers if concerns are reported.

- Employers recognised that issues around respectful behaviours could be variable within the industry, with good practice sitting alongside pressurised workplaces and 'traditional', and not always respectful, management. Evidence to the Inquiry from both employers and workers suggested that behaviours in kitchens – traditionally seen as difficult working environments – were improving.

- The requirement to travel home late at night creates a specific safety risk for hospitality workers, particularly those that are low paid.

- Relationships with co-workers were often seen most positively, and often identified as one of the best elements of working within hospitality.

It is evident that many employers in hospitality take issues around respect seriously and take steps to ensure workers are safe and their wellbeing is supported. Yet, the evidence suggests that hospitality workers face a number of issues relating to respect at work. Hospitality workers would benefit from a clearer focus on safe working practices; support for night workers to get home safely; a better balance of working hours, with clear and consistent access to rest days; better relationships with managers, with a focus on eradicating bullying and harassment - particularly racism and sexual harassment; and a clear mechanism to report issues if they arise.

Respect at work is primarily about relationships, cultures, and how well work is run and organised, and workers must feel confident that effective employer action will be taken if concerns are reported. This is an important and achievable focus for all employers regardless of size or starting point.

Opportunity

Opportunity allows people to access and progress in work and employment and is a crucial dimension of fair work. The Inquiry considered opportunity in the hospitality sector and found the following key points:

- The sector is relatively diverse and employs larger shares of equality groups compared with the Scottish economy overall.

- Just over half of employees in the accommodation and food services sector (2022) were women. Despite this, there is some evidence which suggests that women are underrepresented in managerial roles.

- One-third of the accommodation and food services workforce in 2022 was aged 16-24 (three times more than the Scotland-wide figure). The sector frequently gives young people their first contact with the labour market, providing an opportunity to work, often whilst also in education or other training roles.

- The sector has one of the lowest proportion of workers aged 50 and over.

- The sector has a notable reliance on non-UK nationals with EU and non-EU nationals making up almost a fifth of the workforce in 2022, nearly double the Scottish figure. Most migrant workers in hospitality are likely to be working in low-level occupational groupings with low wages (e.g. waiting staff and housekeeping) and are generally more likely to work shifts, be overqualified for their role and have non-permanent contracts compared to UK-born workers.

- In 2022, 14.2% of workers in the accommodation and food services sector were disabled which is lower than in Scottish employment as a whole (17.1%). This is a change from 2020 data where the sector was closer to the Scotland average.

- Offering flexible working is often cited as a strength of the sector by hospitality employers. Evidence gathered as part of the Inquiry, however, details that many workers do not consider the sector to be flexible for their needs. This is particularly true for those who are balancing other responsibilities outside work, such as caring responsibilities (predominately women), education (predominately younger workers) or other work commitments.

- Employability services promote social inclusion by seeking to tackle the difficulties people face in finding suitable work due to lack of experience, skills, opportunity or other barriers such as disability. Hospitality employers often play a vital role in terms of social inclusion by providing entry level roles for groups that can find it difficult to access employment opportunities.

The hospitality industry is relatively diverse and plays an important role in providing routes into work and entry level positions. The important role that hospitality plays in social inclusion and providing work for highly marginalised groups is often overlooked.

With persistently high vacancy rates across the hospitality sector, there is a business need to maximise the potential workforce entering the sector as well as maximising recruitment and retention. The opportunity dimension focuses on fair, open and accessible employment and progression, irrespective of personal characteristics.

Focusing on providing equal access to work, training and progression opportunities, along with tackling pay gaps, and addressing bullying and harassment, including from customers, could support improved retention and fair work outcomes for workers, particularly those with protected characteristics.

Fulfilment

Fulfilment includes the opportunity to use one's skills, to be able to influence work, have some control and to have access to training and development. The Inquiry considered the degree to which work in hospitality offers fulfilment and found the following key points:

- The hospitality industry has faced significant labour shortages since the Covid-19 pandemic, resulting in a focus on recruitment and retention of skilled staff. Employers giving evidence to the Inquiry reported key skills shortages, particularly for chefs.

- Employers interviewed as part of the Hospitality Inquiry often cited access to career advancement and the ability to 'work your way up' from all levels of the business as a key strength of the hospitality industry.

- The Inquiry heard a range of views from hospitality workers on career progression with many noting that the industry was 'flat' and there were only limited progression opportunities, but also believing that where progression opportunities did exist it was primarily based on merit. Other workers were unclear about what career opportunities existed to support progression through the industry.

- Many hospitality workers did not feel supported by their employer to access training. Worryingly, the Inquiry found examples of employers asking workers to undertake training in their own time and/or at their own expense, even for training directly related to their current role.

- Concern around the churn of staff and the loss of investment in training appears to act as a disincentive to providing certain types of training for some employers.

- Managers' experiences of fair work were often viewed as poor, with a perception of long hours and relatively low pay, especially when considered in relation to hours worked. This suggests that there may be issues with how roles and pay are structured in addition to the ongoing impacts of high workloads and staff shortages.

- The perception of poor fair work outcomes for managers presented a clear disincentive to career progression for workers in the sector, with examples of some workers expressing a preference for a zero hours contract over a salaried position or a promoted post due to the issue of unpaid overtime.

- Work in the sector is varied and both employers and workers often identified that personal relationships with co-workers and customers, and variation in the working day, made work enjoyable and fulfilling.

The hospitality industry continues to struggle with issues around labour shortages, skills shortages and high levels of staff turnover. There are a number of routes into the sector through apprenticeships, colleges and universities, but data suggests that the number of people undertaking apprenticeships and college courses is falling.

Perceptions of the sector do seem to be having an impact on recruitment, as do changes to immigration policy. Turnover and churn impacts employers by creating clear barriers to investing in their workforce through training, while, for workers, changing between hospitality jobs can often be a response to poor practice, particularly bullying and harassment from managers.

Relationships with managers shape the experiences of hospitality workers for good and for ill, and while relationships with co-workers and customers are often identified by workers as the best thing about working in hospitality, relations with managers are more variable and can have a major determining influence on workers' desire to work in hospitality in the longer term.

Effective Voice

Effective voice underpins and facilitates all other dimensions of fair work. Effective voice requires structures – formal and informal – through which real dialogue – individual and collective – can take place. The Inquiry considered the degree to which workers in hospitality enjoyed effective voice at work and found the following key points:

- Research suggests that effective voice structures are not widely used in hospitality, but there are some examples of improvements in this area since the Covid-19 pandemic.

- Some larger employers have staff networks which act as a voice mechanism.

- Union membership amongst hospitality workers is low, but there are some limited examples of positive industrial relations between employers and unions in hospitality.

- Collective bargaining coverage is the lowest of any sector in the economy.

- Survey work undertaken as part of the Inquiry found that workers' and employers' perceptions of voice structures did not always align. Workers were more likely to feel that their views were not considered, while employers often felt that effective voice structures exist and that workers views are sought and acted upon.

- The Inquiry heard evidence that a lack of effective voice often impacts access to basic employment rights in hospitality with workers expressing a need to self-advocate to access basic rights. This has a particularly negative impact on younger workers and migrant workers who lacked the skills and experience to self-advocate.

- Survey work undertaken as part of the Inquiry showed that many employers recognised the centrality of fair work and hearing and acting on workers' views to delivering good outcomes for their business.

- The Inquiry Group shared an aspiration to improve relations in the industry and create a more collaborative approach between employers, unions and workers.

There is a need to strengthen effective voice mechanisms and to encourage and empower workers to raise issues when they arise. For this to be effective, workers must have faith that they will be treated with respect and they must see their employer respond positively to their views and concerns.

Embedding improvements in effective voice is key to making meaningful progress on fair work in hospitality. It is also clear that effective voice is an area where there is a significant weakness in fair work terms for the hospitality industry, both in terms of individual voice mechanisms and collective approaches. Improving effective voice at a workplace level and improving industrial relations and joint working at a sectoral level, is key to further embedding fair work in the sector going forward. Workers must have a voice, and this must be respected and taken seriously if all other dimensions of fair work (security, respect, opportunity and fulfilment) are to improve.

Rurality

In Scotland in 2023, there were 3,240 rural accommodation and food services businesses, with 39,000 people employed in rural areas in 2022. The accommodation and food services sector has a much larger share of employment in remote rural areas (17.9%) compared to accessible rural areas (10.1%) and the rest of Scotland (9.9%).

The Inquiry considered the unique challenges of rural and island living and how this impacts the experience of fair work in hospitality and found the following:

- Hospitality employers play a significant role in remote rural communities. Accommodation and food services is one of the biggest providers of private sector employment in remote rural areas along with agriculture, forestry and fishing and wholesale, retail and repair.

- Rural hospitality employers have many of the same fair work challenges as other hospitality businesses, but they also have a range of added pressures, challenges and costs unique to rural areas.

- There is a general lack of housing in rural areas which reduces the available workforce and prevents people moving to the area for work.

- Tied housing arrangements add significant cost to the employer and come with clear fair work issues for the worker. Having housing which is tied to their job creates issues around security and may act as a barrier to effective voice. The Inquiry heard evidence from workers that tied housing arrangements limit their family life in the longer-term, with rural employers also recognising that tied housing arrangements make it harder to maintain a settled workforce.

- There was a shared desire from both employers and workers to have affordable and stable housing in rural areas.

- There are substantial issues with transport infrastructure including infrequent and fragmented rail, ferry and bus services.

- Rural workers face increased transport costs, with many stating a preference for private car ownership due to the lack of available and reliable public transport.

- There is a lack of reliable and affordable childcare which is further compounded by transport infrastructure issues. Lack of childcare options particularly impact the career opportunities of women.

- Training in rural areas can also be challenging. Employers and/or workers can face increased costs due to transport issues and the additional time away from the business. Online training can also be impacted by connectivity issues brought about by poor broadband service.

In Scotland, hospitality and tourism plays an important role in the economy of remote rural areas. Rural businesses face many of the same fair work issues as urban businesses but there are significant additional issues facing both employers and workers. Making progress on issues like transport, housing, childcare and connectivity is essential for delivering fair work in rural areas.

Recommendations

The Inquiry considered the barriers to adopting fair work, along with employers' and workers' aims and ambitions for the sector. Consideration was also given to the policy levers that exist which could effectively support and enable the industry to promote and further fair work.

The Inquiry has identified a range of recommendations that taken together would constitute a Fair Work Agreement for hospitality. A Fair Work Agreement is an agreement between employers, employer bodies and unions to work together to advance fair work in an industry. To have meaningful impact, a Fair Work Agreement requires buy-in from employers, employer bodies, unions and ultimately workers across the industry in question. Fair Work Agreements also need to be effectively supported by Government to facilitate progress and to provide additional resource and capacity within the industry.

While businesses face a range of challenges and pressures which may limit how readily they can apply measures (particularly those that have an immediate cost impact), fair work is based on a philosophy of joint working and positive relationships between workers, employers and unions which means that many key elements of fair work can be applied without significant cost to the business. Despite this, some funding from Government to support fair work training, and to build structures across the industry will be necessary, and employers will need to recognise the value of fair work and invest in fair work business models.

To deliver fair work, employers across the industry need to build on what they are already doing well and identify areas for improvement. A key way to achieve this is to learn from the good practice of other businesses in the sector, and to strengthen effective voice in their workplace. Ultimately, focussing on continuous improvement will support strong and resilient businesses for the future.

Taking these issues into account the Inquiry makes the following recommendations:

Recommendations: Fair Work Agreement

Key: Recommendation Owner

Theme: Building Communities of Practice
1   The Scottish Government should fund two fair work coordinator posts, one embedded in the secretariat of the Tourism and Hospitality Industry Leadership Group (THILG) to support employers and one in Unite the Union to support workers. • Both roles have the shared aim to raise awareness and build capacity on fair work issues in hospitality and each role should work to a clear job description that is developed by the organisation employing them (currently Visit Scotland and Unite the Union). In order to have sufficient and meaningful impact, the Scottish Government should seek to provide consistent funding for these posts for the period of the Fair Work Agreement (envisaged in recommendation 7 to be reviewed after 5 years). • Both funded posts should work together to ensure both workers and employers are supported with the overarching aim of improving fair work outcomes in the industry, to put on joint events and training sessions, and to share good practice. • The role of the post in the THILG is to provide specific support to all businesses in hospitality to: help businesses develop stronger fair work practice; access specific support for training, including fair work training; better access existing funding streams; support businesses to meet fair work conditionality within existing funding; and to support businesses to identify and share good practice on fair work. • The role within Unite the Union is to provide specific fair work support to all workers in hospitality to: help workers to understand their rights and responsibilities at work; access training on fair work; better understand training and career pathways in the hospitality industry; collect evidence of positive workplace practice; and to better understand the issues that workers face. The role will also provide a point of contact for workers to raise concerns and will work to support positive resolution of any issues raised. • These roles should also work together to support the other elements of the Fair Work Agreement in hospitality and can support the delivery of the fair work actions already committed to by the THILG.

Theme: Fair Work Champions

2	The Fair Work Coordinators in the THILG and Unite the Union should work with employers and workers in the sector to develop a network of Fair Work Champions and Effective Voice Champions. This will require businesses in the hospitality sector to actively support the creation of these roles.

- Fair Work Champions should be a senior manager who takes on the additional responsibility to champion fair work and encourage a collective endeavour to improve fair work that involves the whole workforce.

- Effective Voice Champions should be an elected representative of the workforce who champions fair work amongst workers and supports the workforce to raise any fair work issues. If the workplace is already unionised, the shop steward or union representative should automatically be considered the Effective Voice Champion.

- These roles create a clear point of contact for the Fair Work Coordinators to support fair work within workplaces. These networks create a community of practice which supports the identification and dissemination of good practice across the industry.

- Both the Fair Work Champion and the Effective Voice Champion should receive accredited training as set out in Recommendation 4.

3	A member of the THILG should be appointed Fair Work Champion. The main purpose of this will be to champion fair work through the work of this key industry leadership structure, to provide strategic profile and drive the industry's commitment to adopting the highest levels of fair work practice.

Theme: Developing Accredited Fair Work Training

4	The Scottish Government should support CIPD, CMI and SQA to develop an accredited training scheme for senior managers. This training scheme should be undertaken by all managers who are acting as Fair Work Champions. The Scottish Government should also support Scottish Union Learning and TUC Education to jointly provide bespoke online fair work awareness training for hospitality workers. This training should be undertaken by all Effective Voice Champions. Both types of training should be developed with input from the THILG and the Fair Work Convention and should take into account the context of the industry in the design of how training is accessed and undertaken.

Theme: Fair Work Charter for Hospitality

5   The members of the THILG, being mindful of the need to balance union and employer representation, should work together to create a single Fair Work Charter for hospitality businesses. This could be taken forward through an existing or bespoke sub-group if appropriate. It is envisaged that this charter should be voluntary, allowing employers to demonstrate their general commitment to fair work. Adopting the charter can be used to provide useful evidence within fair work conditionality but does not replace other requirements around the Real Living Wage or effective voice that may be included. Based on the findings of this Inquiry, the Fair Work Charter for Hospitality should at a minimum cover the following issues:

- Payment of the Real Living Wage, along with clear pay and progression structures.

- Promotion of existing Real Living Hours accreditation or design of a bespoke Real Living Hours approach for hospitality, which recognises industry dynamics while also supporting transparent and robust approaches to hours and shift allocations that ensure workers have an income that is regular and can be relied upon. Design of any new requirement should be undertaken in consultation with Living Wage Scotland.

- Written contracts for all workers which help workers to understand their rights at work, particularly around access to annual leave and sick pay.

- Tips policies that are clear, fair and in line with legislation.

- Access to training in paid work time and funded by the employer.

- Encourage good industrial relations, supporting employers and unions to work constructively together. This should include encouraging employers to respond positively to requests for union access to workplaces, allowing them to meet with and effectively support their members. It is important to recognise that **working positively with unions** results in improved fair work outcomes for businesses and workers.

- Support effective voice structures that allow workers to raise any concerns at work.

- Clear procedures to robustly address concerns around bullying and harassment.

- Effective structures for health and safety, including the creation of Health and Safety Committees.

- 'Safe home' policies for all workers asked to travel to or from work after 11pm.

It is crucial for the charter to have an effective dispute resolution model. In the case of a dispute where staff members believe that elements of the charter are not being upheld, the charter should allow a case to be heard through the dispute resolution process. This will involve setting up a panel which includes a balance of both employer and trade union members involved in the THILG. This panel will consider the issue(s) raised and should seek effective resolution in the first instance. Where resolution is not possible, and where the panel finds a breach of charter commitments has occurred, the panel could recommend removing the business as a charter member. Where the business is part of a larger chain, this process will apply only to the business where the issues have arisen. In exceptional circumstances, the panel may decide to remove accreditation from the whole chain if there is evidence to suggest the failings are significant and systematic across the whole chain.

Theme: Providing Positive Support for Change

6   The Scottish Government should make a dedicated fund available for hospitality businesses to support the adoption of fair work practices. This funding stream should not have fair work conditionality attached to it as it is designed to support the adoption of fair work practices and build capacity in the sector. This approach supports the use of wider conditionality in the industry as it provides support to those who need to make significant change to become eligible for wider funding streams. This proposed Fair Work in Hospitality Development Fund could be used to:

- Support access to specific fair work training and capacity building within hospitality workplaces.

- Support pilot projects of new ways of working.

Theme: Review and Renewal

7   The THILG or an existing or bespoke sub-group should, after a period of five years, review the Fair Work Agreement to understand how well it is embedding fair work in the industry from the perspective of both employers and workers. It should then make any amendments that it believes are necessary to continue to advance and embed fair work effectively within the hospitality industry.

Further Recommendations

Theme: Taxation

8. When considering issues of taxation for the hospitality industry, the Scottish Government should consider if any fair work conditionality can be applied. This conditionality should aim to provide an additional tax incentive or relief for employers who pay at least the Real Living Wage and provide effective voice mechanisms to all workers.

Theme: Rural Businesses

9. The need to provide accommodation for workers creates significant additional costs for employers and clear fair work issues for workers associated with housing tied to their job which does not support family life in the longer term. The Arran Development Trust has created a useful model for increasing the housing available in an area. The Scottish Government, working with Enterprise Agencies and Local Authorities in rural areas, should aim to replicate this approach in other communities. Ultimately, increasing the supply of affordable housing is key to underpinning fair work in rural economies.

10. There are a range of issues for hospitality businesses in rural areas that are distinct, and rural businesses in hospitality would benefit from having a forum to explore these fully. The THILG should create a dedicated rurality sub-group to consider the specific needs of rural businesses, including on fair work issues.

Theme: Health and Safety

11. The Scottish Government should seek to support improved funding for Environmental Health provision within Local Government and work with Local Authorities to ensure more proactive health and safety inspection, particularly for hospitality businesses.

Theme: Supporting Disabled Workers

12. The Scottish Government should include within its wider fair work funding, support for hospitality businesses to create and support employment opportunities for disabled workers, particularly those with learning difficulties. Employability funding should continue to support disabled workers into employment and should aim to support workers into hospitality businesses where employers are engaging effectively with fair work structures and the recommendations of this Inquiry. The work of the Fair Work Coordinators (Recommendation 1) should also provide ongoing help and support for both employers and disabled workers, facilitating the sharing of good practice, and positive and supportive management practices, in line with fair work.

Introduction

Why Hospitality?

The hospitality industry in Scotland plays an important role in the Scottish economy and contributes to the quality of local community life across Scotland. Hospitality businesses are present in every community and can provide community space that enables important and fulfilling interactions for Scotland's people while also supporting tourism, events and cultural activities.

Hospitality is a changing and dynamic sector which offers business opportunities, jobs and careers, and makes a significant contribution to economic activity, particularly in remote rural areas. The hospitality industry is diverse and businesses range in scale and ownership from sole-trader, micro and family businesses to major multinational corporations. This means that a variety of business models and approaches are at play and there is a range of fair work practice. Learning can be drawn from both positive and negative practice. It is well recognised that hospitality comes with a range of fair work challenges which have been a feature of work in the sector for decades.

The purpose of this Inquiry was to consider fair work in the broadest sense, exploring the experiences of hospitality workers and employers, to identify what is working and where improvements in fair work can be made. Ultimately, the Inquiry set out to support the sector to achieve its aims and ambitions and to recognise the role that improved fair work outcomes can play in providing positive outcomes for workers and employers. Investing in fair work now will help employers build strong and resilient business for the future.

Inquiry Objectives

The Fair Work Convention's (FWC) Inquiry into fair work in the hospitality industry commenced in June 2022 and ran until May 2024. The Inquiry explored the experience of work in hospitality from the perspective of the worker, whilst also identifying the challenges faced by businesses in delivering fair work. The Inquiry aimed to identify areas where improvements in the experience of fair work can be made, and provide recommendations to the Scottish Government, businesses, business organisations, workers and unions on how these can be achieved.

The Terms of Reference for the Inquiry set out the following objectives:

- To consider current **worker experience** in the industry and the extent of fair work across all five dimensions (Security, Opportunity, Fulfilment, Respect and Effective Voice).

- To consider **employer experience** of employing and managing their workforce and understand the **long term aims and ambitions** of the industry.

- To understand **barriers to fair work** in the industry whilst also recognising **examples of positive fair work practice** and how to replicate this in the wider hospitality industry.

- To **determine any levers** (government and non-governmental) and other mechanisms for promoting/improving worker experience of fair work in the industry, including voluntary **Fair Work Agreements.**

- To **develop recommendations** for employers, employer bodies, unions, workers, Scottish Ministers and other public agencies to deliver fair work in the hospitality industry.

- To **raise awareness and promote delivery of fair work** amongst employers and workers in the hospitality industry.

Our Approach

The Inquiry was supported by an Inquiry Group comprising hospitality employers, employer bodies, trade unions, hospitality workers and other organisations working in the industry (see below).

The Inquiry was led by two Co-Chairs: Linda Johnston, a hospitality business owner with decades of experience in the industry and a champion of the adoption of the Real Living Wage across the industry in Scotland; and Satnam Ner, a member of the Fair Work Convention, a trade union lay official in Prospect and a former President of the Scottish Trades Union Congress. The Inquiry was also supported by Professor Tom Baum of Strathclyde University, who provided academic advice and support, drawing on decades of research into working practices in hospitality.

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Hospitality Inquiry Group Members

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- Satnam Ner, Prospect and Fair Work Convention (Co-Chair)
- Caitlin Alexandria Lee, Hospitality Worker, Glasgow Branch - Unite Hospitality
- Violeta Andeme, Hotel Worker, Spanish citizen (Equatorial Guinea)
- Scott Anderson, National Union of Students
- Carina Contini, Contini Edinburgh
- Marc Crothall, Scottish Tourism Alliance
- Lawrence Durden, Skills Development Scotland

- John Heggie, Better than Zero
- Anna Hirvonen, Living Wage Scotland
- Mike Jones, The Stand Comedy Club
- Catherine Jones, Grassmarket Community Project
- Susan Martindale, Mitchells and Butlers
- Mark McHugh, Bakers Food and Allied Workers Union
- Bryan Simpson, Unite Hospitality
- Moira Tasker, Inclusion Scotland
- Leon Thompson, UK Hospitality
- Paul Togneri, Scottish Beer and Pub Association
- David Trotter, Sodexo Live!
- Chris Wayne-Wills, Crerar Hotels
- Professor Tom Baum, University of Strathclyde (Academic Advisor)

Research Methodology

Fundamentally, the Inquiry drew on the experience and expertise of the Inquiry group as well as the evidence considered in the ten Inquiry meetings. These were held over a two-year period where fair work in the industry was explored in detail.

In addition, research was undertaken to inform the Inquiry through both primary data collection and analysis of secondary data sources. This included:

- Evidence collected through thematic Inquiry meetings

- Evidence sessions with workers (with two dedicated to migrant workers)

- Evidence sessions with employers (with one dedicated to rural employers)

- Case studies with employers and other key organisations

The following research was also commissioned to provide evidence for the Inquiry:

- 'A qualitative investigation into the experiences of workers in the hospitality sector in Scotland' (Stockland et al, 2023)

- 'Fair Work Convention Survey of Hospitality Workers and Businesses' (JRS, 2024)

- 'Levers for fair work in hospitality in Scotland' (Findlay et al, 2024)

Details of the methodological approaches adopted are set out in Annex A and links to separate research reports are provided, where available. Annex A also provides a definition of the scope of the Inquiry and the business settings the Inquiry aimed to consider.

Findings from each research stream are referred to throughout this Inquiry report and are discussed in each section against each of the five dimensions of the Fair Work Framework.

Overview of the sector

Summary

- Relative to the Scottish economy as a whole, the hospitality sector is characterised by:

  - A younger workforce.

  - A higher proportion of ethnic minority workers and migrant workers.

  - A higher proportion of part-time workers.

  - A higher number of jobs with a low level of occupational skills.

- Half of all employees work in small businesses employing fewer than 50 people. Small organisations often have fewer resources to create fair work environments. Over a third of employees work in large businesses employing more than 250 workers.

- This sector is labour-intensive, with labour costs accounting for a comparatively high proportion of turnover. It is also characterised by lower productivity and lower pay. Labour shortages have eased somewhat in the past 12 months but remain higher in this sector than for Scottish businesses as a whole.

- In a sector generally marked with low barriers to entry and higher levels of business churn, the last few years have been particularly challenging.

- The Covid-19 pandemic had a negative impact on the hospitality industry, with a higher than average share of the workforce on furlough. Evidence suggests that the pandemic exacerbated long-standing structural and institutional issues in the hospitality sector which have existed for decades.

- The current cost crisis has seen businesses facing higher operating costs. While the debt obligations of businesses have fallen since the end of Covid-19, they have (up until recently) been higher than average.

- The basic non domestic rates (NDR) tax rate remains frozen for a second year running. While NDR relief introduced during Covid-19 has been removed in Scotland, hospitality businesses located on islands have been offered 100% relief (capped at £110,000 per business) on non-domestic rates. As a comparison, NDR relief has been retained in England (75% relief) and Wales (40% relief) for all hospitality businesses (also capped at £110,000 per business).

- The hospitality sector continues to compete with many EU countries which are still operating under reduced VAT rates averaging around half of the 20% VAT currently levied on hospitality in the UK.

Hospitality: The Current Picture

The hospitality sector makes up the majority of the accommodation and food services sector, comprising of industries encompassing hotels, restaurants and cafes, takeaways, pubs and bars, licenced clubs and catering and other food services. For the purposes of the statistics used in this section, the hospitality sector is defined as the accommodation and food services sector. With accommodation and food services making up an estimated 8% of Scottish employment in 2022, comprising of around 216,000 workers, it is an important part of the Scottish economy (Office for National Statistics, 2023). In 2023, there were 14,815 registered businesses in the sector, almost 9% of private sector businesses in Scotland (Scottish Government, 2023), and the sector turned over £6.4 billion in 2021 (3% of the Scottish turnover of businesses (Scottish Government, 2023) . This is higher than the UK as a whole where 6% of businesses are in the accommodation and food services sector (Department for Business and Trade, 2023), indicating the importance of hospitality within the Scottish economy.

8%

● Accommodation and Food Services

○ Other Industries

92%
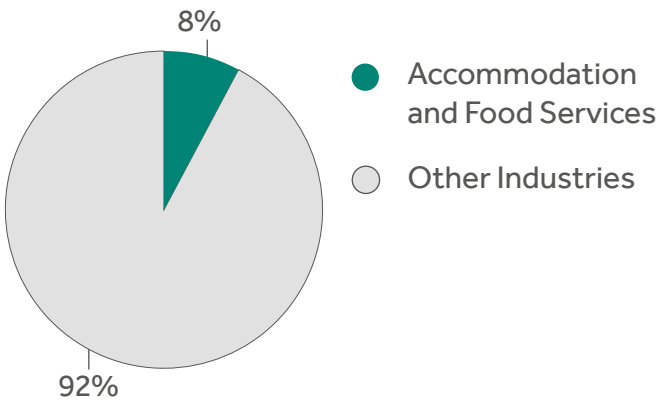
In 2022, 8% of workers in Scotland worked in accommodation and food services.

| Source: Business Register and Employment Survey (BRES), 2022, Office for National Statistics

38%

12%

Accommodation and Food Services

All Industries, Scotland
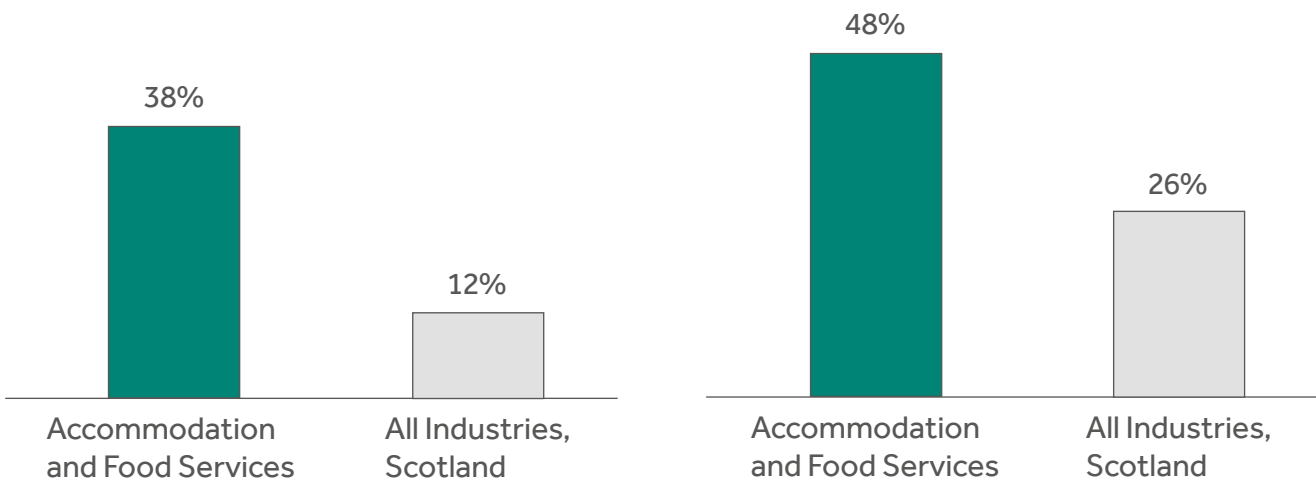
In 2022, 38% of employees in Scottish accommodation and food services were aged 16–24, compared with 12% in all sectors.

48%

26%

Accommodation and Food Services

All Industries, Scotland

Almost half of people (48%) worked part-time in Scottish accommodation and food services in 2022, compared with a quarter (26%) across all sectors.

| Source: Annual Population Survey (Jan – Dec 2022 dataset), Scottish Government Analysis

Bar chart showing skill levels for Accommodation and Food Services versus All Industries, Scotland:

	Level 1	Level 2	Level 3	Level 4*
Accommodation and Food Services	53%	13%	31%	
All Industries, Scotland	10.7%	30.9%	27.2%	31.2%

■ Accommodation and Food Services
□ All Industries, Scotland
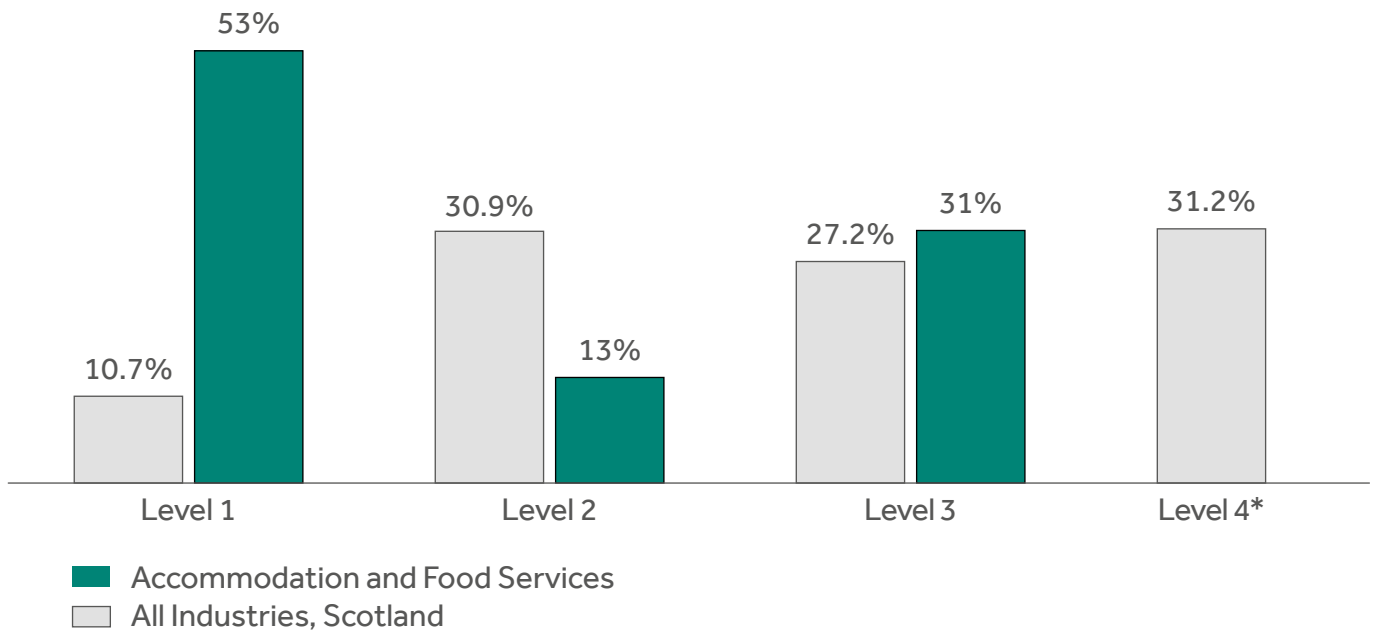
In 2022, more than half (53%) of accommodation and food services employees worked in low skill (level 1) roles.

| Source: Annual Population Survey (Jan – Dec 2022 dataset), Scottish Government Analysis

* Level 4 Data for accommodation and food services not reliable due to low numbers and should not be used

The hospitality industry in Scotland has a different workforce composition to the Scottish economy average, and a notably different occupational structure, employing a greater proportion of women (54.9% of people employed in accommodation and food services are women compared with 49.8% across all industries in Scotland) and minority ethnic workers (12.1% of workers in accommodation and food services compared with 6.2% across all industries in Scotland). In addition, in 2022, 14.2% of people employed in the accommodation and food services sector were disabled which is lower than in Scottish employment as a whole (17.1%) (Annual Population Survey, 2022). See the Opportunity chapter for more detail.

Labour Costs and Productivity Profile

Most businesses in the sector are small and therefore may have less resources to implement fair work practices. However, workers are a particularly important asset in this sector.

Labour costs made up a large proportion of turnover (33% for accommodation and 38% for food and beverage services) in Scotland in 2021.

In 2021, the accommodation and food services sector had a lower labour productivity rate (Gross Value Added per head) than Scotland as a whole (£17,600 vs £53,357 per head).
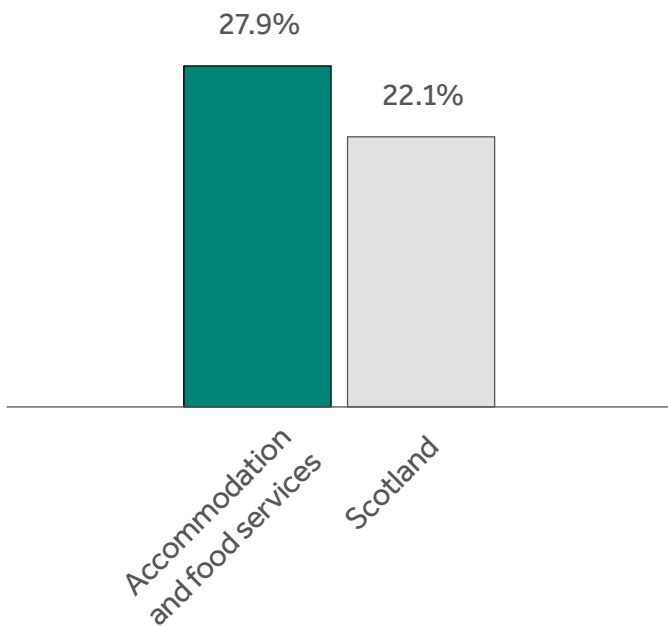
In the period of March 2024, was still experiencing difficulties recruiting workers, with 27.9% of businesses reporting experiencing recruitment difficulties compared with 22.1% of businesses in all sectors.

| Sources: Scottish Annual Business Statistics, Scottish Government (2023), BICS Wave 106, Scottish Government.

* Scotland data excludes financial sector & parts of agriculture and the public sector

As Figure 1 shows, the accommodation and food services sector is a labour-intensive sector, with labour costs accounting for a higher than average proportion of turnover (36.1% compared to 21.2% across all industries in Scotland). In addition, Gross Value Added (GVA) per head in 2021 was lowest out of all industry sectors, indicating a low productivity rate (Scottish Government, 2023). Pay in the accommodation and food services sector is, on average, lower than in other industries (see Security chapter for more detail).

Figure 1 - Labour costs as a percentage of turnover and Gross Value Added per head by industry sector, Scotland, 2021
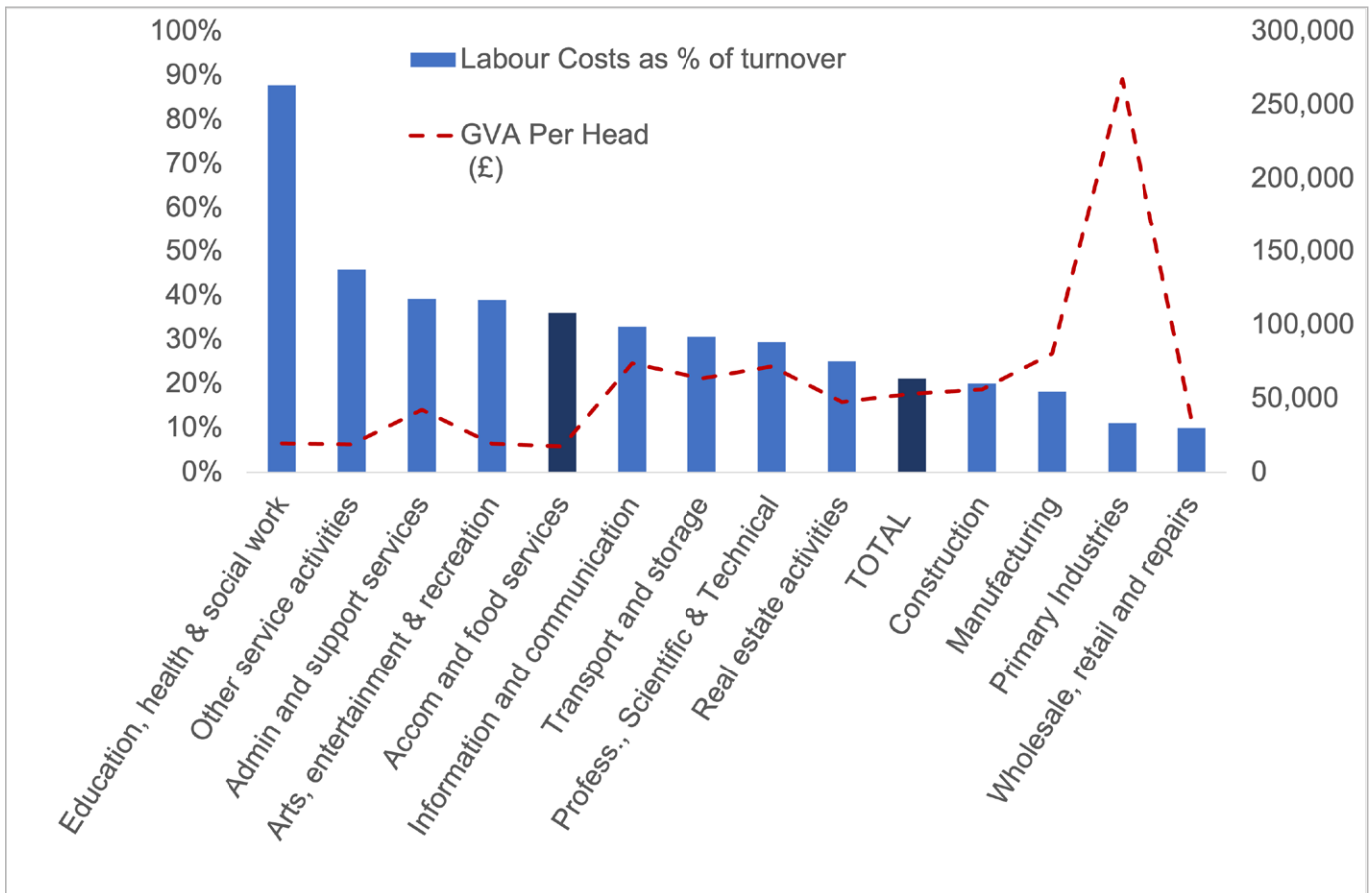
| Source: Scottish Annual Business Statistics, 2021, Scottish Government
Note: excludes financial sector & parts of agriculture and the public sector.

The hospitality industry has faced significant labour shortages in recent years, although this has been reducing over the past 12 months, with 27.9% of accommodation and food services businesses in Scotland experiencing difficulties with recruiting workers in the month of March 2024, down from 42.0% a year previously (Scottish Government, 2024). Businesses in the accommodation and food services sector highlight a lack of qualified applicants (69.6%) and a low number of applicants (72.7%) and a reduced number of EU applicants (43.1% – more than double the proportion across all sectors) as reasons for continuing to experience difficulties in recruiting employees (Scottish Government, 2024).

Figure 2 shows that the majority (97.1%) of accommodation and food services businesses are small, employing less than 50 people. Similar to the Scottish economy as a whole, most businesses (97%) in the accommodation and food services sector are small. However, just over half (52.2%) of all employees in the sector work for a small business. This is compared to 36.8% of employees who work for small businesses in all sectors (Scottish Government, 2023). Given that small businesses tend to have fewer resources and are less likely to have specifically dedicated HR functions, there may be capacity implications for some employers engagement with fair work issues in the hospitality sector. That said, nearly half of all employees (47.8%) in accommodation and food services work in medium or large businesses and within this over a third of employees (34.8%) work in businesses employing more than 250 workers.

Figure 2 – Proportions of registered private sector businesses and employment by size, accommodation and food services and Scotland, 2023
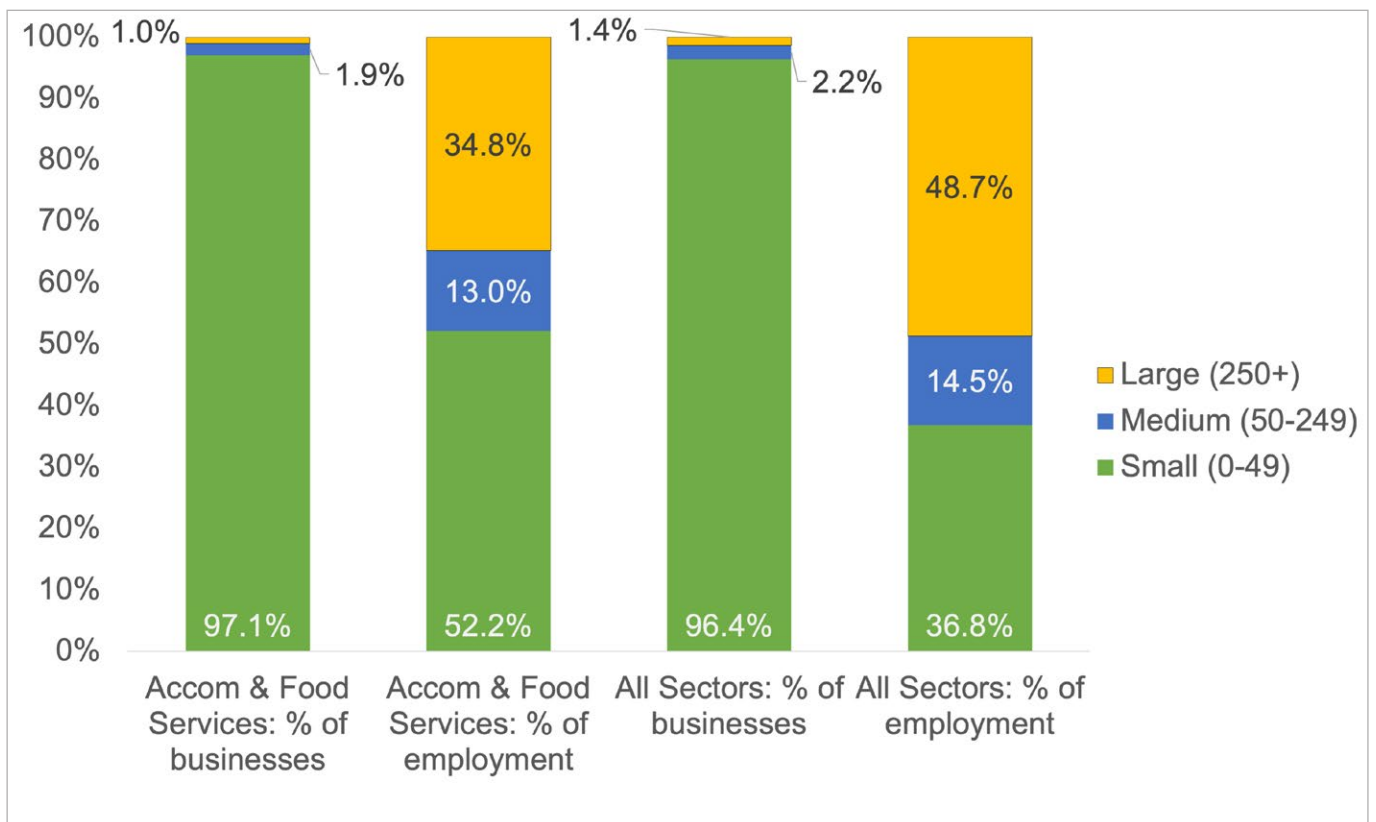
| Source: Businesses in Scotland, 2023, Scottish Government

Before the pandemic and the cost crisis, there was a high level of churn with regard to businesses in the industry, and in the food and beverage services industry in particular. As Table 1 sets out, a higher than average portion of businesses in the industry in the UK close each year (ONS, 2023). That said, it should also be noted that an almost equal number of new businesses went on to replace them.

Table 1 – Deaths of enterprises as a proportion of active enterprises, UK %

Sector	2017	2018	2019	2020	2021	2022
55 : Accommodation	6.9	6.7	7.2	7.1	5.9	8.0
56 : Food and beverage service activities	13.8	13.9	14.4	11.8	11.1	13.4
TOTAL (all sectors)	11.7	10.4	10.5	10.4	11.2	11.8

| Source: Business Demography, 2022, ONS

Note: Proportions calculated using rounded counts. 2021 and 2022 should be considered provisional due to potential reactivations of businesses.

While business churn can, at times, be seen as positive and an expression of competition strengthening the business base, this precarity of the business base also has a knock-on impact on workers and their experience of security. At the most basic level, business closures create redundancies for workers. In addition to this, financial pressures may also encourage businesses to focus on short-term cost saving measures that reduce staff costs, either by suppressing wages or through other precarious work practices. These pressures may also act as a disincentive to invest in the workforce through training.

Impact of Covid-19

Covid-19 had a significant impact on the hospitality sector. A significant proportion of the workforce were placed on furlough (as seen in Figure 3) (Scottish Government, 2021), and many others lost their jobs entirely. While furlough offered a 'safety net' of sorts, it was an imperfect replacement to work. It did not guarantee a full wage, meaning low-income workers were often left with even lower incomes, particularly in hospitality where only small numbers of employers chose to top up the 80% wage offered by the scheme. Additionally, the Inquiry heard evidence from unions that many workers on zero hours contracts were not placed on furlough by their employer despite having similar eligibility for the scheme as other employees.

Figure 3 - Share of workforce on furlough, Scotland
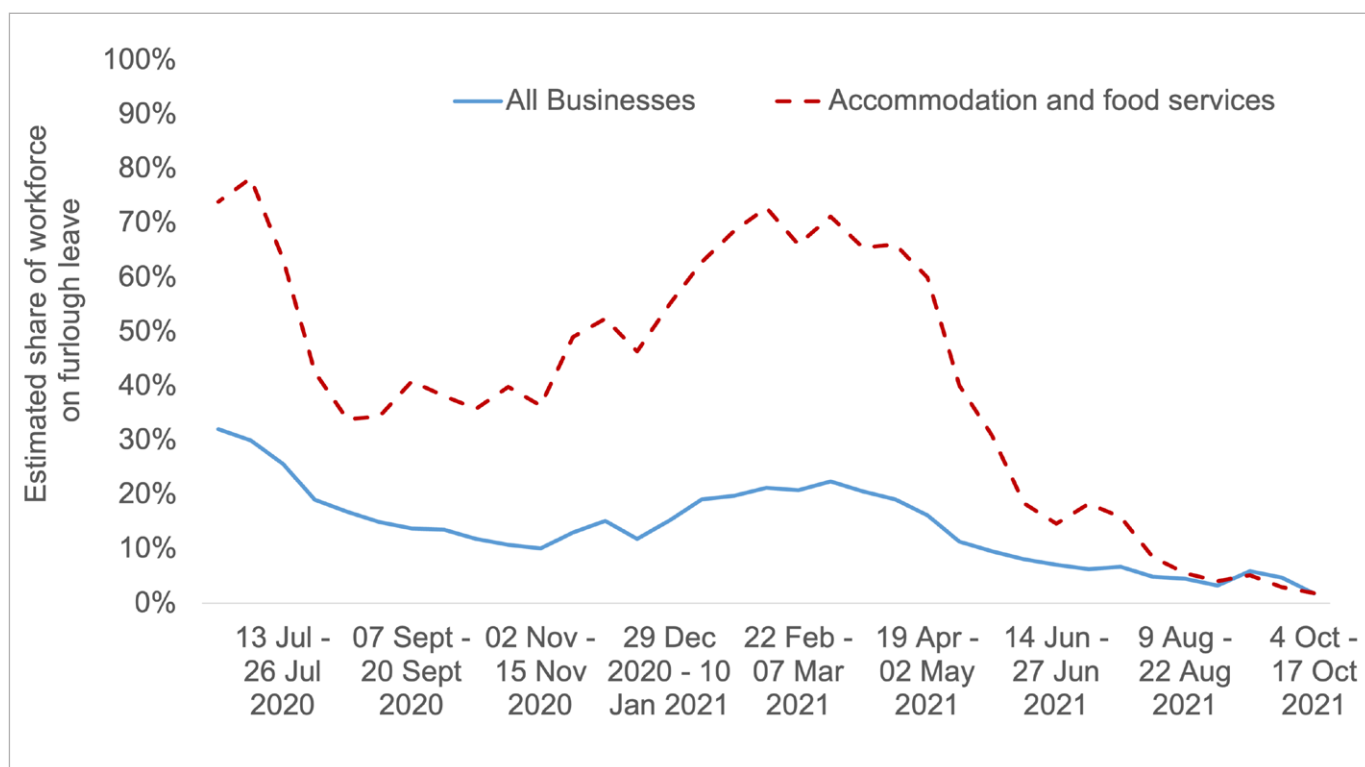
| Source: Business Insights and Conditions Survey (BICS). Wave 7 (June 2020) to Wave 41 (October 2021), Scottish Government.

Evidence collected during the pandemic supports this account. In 2020, 81% of those previously employed in the hospitality sector experienced some form of negative labour market impact i.e. reduced hours or earnings, furlough or lost their job. (Social Metrics Commission, 2020). In total, across the full length of the scheme, 2.13 million jobs in the hospitality sector were furloughed (as many as 18% of all furloughed jobs) (Hutton, 2022).

Some evidence also pointed to differential experience during the pandemic, with some groups of workers harder hit. For instance, in a survey of 1,500 workers across hospitality, tourism and leisure (HTL), it was found that "a higher proportion of women have been furloughed, put on reduced hours or made redundant (65%) than men (56%)" and "67% of those from ethnic minorities have been furloughed, put on reduced hours or made redundant, compared to 62% of White colleagues" (MBS Intelligence, 2020).

Skill shortages and skill gaps were an issue for the hotel and restaurant sector before Covid-19 and Brexit (8% of establishments surveyed reporting they had a skill-shortage vacancy in 2017 compared to 1% in 2020), rising to 13% in 2022. Despite the drop in skill shortages during the Covid-19 period, data from the 2020 Employer Skills Survey also suggested that hotels and restaurant establishments were most likely to report difficulties in responding to, or adapting to, workplace changes as a result of Covid-19 because of their skill gaps, with 30% of businesses in this sector surveyed reporting this issue compared with 19% of all businesses (Scottish Government, 2021).

As Figure 4 clearly shows, accommodation and food services was disproportionately hit by the impacts of the Covid-19 pandemic and the restrictions on trading that were enforced. It is worth noting that this figure masks a significant divergence of impact across the sector; self-catering accommodation, for instance, fared much better than city centre nightclubs.

Figure 4 - Scottish Quarterly GDP Index – Gross Value Added at Constant Prices, Q1 2019 – Q4 2023
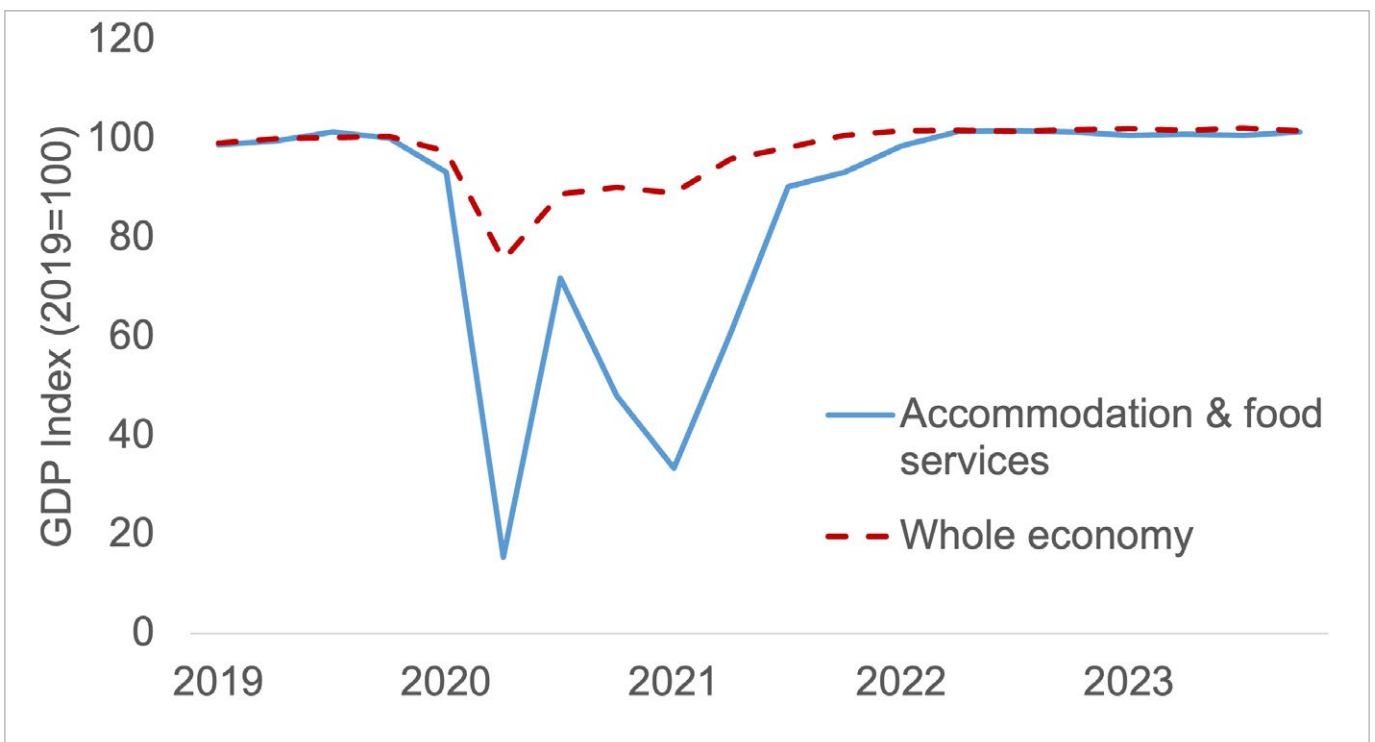
| Source: Scottish GDP Quarterly Estimates, 2019 to 2023, Scottish Government

Impact of the Cost Crisis

It is important to acknowledge that the pandemic exacerbated long-standing structural and institutional issues in the hospitality sector which have existed for decades, such as low pay and poor working conditions, rather than creating them (Baum et al, 2020). It is also important to recognise that recovery from the pandemic has been difficult for the industry and the 'cost crisis' is now taking its toll on both employers and workers.

High inflation and rising interests have been impacting businesses across all sectors with the hospitality sector particularly impacted.

Whilst cost rises have eased somewhat in recent months, as inflation has fallen, the sector remains more impacted than average, with 38.9% of businesses in the sector seeing prices rise in March 2024 compared to 23.6% across all sectors (Scottish Government, 2024). Data from November 2023 showed that 36.3% of accommodation and food services businesses reported passing cost increases on to customers, while 62.0% absorbed cost increases, 27.4% changed suppliers, and 23.6% reduced staff hours.

The sector has also been hit by falling consumer demand as high inflation and interest rates have eroded households' disposable income, dampening demand for discretionary items like hospitality. In Q3 2023, spending on restaurants and hotels accounted for 8.8% of household consumption expenditure, lower than in the same quarter of the prior year (9.6%) and pre-pandemic (10.2% in Q3 2019) (Scottish Government, 2024).

Despite this, and primarily due to the need to attract staff amidst significant staff shortages, around 40% of employers in the sector said staff wages for both existing and new staff were higher in the March-April 2022 wave compared with normal expectations for that time of year (Wave 53) (Scottish Government, 2022). Post Covid-19, despite falling over recent months, staff shortages can still be seen, with 27.9% of accommodation and food services businesses reporting difficulties recruiting employees in March 2024 compared with 22.1% in all businesses, suggesting that employers may still be struggling to attract labour (Scottish Government, 2024).

As businesses in the sector recover from the impact of Covid-19, this may be impacting on their debt burden. Figure 5 suggests that while debt burden for all businesses has fallen since 2021, the accommodation and food services sector showed a higher debt impact after the end of restrictions and is only now reaching similar debt levels to all businesses.

Figure 5 - Share of businesses with at least some debt burden, Oct 2021 – Mar 2024, Scotland
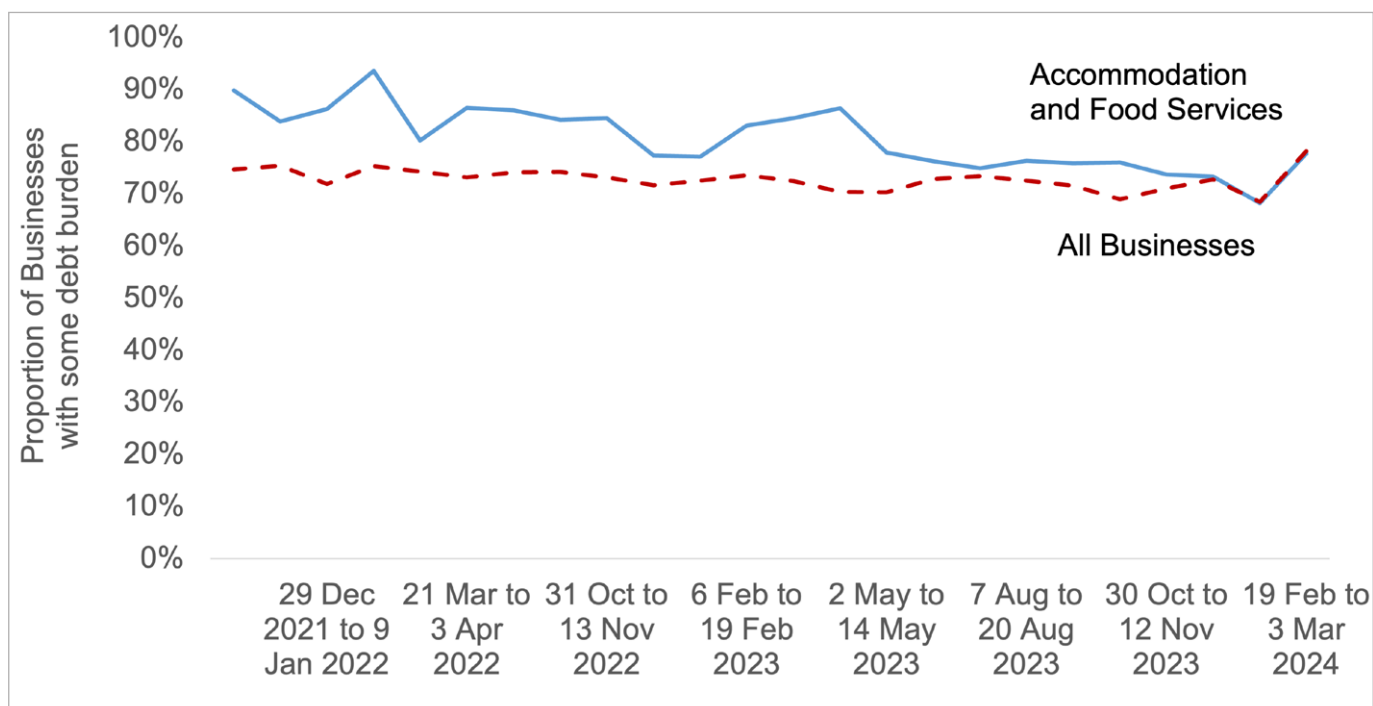
| Source: Business Insights and Conditions Survey, 2021-2024, Scottish Government

Businesses in this sector tend to be less confident, on average, than businesses across the economy, that they will meet their overall debt obligations. In February 2024, 65% of businesses had high or moderate confidence they would meet their debt obligations compared with 71% for the Scottish economy as a whole. The sector has a higher level of low confidence (4.9%) than the Scotland average (2.2%), and 22.3% of businesses in accommodation and food services have no debt obligation, which is only slightly higher than all businesses (21.8%) (Scottish Government, 2024).

While the risk of insolvency fluctuates for accommodation and food services, this risk is currently in line with average rates for the Scottish economy as a whole. In April 2024, 6.9% of accommodation and food services businesses reported a moderate risk of insolvency compared with 6.7% for all businesses (Scottish Government, 2024) (Data to Wave 106).

Inflation has fallen overall in the past year (10.5% in December 2022 to 4.0% in December 2023) and 51.7% of businesses are expecting turnover to increase in May 2024. The sector reports labour costs (51.6% of businesses), cost of materials (49.6% of businesses) and economic uncertainty (24.2% of businesses) being the main challenges affecting turnover (Data to Wave 106) (Scottish Government, 2024).

There are some encouraging signs of recovery in the sector, with real output above pre-pandemic levels. In Q4 2023, accommodation and food services GDP was up 1.1% from Q4 2019. For hospitality businesses that are reliant on tourism, visits from outside the UK to Scotland have also been a source of positivity for the sector in the past few years, driven by increases in travellers from North America and Europe. In Q3 2023, visits to Scotland were 14% higher than in Q3 2019 and Scotland has recovered better than the UK as a whole, which saw an 8% decrease in visits compared with 2019 (ONS, 2024) (provisional data).

Impact of Government Policy

Most EU countries continue to apply a reduced VAT rate for hospitality. However, in the UK, the temporary reduced VAT rate which was part of the Covid-19 business support package ended in March 2022, with VAT currently levied at the standard 20% for the hospitality sector. This compares with an average of 10% for accommodation and 12% for restaurant and catering in the EU (European Commission, 2024).

Further to this, the Basic Property Rate for non-domestic rates remained frozen for a second year running at 49.8p in the 2024-25 budget (compared with 49.9p in England and 56.2 in Wales). Retail, hospitality and leisure (RHL) relief was discontinued in Scotland in 2023-24, and was only available for the first quarter of 2022 - 2023. However, in 2024-25 hospitality businesses located on islands and in specified remote areas may be eligible for a new 100% relief (capped at £110,000 per business). In comparison, RHL relief has been retained for 2024-25 in England (75% relief) and Wales (40% relief) (both also capped at £110,000 per ratepayer). This may result in some properties in the hospitality sector outside the Scottish Islands facing higher net (i.e. after reliefs) non-domestic rate liabilities than in England and Wales. However, due to other non-domestic rates reliefs available, around a third of hospitality premises (hotels, public houses and restaurants) in Scotland received 100% rates relief in 2023, paying no rates. In total, some 42% of hospitality premises received some level of rates relief, with 38% receiving Small Business Bonus Scheme (SBBS) in 2023-24 (Scottish Government, 2024) (figures exclude Na h-Eileanan Siar, see publication for details).

Research undertaken on policy levers to support fair work in the hospitality industry noted significant negativity from hospitality stakeholders with regard to government policy on these issues. Many stakeholders cited issues around a confused policy landscape facing hospitality employers; unhappiness over policy differences between Scotland and England, specifically in relation to rates relief for the industry; and perceptions that the Scottish Government is not sufficiently supportive of business (Findlay et al, 2024).

Conclusion

The sector has consistently experienced its share of challenges, which have been exacerbated over the past few years. The Covid-19 pandemic saw a higher than average share of the workforce on furlough, followed by the current cost crisis which has tightened operating costs. Businesses are competing with their counterparts in EU countries which are still operating under reduced VAT rates. That said, there are some positive signs for the industry with accommodation and food services GDP increasing since 2019 and, for businesses who are reliant on tourism, visits to Scotland have been rising.

The hospitality sector is labour-intensive and characterised by higher labour costs, lower productivity and lower pay. Labour shortages have been a clear pressure for hospitality in recent years, but there is some evidence that they are now beginning to ease. Despite this, the sector still has a clear need to attract workers creating a focus on the value of fair work.

Case study: The Social Hub, Glasgow
Fair work practice: Fair work supporting resilience and growth
Activity: The Social Hub, which operate in locations across Europe, opened their first UK business in Glasgow, in April 2024. The Social Hub champions a 'hybrid hospitality' concept, providing hotel, extended stay and student accommodation alongside co-working, events and community spaces, as well as a restaurant and cafe/bar.

Adopting this business model means the company is not confined to providing one hospitality service and can flex, adapt and grow in response to seasonality, demand and customer and staff needs. This makes the job variable and interesting for staff, delivering a range of services to a wide community of people means that no two days are the same.

The Social Hub's ethos focuses on sustainability and social impact, working to create a welcoming and inclusive space – from the way staff and customers are treated, to the design of the building. In line with this, all workplace policies are centred around care for staff. For example, disagreeing fundamentally with the use of zero-hours contracts, The Social Hub ensure every member of staff is provided with a contract which sets out minimum working hours, is mutually agreed, and signed before any work commences.

To gather feedback from staff, management at The Social Hub use an online platform to engage with their teams. Feedback prompts focus on asking staff how they are feeling, if they feel supported, and if not, what they would change about their role, working environment and the wider business. Feedback and data from the platform is regularly used to make changes at The Social Hub.

Alongside the staff feedback process, and recognising the importance of protecting staff wellbeing, all staff also have access to an online therapy tool. This helps those who may be experiencing personal or work-related issues by allowing them to book session(s) with a trained therapist, free of charge.

The Social Hub invest in and develop their teams, working to build positive working relationships and a fun atmosphere. Staff can access a diverse events programme as well as various facilities, including gyms, health and wellbeing classes and gaming areas.

Impact: The Social Hub demonstrate that a business model grounded in fair work practice is not only sustainable but can deliver rapid growth – launched as one venue in Amsterdam in 2006, The Social Hub now have 21 locations across Europe, and continue to grow, with plans for more locations in the UK.

As a company, The Social Hub focus on career progression for staff, providing access to a range of internal and external training programmes, supported by tailored learning and development plans for staff. The company strive to recruit internally when opportunities for progression arise, and encourage staff to develop within the company. Since opening in Glasgow, The Social Hub report experiencing high rates of staff retention and wellbeing, which they recognise is thanks to their approach to supporting staff.

Through customer feedback and reviews, The Social Hub see that their customers enjoy this 'reimagined' approach to hospitality, which provides a fun, vibrant and welcoming experience for guests. They recognise this is a cyclical process, whereby when staff are looked after, enjoy their job and have variety in their tasks, a positive environment is created, which keeps the business thriving. Key to this is the hybrid approach, which creates a diverse, and evolving, community space.

Security

Security of employment, work and income are important foundations of a successful life.

Security as a dimension of fair work can be supported in a variety of ways: by building stability into contractual arrangements; by having collective arrangements for pay and conditions; paying at least the Living Wage (as established by the Living Wage Foundation); giving opportunities for hours of work that can align with family life and caring commitments; employment security agreements; fair opportunities for pay progression; sick pay and pension arrangements.

Fair Work Framework, 2016

Summary

The Inquiry considered the degree to which workers in hospitality experienced security at work and found the following key points:

- The accommodation and food services sector had the highest number of employees earning less than the Real Living Wage in 2023 (45.8% compared to 10.1% across all sectors) although this figure is significantly lower than pre-pandemic levels (60.0% compared to 16.8% across all sectors in 2019) suggesting some wage growth over time.

- Despite this, the sector still has the lowest hourly pay of all sectors in Scotland.

- Working hours was identified as a key issue for the Inquiry Group.

  o For businesses, issues focused around ensuring sufficient staff availability to cover the hours of work needed.

  o For workers, lack of involvement in how working hours are determined and allocated was exacerbated by the late notice of shifts, being unable to take breaks and still having breaks deducted from pay, inaccuracies of recording of hours worked, and uncertainty of finish times. Workers were clear that receiving appropriate and predictable hours is essential to support both work life balance and an adequate standard of living.

- The Inquiry noted a growing use of different contract types, including agency work, self-employment and some use of 'apps' like Stint. Survey work undertaken during the Inquiry revealed a small number of workers without written contracts.

- In 2023, the accommodation and food services sector accounted for around 32.9% of all people on a zero hours contract (ZHC) in Scotland. Views on ZHCs were mixed, with some employers making a clear choice not to use ZHCs in their business and others seeing them as important for dealing with fluctuating demand and seasonality. While some workers valued the flexibility of ZHCs, some also had concerns about the negative consequences of this type of work.

- Tips can be an important top-up to many workers' pay in hospitality. New legislation, expected to come into force in October 2024, makes it unlawful for businesses to hold back tips or service charges from their employees. This is a positive step for workers and provides a clear and consistent standard for employers.

Pay

Real Living Wage

The accommodation and food services sector had the highest proportion of employees earning less than the Real Living Wage in 2023 (45.8% compared to 10.1% across all sectors) although it is important to note that this figure is lower than pre-pandemic levels (60.0% compared to 16.8% across all sectors in 2019) (Scottish Government, 2023) (see Figure 6).

Figure 6 - Proportion of employees (18+) earning less than the Real Living Wage by industry sector, Scotland, 2023
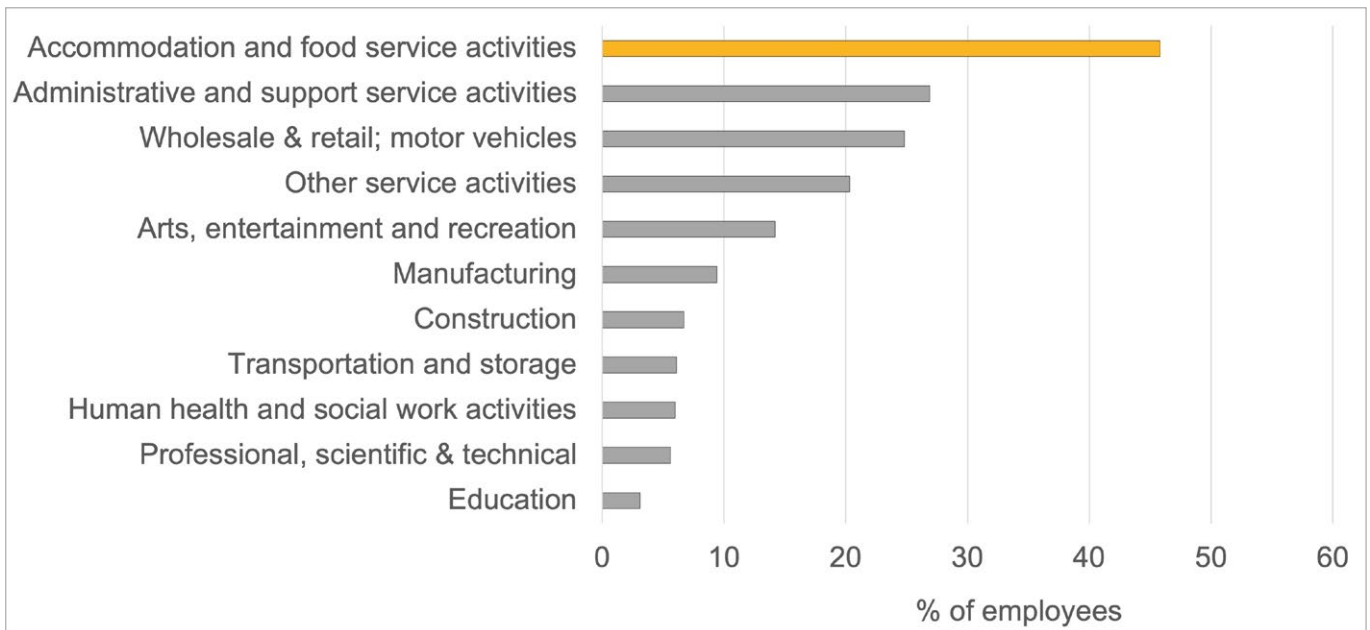
| Source: Annual Survey of Hours and Earnings, 2023, Scottish Government
Note: Some sectors excluded due to small sample size

Employees across all ages are more likely to earn less than the real living wage than in the wider Scottish economy as a whole. In 2023, young workers (18-24 year olds) in the sector were most likely to earn less than the Living Wage compared to other age groups (64.0% compared to 45.8% across the sector) (see Figure 7).

Figure 7 - Proportion of employees earning less than Real Living Wage, Scotland, 2023
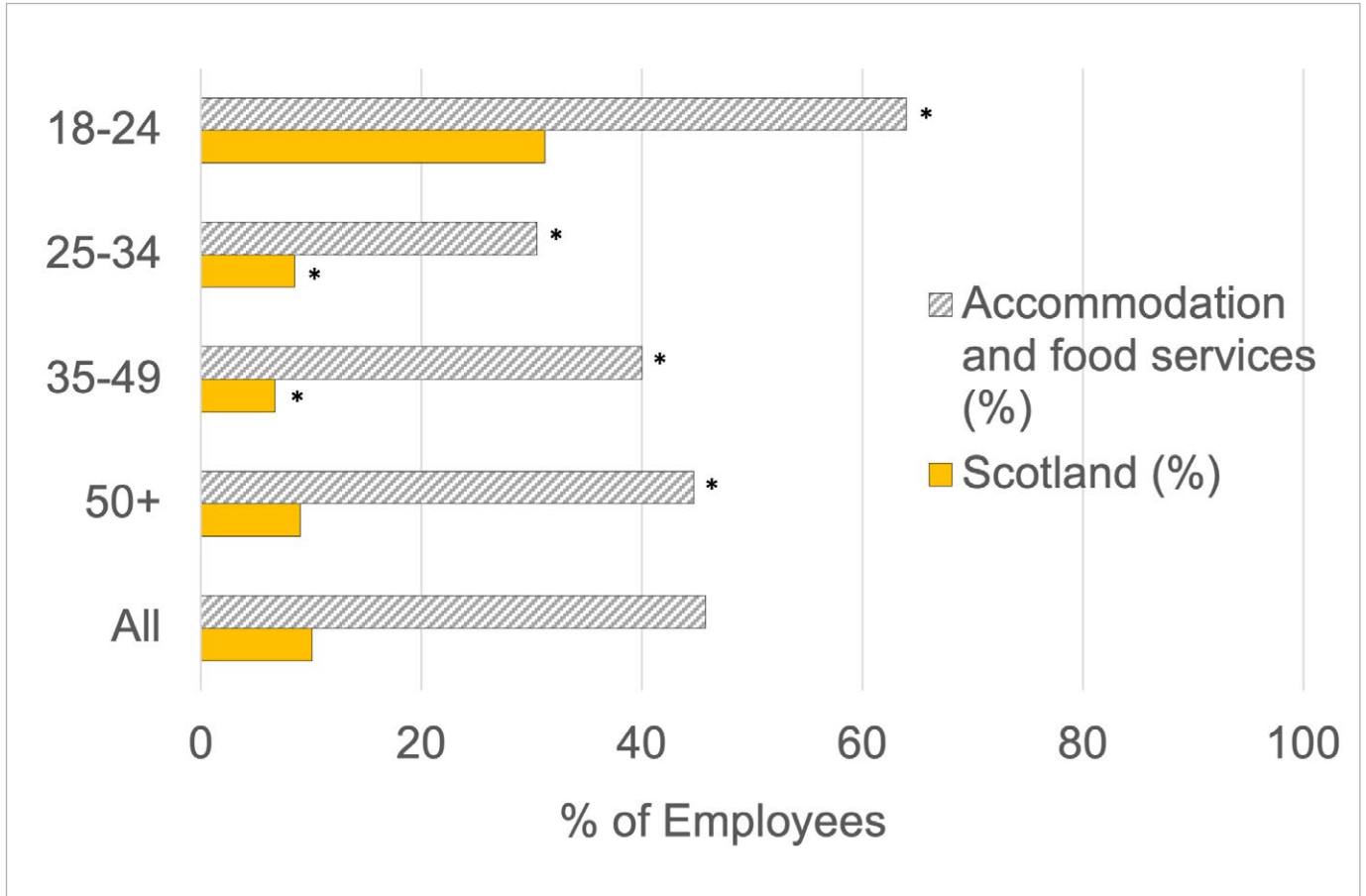
| Source: Annual Survey of Hours and Earnings, 2023, Scottish Government,
Note: Stars denote estimates that are reasonably precise or acceptable. Other estimates are considered precise.

The sector has seen progress in Real Living Wage accreditation. There are now 187 Living Wage Accredited hospitality businesses in Scotland (**Employer Directory**, Retrieved 01/02/2023). The majority of these are smaller businesses; 158 of the 187 have 50 or less employees (**Living Wage Scotland**, Retrieved 01/02/2023).

Real Living Wage data suggests that many employers in hospitality are raising wages. Despite this, the Inquiry also heard evidence that some employers are finding the current financial situation challenging, limiting their ability to raise wages. Research from the Carnegie Trust (2021) found that 41% of hospitality and leisure businesses were concerned about the impact of a higher minimum wage compared to 29% across all businesses (Gooch et al, 2021). This was also reflected in comments provided in the Survey of Hospitality Workers and Businesses (JRS, 2024), with some employers reporting the costs of paying the Real Living Wage as not being affordable to the business in the face of rising costs:

> **"** Our industry runs on a net profit margin of 5-6%. To pay the real living wage will cost us £45,000 per year. That's more than we have in profit. **"**
>
> (Employer, Hospitality Business)

> **"** We have staff under 18 that cannot legally carry out all tasks required. Soaring costs. Focusing on survival. **"**
>
> (Employer, Hospitality Business)

(JRS, 2024)

Case study: The Stand Comedy Club, Glasgow, Edinburgh and Newcastle
Fair work practice: Real Living Wage
Activity: The Stand have been an accredited Real Living Wage (RLW) employer for 9 years, recognising the importance of paying all staff (which includes front-of-house, office and seasonal workers) a fair rate of pay that reflects living costs.

The Stand review their pay policy annually, to ensure that rates of pay continue to reflect inflation and cost of living increases. Over the last 2 years, The Stand increased the lowest rate of pay in their staffing to above the Real Living Wage rate - their lowest rate of pay is now £12.50 i.e. 50p per hour more than the RLW, and more than £1 per hour higher than the minimum wage.

The Stand's approach to pay for staff sits alongside a wider package of support that ensures that their workforce are treated fairly, valued and listened to. For example, no zero hours contracts, a recognition agreement with Unite Hospitality (signed in December 2023), taxis home for staff working late-night shifts and ensuring that 100% of tips go to staff.

Impact: The Stand have seen the positive impact that guaranteeing staff receive good, competitive, pay has on both recruitment and retention rates – people are attracted to work for the company and often remain working there for long periods of time. This is also the case for their seasonal workers, who The Stand report often remain loyal to the company and return to work each season.

The Stand regard their staff as 'an asset rather than a liability' and recognise that when staff are valued and paid fairly, a positive environment and ethos is created for both workers and customers. This directly impacts the experience of the audience and acts at their venues, thus ensuring that the business continues to grow, meaning that the investment in staff remains affordable in budgetary terms.

Hourly Pay

Despite accommodation and food services seeing the fourth highest increase in median hourly pay (excluding overtime) of all sectors (increasing by almost 12% between 2018 and 2023 in real terms), the sector still has the lowest hourly pay of all sectors in Scotland. Data on average pay in Scotland (ONS, 2023) showed that median hourly pay (for all, excluding overtime) in the accommodation and food services sector was £10.89 in 2023, compared to £16.56 in all industries. This can be seen in Figure 8 below.

Figure 8 - Median Hourly Pay (excluding over-time) for all employee jobs by industry, Scotland, 2023
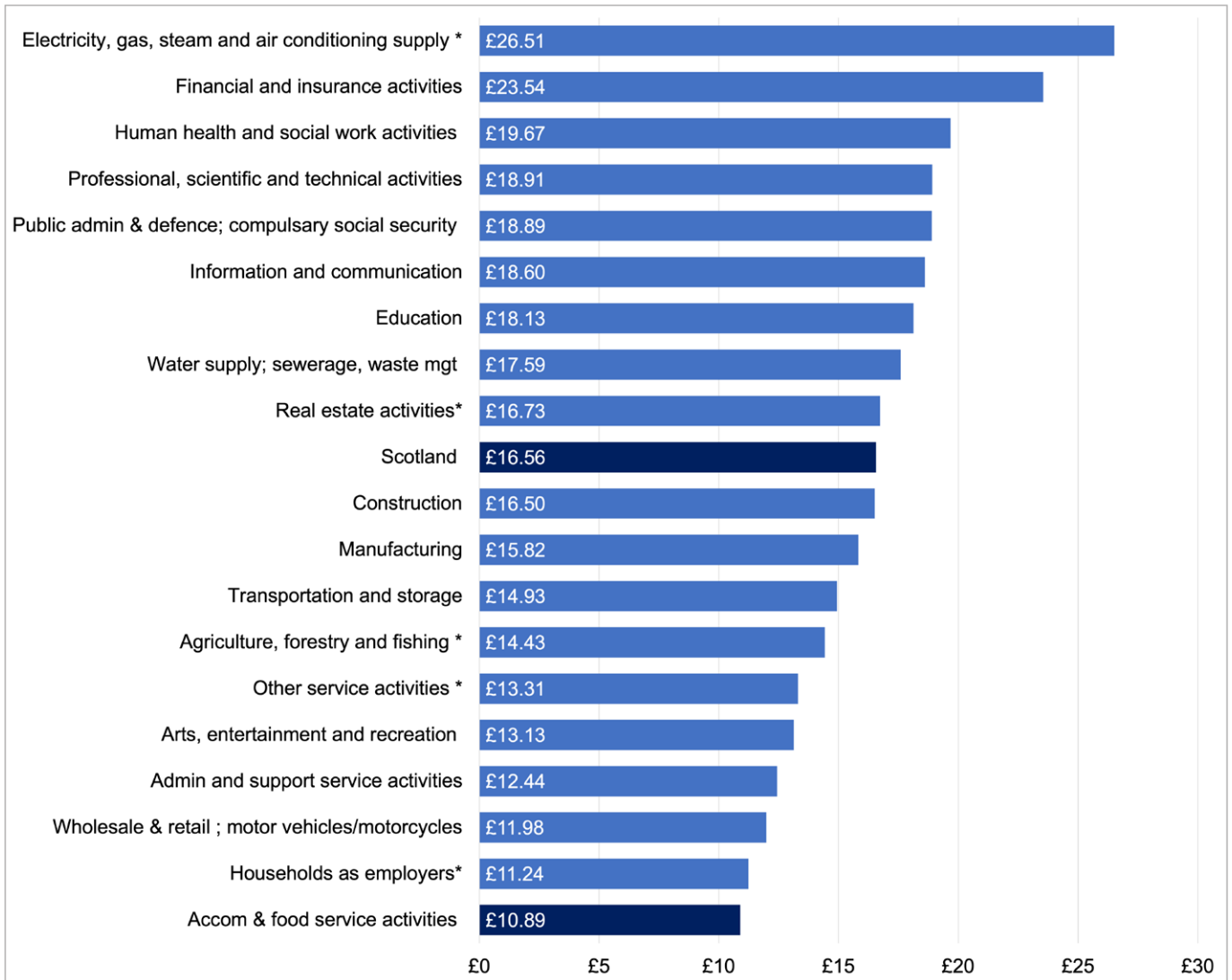
| Source: Annual Survey of Hours and Earnings (Table 5.6a), 2023, ONS

Note: Stars denote estimates that are reasonably precise or acceptable. Other estimates are considered precise. Estimates considered unreliable for practical purposes have been removed.

Being in a relatively low-paid job is a determining factor for poverty risk. The poverty rate for people with someone in their family working in hospitality was one of the highest of all sectors (after 'manufacturing', 'agriculture, forestry and fishing,' and 'administrative and support services') at around 1 in 4 in the period 2018-21 (Joseph Rowntree Foundation, 2023).

While the payment of the Real Living Wage in this sector appears to be rising, many workers in this sector are also the recipients of low pay and/or low hours. This inevitably translates to low household income, with some hospitality workers income also being supplemented through the social security system by their eligibility for a means-tested benefit (ReWAGE, 2023). The Joseph Rowntree Foundation reported that accommodation and food service workers were the second most likely of all sectors to experience in-work poverty (Joseph Rowntree Foundation, 2023). These poverty rates are noticeably above the population average, even when including households that do not have an adult in work at all (ReWAGE, 2023).

Tips

Tips can be an important and significant part of some workers' overall income in hospitality. Many hospitality workers rely on tips to top up their pay and are often left powerless if businesses do not pass on tips or service charges from customers to their staff (UK Government, Retrieved: 20/02/24). Tips add additional income for workers and are often seen as essential by workers on low pay. While they can never form part of the employer's calculation of the National Minimum Wage, how tips are collected and shared within an individual business is important when considering if tips form part of renumeration. This is important when calculating things like holiday pay, maternity pay or redundancy pay. Clear policies, that are effectively communicated to all staff, are essential to ensure all employees within a business have a clear understanding of how tips are handled and how this impacts their wider rights and entitlements at work.

In the UK, **the Employment (Allocation of Tips) Act 2023** (expected to come into force in October 2024) will make it unlawful for businesses to hold back service charges from their employees, ensuring staff receive the qualifying tips they have earned (UK Government, Retrieved: 20/02/24). Qualifying tips refers to those received by the business which are then distributed to workers, or those received directly by workers, but whose final distribution amongst the workforce is subject to the business control or significant influence.

In 2015, unfair tipping practices became a prominent issue in the media, particularly in relation to major restaurant chains and the percentage of tips being retained by some employers. At this time, evidence found that around two thirds of employers in hospitality were making deductions from staff tips, in some cases of around 10 per cent (UK Government, 2023).

Some employers in the hospitality sector have more recently improved their tipping practices, including by passing 100 per cent of tips to workers. However, some employers still retain tips which customers have intended to be given to workers, as a reward for their hard work and good service, with deductions of 3-5 per cent now more commonplace (UK Government, 2023). The Inquiry noted that employers often justify reductions as necessary to cover fees related to the administration of tronc (a common fund into which tips/service charges are paid for distribution to staff) or credit card commission charges, and therefore for many employers this practice has become routine and normalised.

To address these issues new legislation has been passed to protect the rights of workers and ensure tips are passed on in full. In summary, when this Act comes into force, businesses must:

- allocate qualifying tips to workers in a fair and transparent manner;

- pay qualifying tips to workers within one month of the end of the month in which they were received;

- have a written policy on allocating qualifying tips that is available to workers; and

- maintain records of all qualifying tips distributed and make this available to workers on request (KPMG, 2024).

The new Act is a positive step for workers and provides a clear and consistent standard for employers. It would be beneficial for the provisions of the Act to be publicised to hospitality businesses and workers to ensure that the new requirements of the Act are well understood and consistently applied across the industry.

Hours

Working Hours

Piso's qualitative research with employees in the UK hotel industry recognises the balance employers often make to match employee hours with the fluctuating demands of consumers and to ensure optimum labour productivity (Piso, 2021). However, employees in this study pointed to experiences of late notice of shifts, not being able to take their breaks (but still having their breaks deducted from their pay), inaccuracies of recording of hours worked, and uncertainty of finish times. This was also reflected in responses from workers in the Survey of Hospitality Workers and Businesses (JRS, 2024):

---

66 I want to work my contracted hours. I don't even get that. I was promised more than my contract in the summer. 99
(Worker, Hospitality Industry)

66 My working hours depend on the staff - many times we are understaffed so we have to work more hours, no breaks and cover more sections and jobs. 99
(Worker, Hospitality Industry)

66 Split shifts are torturous, working from 7:30-16:00 then 19:00-21:00 for turndown and having to be back in work the next day sometimes as early as 7am feels inhumane. 99
(Worker, Hospitality Industry)

(JRS, 2024)

The survey also asked respondents to rate aspects relating to their hours at work. Generally, only around half of hospitality workers responding to the survey provided positive ratings stating that they were either very satisfied or quite satisfied with:

- the flexibility of their working arrangements

- the overall number of hours they work per week

- the suitability of hours that hours fit with personal/family life

- that they receive sufficient notice of hours

Generally for most of these statements, the highest satisfaction was amongst those who see hospitality as their career, and those aged 35 and over, with the lowest satisfaction amongst those working in a restaurant or cafe, those working in hospitality while studying, and those aged 16-24 (JRS, 2024). This can be seen in more detail in Figure 9.

Figure 9 - Satisfaction with aspects of working hours
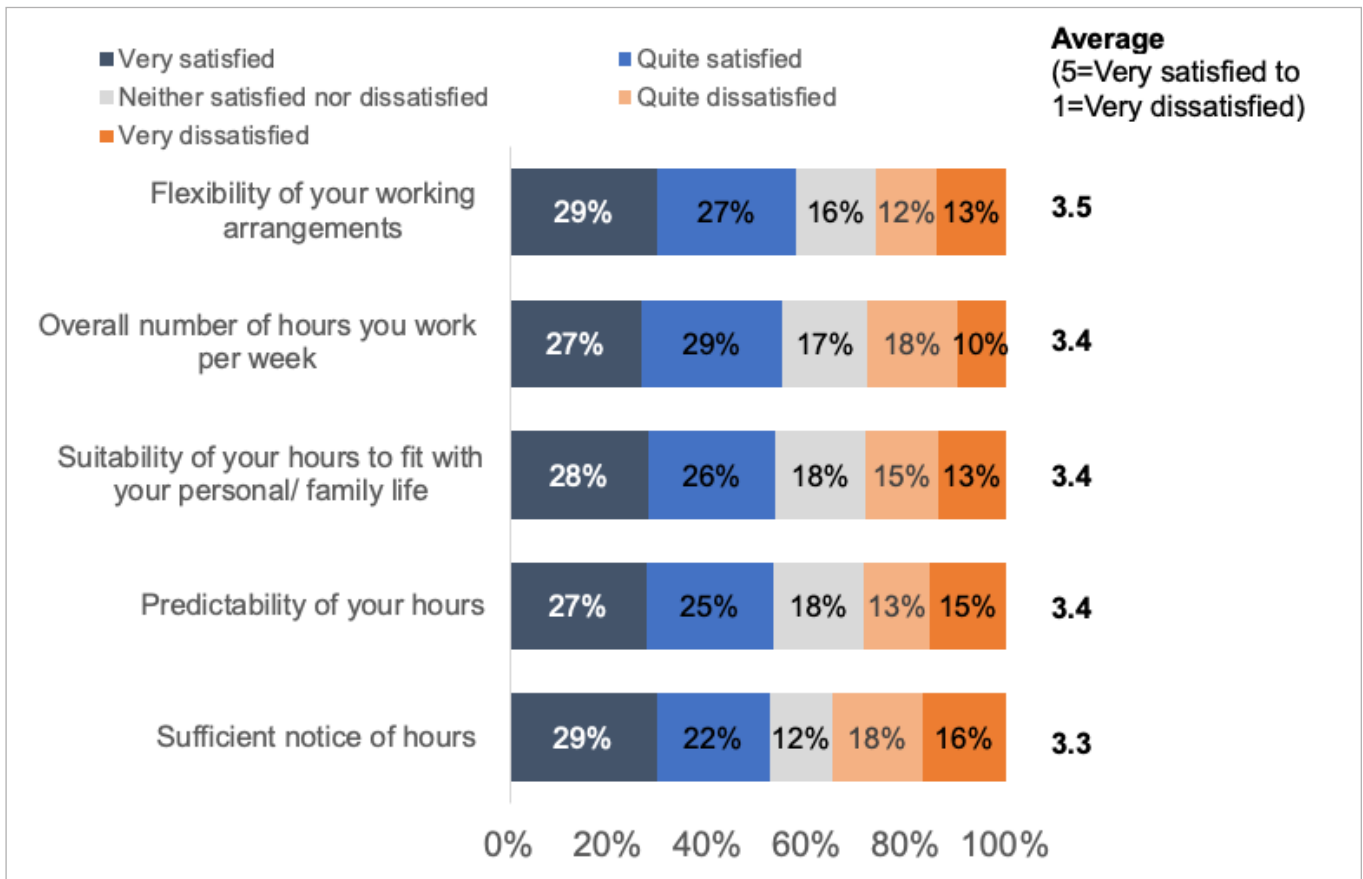
Base: All workers (n=245)

Q20 Thinking about your current employment, how satisfied are you with the following aspects?

Note: Numbers can differ due to rounding

Findings from the qualitative study with hospitality workers showed that many workers, particularly students and those with jobs in other industries, valued the flexibility of working in the hospitality sector (Stockland et al, 2023). At the same time, however, findings from this study also showed that the variability of working hours came with significant trade-offs; namely an inability to predict or control when or how much you will be working, which created various forms of financial, personal and social hardship.

In Piso's (2021) study, few participants reported feeling confident to raise issues or concerns around working hours. Reasons for this centred around fears that they could risk their contracts, camaraderie with colleagues, getting good references, as well as the feeling that it would simply be a fruitless exercise. Piso identifies opportunity for improvement, suggesting that work colleagues could be collectively involved in deciding how rotas are distributed which could enable a process that is fairer and more transparent, but concludes that the lack of trade union involvement is a major challenge to realising this change. This issue is explored further in the Effective Voice chapter.

The 'Levers for fair work in hospitality in Scotland' research identified that addressing the variability and unpredictability of working hours in sectors like hospitality, combined with adopting the Real Living Wage, would support the fair work dimension of Security (Findlay et al, 2024). The Living Hours accreditation scheme, designed by the Living Wage Foundation, requires prior Real Living Wage accreditation (which some hospitality employers have) and commits employers to: providing a minimum of 16 hours per week (unless the worker requests otherwise); a contract that accurately reflects hours worked; and four weeks' notice of shifts (or payment for shifts cancelled within this notice period). Living Hours may also deliver benefits beyond improved income security as greater hours predictability can better support employees to access training and opportunities for career progression. Moreover, Living Hours accreditation requires dialogue between the parties to discuss their respective needs and agree on minimum hours which could, in turn, improve worker voice.

Findlay et al (2024) reported that stakeholders had differing views on whether Living Hours accreditation could drive improved practice in the industry. Some stakeholders interviewed as part of the SCER research (Findlay et al, 2024) could not see how a commitment to Living Hours could be aligned with their current business model, or the business models adopted by many in the industry. Specifically, a commitment to four weeks' notice for shifts was seen as challenging given that bookings/demand can vary considerably week to week. In addition, concerns were raised that requiring contracts with a minimum of 16 hours might eliminate some staff such as high school students, single parents, and those working in hospitality for a supplementary income, exacerbating staff shortages. In the latter context, these stakeholders saw the flexibility for employees to refuse a minimum hours' contract as essential and it should be noted that this is permitted under Living Hours accreditation.

In general, issues around working hours were identified as a key priority for both businesses and workers taking part in the Inquiry. For businesses, issues focused around ensuring sufficient staff availability to cover the hours of work needed, while for workers, receiving appropriate and predictable hours are essential to support both work/life balance and an adequate standard of living (JRS, 2024).

Overtime

Accommodation and food services employees in the UK worked a median 2.2 hours of paid overtime per week, lower than UK employees as a whole who worked an average of 3.2 hours (ONS, 2023) However, this may not reflect the extent of unpaid overtime which may be taking place in the sector.

Findings from the qualitative study with workers (Stockland et al, 2023) suggest that for chefs and managerial roles in particular, the scale of unpaid overtime can be extensive. The long hours required and unpaid overtime appears to be impacting workers' perceptions of the fairness of their pay, and the attractiveness of job progression more generally. The study provides examples of people taking jobs with less responsibility, lower pay and less secure hours than in previous jobs, because they felt they were less likely to be expected to work long, unpaid hours:

> **66** I'm very careful and protective of what I do. I get phone calls probably once every couple of weeks, wanting, asking me to come and speak about certain roles and positions, and I'm like, no. Recently, I got approached from a local hotel and asked me if I would go in, on about fifty percent more money than generally I'm on between the two places [currently], I'm like, no, because I know what comes with it. Despite even, despite what they say on the cover, I know the reality will be very different. So, I'm not prepared at the moment, to put myself back in that position. **99**

(Mike, 44, bartender and former hotel manager, Dundee)

> **66** Yes, I am mostly sous chef, I don't want to take a head chef position because that's almost same money and heck much more work to do... It's like £3,000 more a year but then you do twice as much... the £3,000 I can earn in my free time, [but] the head chef going to do the paperwork. **99**

(Alek, 35, chef, Glasgow)

(Stockland et al, 2023)

This echoes findings from the Survey of Hospitality Workers and Businesses (JRS, 2024) which reported that 57% of workers work overtime/above their contracted hours. This percentage was higher amongst those who see hospitality as their career (67%), and those working on a full-time basis (74%). Of those workers working overtime, just over half (51%) either worked unpaid overtime, or worked a mix of paid and unpaid overtime. A higher percentage of those who see hospitality as their career (62%), those who line manage staff (66%), those who work full time (65%) and men (67%) worked unpaid or a mix of paid and unpaid overtime (JRS, 2024).

Breaks

In terms of breaks, workers have the right to one uninterrupted 20 minute rest break during their working day, if they work more than 6 hours a day. The break doesn't have to be paid - it depends on their employment contract (UK Government, Retrieved: 20/02/24).

Employees interviewed as part of Piso's (2021) qualitative research with employees in the UK hotel industry described their experiences of not being able to take their breaks, but still having their breaks deducted from their pay. Employees spoke of very little formality around the structuring of breaks, with a management attitude of 'catch it when you can' prevailing. Insufficient staff on duty to cope with continuing customer demand was the most cited reason for the inability to take a break. Employees in the study also reported that despite not receiving these breaks, an automatic reduction of 20 or 30 minutes was made for each six-hour period of continuous work, regardless of whether they had taken the breaks (Piso, 2021).

This correlates with the Survey of Hospitality Workers and Businesses (JRS, 2024) which reported that while 46% of workers responding stated that they 'always' receive breaks, 46% receive them 'most of the time' or 'sometimes' and 7% 'never' receive breaks. While never receiving breaks may be a reflection of working hours or contract type (e.g. with no requirement for breaks), 46% of workers reporting variable or inconsistent access to breaks suggests that there may be issues for workers in accessing their basic employment or contractual rights.

This is also reflected in the findings from the qualitative study (Stockland et al, 2023) where many hospitality workers reported not taking regular breaks during their working shifts, despite being aware that they were legally entitled to a break after a certain number of hours at work. Workers gave a number of different reasons for this, most typically that they were only able to take breaks when the venue was quiet, something that was not guaranteed:

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66 I only [take a break] if it is quiet. If it goes quiet then yes, you can sit down and have a wee drink but if it's busy right through then you're busy right through… I've just accepted that's just how it is you know. **99**
(Julie, 57, full-time administrator and part-time front-of-house in takeaway, Glasgow)

(Stockland et al, 2023)

Contracts

Contract Types

There are a range of contract types utilised in the hospitality sector, several of which have seen recent growth in their use, including self-employment, and the use of agency work. Self-employment does not necessarily cause someone to experience precariousness, but many in self-employment in hospitality will be working under precarious conditions. In 2022, 7.3% of the accommodation and food services workforce in Scotland were self-employed, which was lower than the average across all sectors (10.9%) (Annual Population Survey, 2022).

The Inquiry heard some evidence that the use of agency workers was increasing as a result of staff shortages with some employers interviewed expressing concerns about the additional costs associated with this. Agency workers were often expected to adjust quickly to new conditions and workplaces. Findings from the qualitative research into the experiences of workers in the hospitality sector in Scotland (Stockland et al, 2023) detailed that agency workers – as temporary staff – were often seen as less good at, or invested in, their jobs, making them more likely to be treated harshly by managers. That said, the study also pointed to workers' perceived benefits of undertaking agency work including the ability to choose when they want to work or not work, particularly if they were also at college or university and wanted to fit work in around their studies (Stockland et al, 2023).

The Inquiry also noted a growing reliance on 'apps' like Stint with some evidence of their use in Scotland. Working through 'apps' can be associated with different types of employment status, with some 'apps' (for example Gigpro) relying on a self-employed business model. **Stint** was launched in 2021 with users generally classed as 'workers' and should therefore have access to a range of employment rights. Stint offers options for short employment in the hospitality industry by providing 2-8 hour shifts and allowing the user to sign up to them. While many employers and workers value the flexibility that Stint holds, there are concerns that the 'Uberisation' of recruiting staff in the sector has encouraged businesses to cut costs by providing work which is low-paid, insecure and unpredictable (Wyer, 2021). Moreover, while businesses may see some benefits in using Stint, research has also shown that using more temporary workers can leave businesses with less budget for recruitment and training which in turn makes it harder to hire permanently in the long term (Wyer, 2021).

Zero Hours Contracts

The Annual Population Survey (2022) details the prevalence of zero hours contracts in the accommodation and food service sector. This sector had the highest number of people working on this type of contract out of all industries, with around 25,000 people on zero hours contracts in the Scottish accommodation and food service sector in 2022. An estimated 15.3% of contracts were zero hours contracts in the accommodation and food service sector in 2022 compared to 2.9% in Scotland as a whole. This can be seen in Table 2.

Table 2 - Proportion of employed people who reported being on a zero hours contract, accommodation and food service activities sector, Scotland

Sector	2020	2021	2022
Accommodation and food services	12.0%	11.6%	15.3%
Scotland	2.4%	2.2%	2.9%

| Source: Annual Population Survey (Jan - Dec Datasets), ONS

Note: Accommodation and food services estimates are based on a small sample size which may result in less precise estimates which should be used with caution.

Research analysed as part of the Inquiry found some positive experiences of zero hours contracts, although these were mainly heard from people who were not solely dependent on the income (Gheyoh Ndzi, 2021). Findings from the qualitative study to inform the Inquiry (Stockland et al, 2023) underlined that workers who were less emotionally invested in, or financially dependent on their job, for example, students, carers or those working full-time in other sectors, were more likely to report positive experiences with zero hours contracts. These workers stated that zero hours contracts allowed them to vary their hours on a weekly basis depending on their availability. However, these workers also stressed that their working patterns were acceptable to them either only on a short-term basis or as long as they could depend on other sources of income, such as student loans, other jobs, or family members. While some workers did state that they valued the flexibility afforded to them by zero hours contracts, the findings showed that some of these workers simultaneously found that they were often unable to utilise this flexibility, due to feeling pressured to accept unwanted hours, particularly within the context of staff shortages, and for fear of not being offered hours in the future (Stockland et al, 2023).

The Inquiry found that in many instances workers on zero hours contracts were often sent home during their shift as they were no longer needed. Workers on zero hours contracts also have no set schedule or set hours which can make it difficult to plan for childcare and other commitments. The nature of these contracts results in a lack of security as hours are not guaranteed leading to financial instability. Moreover, Ndzi (2021) states that workers on zero hours contracts have difficulties accessing loans, mortgages and or a rental property due to their type of contract.

This echoes workers experiences from the FWC Survey of Hospitality Workers and Businesses:

> 66 Being on zero hours sometimes only 2-3 hours' notice is given for a shift. It's unfair on those of us with responsibilities. 99
(Hospitality Worker)

> 66 I would like a contract so that I am guaranteed a specific and agreed number of hours per week as minimum. 99
(Hospitality Worker)

(JRS, 2024)

In addition to the negative affect on workers, zero hours contracts can also be detrimental to employers. In many instances, these workers are not engaged in their job which can also lead to a higher staff turnover with workers often seeing a zero hours contract as temporary employment. Zero hours contracts can also lead to less reliability and consistency as it gives workers more flexibility, meaning that they can turn down shifts potentially leaving the employer short-staffed (Brown, Business Advice, 2022).

In essence, views on zero hours contracts were mixed, with some employers making a clear choice not to use zero hours contracts in their business, and others seeing them as important for dealing with fluctuating demand and seasonality. While some workers valued the flexibility of zero hours contracts, some also had concerns about the negative consequences of this type of work.

Accessing Basic Contractual Rights

In addition to the growth of differing employment models and contract types the Inquiry also found some examples of workers who either had not received a contract or who did not know about their rights and entitlements at work. It appears that a small but not insignificant number of workers were unsure of what they were entitled to, or lacked basic information on the terms of their employment. Findings from the Survey of Workers and Businesses (JRS, 2024) showed that 13% of respondents had no written contract. Employers have a clear responsibility to ensure their staff member receives the pay and benefits they are entitled to, but should also ensure workers understand the terms on which they are employed. This is particularly important in hospitality given many workers in the sector are young workers or migrant workers and may need greater support in this regard.

Sick Pay

It is likely that a significant proportion of hospitality workers are eligible for statutory sick pay. Unless they are self-employed, workers who are unable to work due to illness are likely to be eligible for statutory sick pay after three 'qualifying days' (assuming they normally earn more than £123 per week on average). Agency, casual and zero hours workers are also entitled to statutory sick pay if they meet the eligibility criteria (**ACAS**, 2023).

Official business-level data on access to sick pay is lacking. However, in 2021, Focus on Labour Exploitation carried out a participatory research study with hospitality workers. Drawing on 115 survey responses and 40 interviews, the participatory study showed that 17% of participants said they felt they could 'never' take time off work when sick. A further 43% said they only felt able to take time off sick 'usually' (20%) or 'sometimes' (23%).' In the same study, 35% said they don't get any paid sick days or statutory sick pay, 33% stated that they received only statutory sick pay, and only 13% reported that they were eligible to receive full pay under their employers' occupational sick pay policy. A further 18% were unsure of their entitlements in this area (Focus on Labour Exploitation, 2021).

The FWC Survey of Workers and Businesses (JRS, 2024) found a similar, if slightly more positive picture. In this survey, only 53% of respondents (excluding self-employed) stated that they would receive pay if they were off sick (20% would receive full salary, 6% partial salary and 26% statutory sick pay). A third (33%) stated they would not receive any sick pay, while 13% did not know what they would receive. Those working for businesses with fewer than 50 employees (46% of this group) and those on a zero hours contract or with no written contract (both 72%) were more likely to say they would not receive any sick pay (JRS, 2024).

Findings from the qualitative investigation into the experiences of workers in the hospitality sector in Scotland (Stockland et al, 2023) evidenced that workers were often unaware of their rights and often felt like they were treated with suspicion when it came to sickness:

> 66 I almost never take a day off sick, [only] one time I had a bad allergic reaction, I went to hospital, I went from hospital to work, and was like I'm feeling quite okay, I can do it. But I was sick soon after that, called in sick and she told me, if I find out you're going to job interview instead of coming to work, you're going to get fired and never get work anywhere. 99

(Lutsi, 41, barista in coffee shop, Aberdeen)

(Stockland et al, 2023)

Holiday Pay

Almost all workers are entitled to paid holiday entitlement. This includes agency workers, workers with irregular hours, and workers on zero hours contracts. (UK Gov, Retrieved: 22/04/24). However, in the Survey of Hospitality Workers and Businesses, only 84% of respondents (excluding self-employed) stated that they received paid holiday (annual leave). The groups surveyed most likely not to receive holiday pay included those working for pubs and bars (21%) and those on a zero hours contract (18%) or with no written contract (31%) (JRS, 2024).

Many research participants from the qualitative study (Stockland et al, 2023) who were also on zero hours contracts, also reported being unclear or unaware of whether they were due holiday pay. Some stated that they had recently discovered through talking to other colleagues that they were due holiday pay but had previously not been paid. In all of these cases, employees reported that their employers had never explained to them what they were entitled to. The quotes below capture a sense of some of the uncertainties around holiday pay:

66 No, well, I think the holiday pay you can ask for, it's a bit weird, I don't really get holiday pay but yes, you can ask for it at a certain quarter of the year or something like that, which I only found out recently, so, I think I've been missing out on that money. If you don't ask for it, you don't get it sort of thing... No, I think it's sort of like a, you have to figure it out yourself, I don't know, it's, they're happy to keep the money, because it's not like their obligation, I don't know. I wish I had known that over the past 12 months. **99**

(Alistair, 20, undergraduate student and waiter in events catering, Edinburgh)

66 [Holiday pay] is actually something I looked at recently, I don't think I am [due it] for this job but I could just be reading my payslip wrong... I did look it up recently, I think it's around, oh God, what was it? I do know, but I can't remember at the moment, definitely more than I do get though... I think so, but I need to double check that, because in terms of hours, I'm not sure. **99**

(Kate, 21, undergraduate student and barista in cafe, Edinburgh)

(Stockland et al, 2023)

Steps Already Taken

It is apparent that the hospitality industry is taking steps to improve elements of fair work – primarily through voluntary mechanisms. Two such examples are an increase in the number of businesses who have Real Living Wage accreditation in Scotland and the growing interest in the industry in developing charters which aim to improve practice.

There are a range of charters already in use in the industry to encourage good practice, including through promoting elements of fair work practice. Three industry level charters are:

- The Hoteliers Charter developed by UK Hospitality and supported by a range of other organisations including the Scottish Tourism Alliance. This charter sets out ten pledges which aim to advance the reputation of the hospitality sector as a career of choice.

- The Unite Hospitality Charter, developed by Unite in consultation with hospitality workers, sets out nine pledges which aim to support outcomes for workers in the hospitality sector.

- The Hospitality Health and Wellness Charter which was developed by the Scottish charity Hospitality Health in August 2018 to support workers in hospitality as they believed that the Industry had become more stressful for both management and staff.

The concept of Charters will be explored in more detail in the Effective Voice chapter of the report, with the Health and Wellness Charter considered in more detail in the Respect chapter.

Conclusion

From the findings outlined in this chapter, it is easy to see how a negative cycle of precarity can form, where a combination of low pay and instability in hours can leave workers feeling vulnerable. Evidence suggests that this cycle of precarity does not develop where workers do not feel dependent on their precarious role. In this way, workers with high levels of family support or workers with other sources of income were most likely to report positive experiences while in precarious work. Meanwhile, precarity disproportionately impacts certain groups - younger workers, women, disabled workers, non-UK nationals, ethnic minority workers and those with lower educational attainment (Pósch et al, 2020).

Security at work is fundamental to fair work with issues around pay, hours, contracts and basic employment rights, all core elements of workers' experience. While improvements have been seen in hospitality around payment of the Real Living Wage, there is more that employers can do to improve security at work. Findings from this Inquiry suggest that the transparency and predictability of hours and providing clear information on employment rights to all employees is likely to have a significant impact on the positive experience of fair work in hospitality.

How Employers can Improve Security at Work

- Everyone involved in work has a responsibility to ensure and support widespread awareness and understanding of employment rights. Employers should give clear information on pay and contractual matters and signpost workers to advice and support, for example through trade unions, ACAS or other relevant organisations.

- A **template job offer letter** including a statement of particulars is provided by ACAS. This is useful for smaller hospitality employers and would ensure workers have basic information about their rights at work.

- Contractual stability should be a core employer objective. Offering a contract or ways of working where the burden of risk falls disproportionately on workers (including most zero hours contracts) is not fair work. Employers should offer contracts that provide security to workers, while also working with employees to design approaches to the allocation of hours and shifts that meet the needs of the business while ensuring that pay for the worker is regular and predictable.

- All workers should be paid at least the Real Living Wage. Information on the Scottish Living Wage can be found on the **Living Wage Scotland** website.

- Pay transparency and clear pay structures which facilitate pay progression, should be a core organisational objective. Pay levels and pay structures that are openly shared with workers along with clear policies on things like tips, maternity leave, annual leave and sick pay provide the basis for a more equal, transparent and inclusive workplace. **Template policies, advice and support is available on the ACAS website**.

Respect

Fair work is work in which people are respected and treated respectfully, whatever their role and status.

Respect at work is a two-way process between employers and workers and is valued for recognising the reciprocity of the employment relationship.

At its most basic, respect involves ensuring the health, safety and wellbeing of others.

Fair Work Framework, 2016

Summary

Respect as a dimension of fair work includes health and safety, dignity at work and issues relating to bullying and harassment, but it also goes beyond this to include dignified treatment, social support and the development of trusting relationships. The Inquiry considered the degree to which workers in hospitality enjoyed respect at work and found the following key points:

- In 2020/21 - 2022/23, the accommodation and food services sector performed well on some measures of health at work, specifically rates of self-reported work-related ill health, where it is the third lowest of all industries.

- Recognising reported increases in poor mental health in the sector, there are a range of social enterprises and charities dedicated to supporting improved mental health for hospitality workers.

- More negatively, in 2020/21 - 2022/23 accommodation and food services had the third highest rate of non-fatal workplace injury of any sector of the economy after agriculture and construction.

- The Inquiry heard that proactive inspection by Environmental Health Officers on health and safety issues has significantly reduced in the industry, in line with wider health and safety enforcement, and as a result employers no longer receive the same level of ongoing support and advice on how to maintain standards.

- Bullying and harassment is a significant concern in the industry with many staff citing issues with both customers and managers, with some evidence of a lack of action by employers if concerns are reported.

- Employers recognised that issues around respectful behaviours could be variable within the industry, with good practice sitting alongside pressurised workplaces and 'traditional', and not always respectful, management. Evidence to the Inquiry from both employers and workers suggested that behaviours in kitchens – traditionally seen as difficult working environments – were improving.

- The requirement to travel home late at night creates a specific safety risk for hospitality workers, particularly those that are low paid.

- Relationships with co-workers were often seen most positively, and often identified as one of the best elements of working within hospitality.

66 The main thing that I love about hospitality in general but also this job was my co-workers, they were just lovely, just to work with and just the team dynamic that we have going on. **99**

(Kate, 21, undergraduate student and barista in coffee shop, Edinburgh)

(Stockland et al, 2023)

Health and Safety

The accommodation and food services sector has a lower rate of self-reported work-related ill health than other industries (see Figure 10) but the third highest rate of workplace injury after agriculture and construction (see Figure 11) (HSE, 2023).

Figure 10 - Self-reported illness caused or made worse by current or most recent job, by industry, Great Britain, 2020/21 - 2022/23
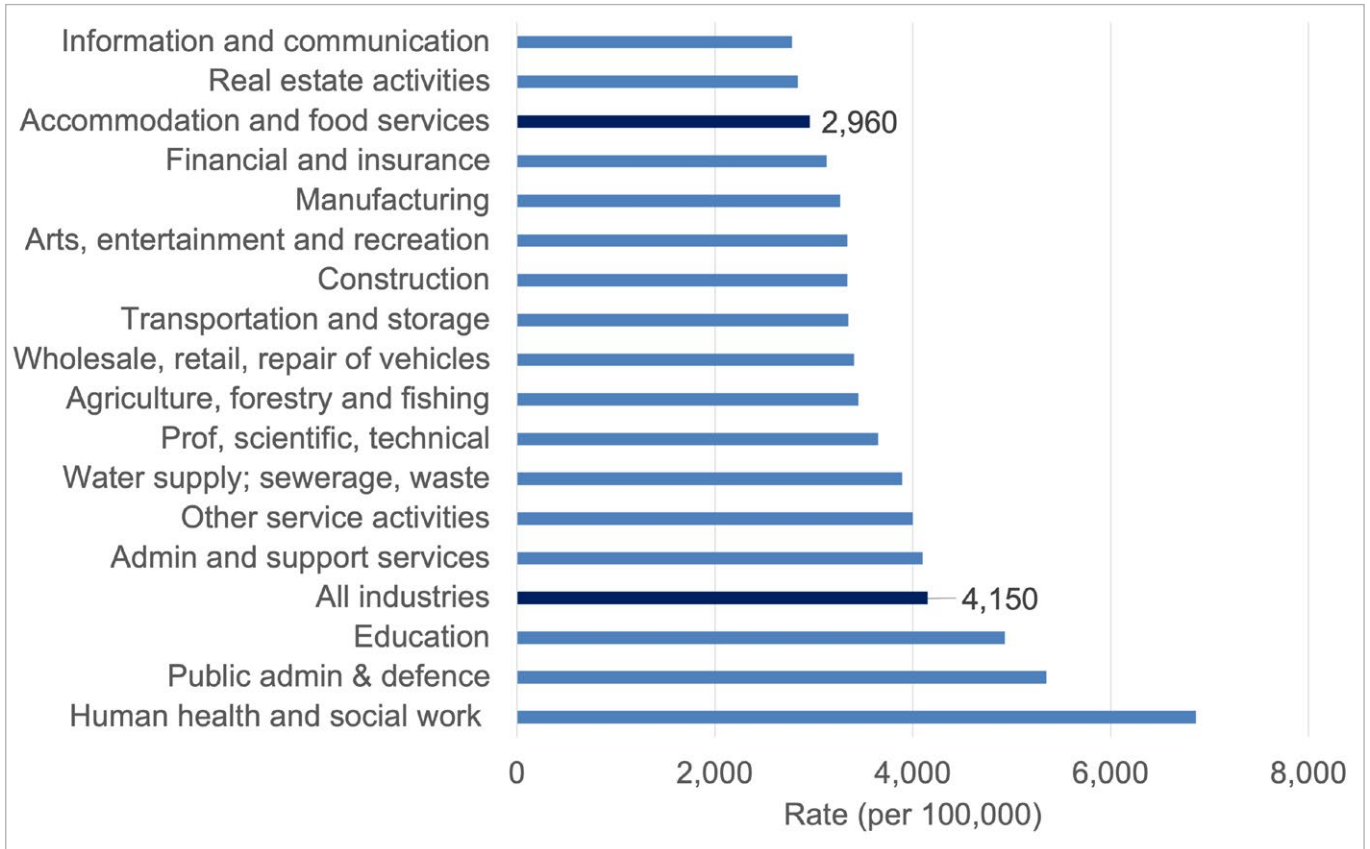
| Source: Labour Force Survey (2020/21 - 2022/23), HSE
Note: Some industries have been removed due to small sample sizes

Figure 11 – Self-reported workplace non-fatal injury, by industry, Great Britain, 2020/21 – 2022/23
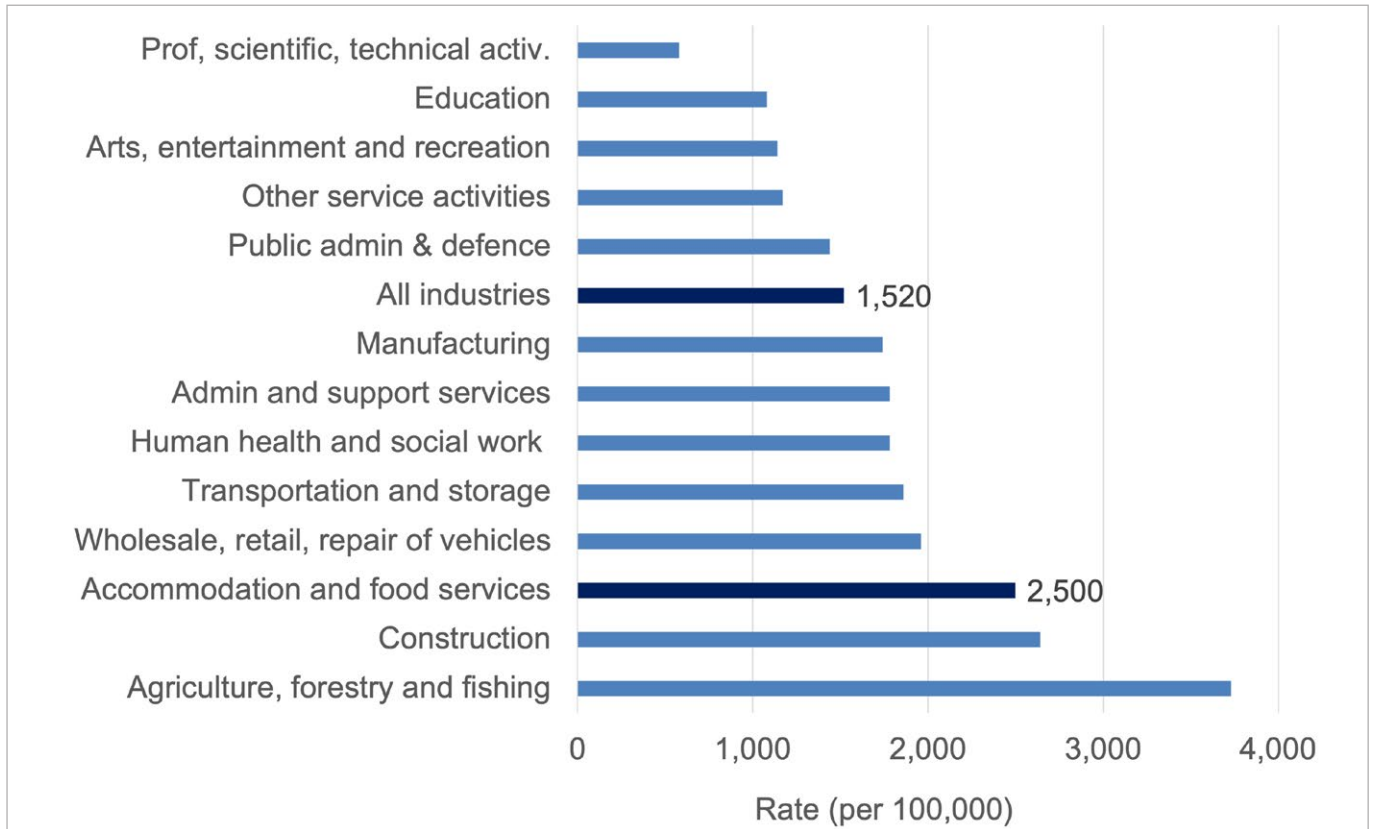
| Source: Labour Force Survey (2020/21 - 2022/23), HSE
Note: Some industries have been removed due to small sample sizes

The Health and Safety Executive accident statistics show that the main risk areas for this industry are caused by slips and trips and manual handling accidents. Findings from the qualitative investigation into the experiences of workers in the hospitality sector in Scotland highlighted that many workers regularly experienced pain as a result of their job. This was often back and/or foot pain due to the requirement to stand for long periods of time. Some of the chefs interviewed reported additional physical challenges such as working in hot kitchens and suffering from injuries due to repetitive actions or heavy lifting (Stockland et al, 2023).

Employers are required by law to provide adequate health and safety training and to ensure that employees are provided with adequate supervision to work safely. Employers are also required to consult their staff on health and safety issues. (Health and Safety Executive, Retrieved: 22/04/24)

Employers were asked about their consultation on a range of work related issues within the FWC Survey of Hospitality Workers and Businesses (JRS, 2024). Of the employers surveyed, 59% said that they regularly consulted on health and safety issues, with 33% doing so occasionally, making this the issue on which employers were most likely to consult their staff. However, despite legal obligations, 6% of employers surveyed had not consulted their workforce on health and safety issues (JRS, 2024).

In terms of workers, 67% of survey respondents reported having received health and safety training in the last 12 months. This was highest in hotels (85%) and lowest in pubs and bars (45%) (JRS, 2024). While this leaves a significant number of workers who had not been trained within the last 12 months, particularly in pubs and bars, these workers may have received adequate training outside of this time period.

Migrant workers who took part in evidence sessions facilitated by the Fair Work Convention for the Inquiry reported receiving health and safety training from their employer in English. Many of the workers reported that they relied on free-to-access translation tools via their phones to understand the information provided. While there was a difference in opinion amongst participating workers on how adequately trained they felt, it is notable that none of the workers who took part in the sessions were provided translated material to support their training on health and safety by their employer. However, research carried out to inform case studies for the Inquiry suggest that translation of training materials is carried out by some larger employers in the industry.

The Fair Work Convention met with Environmental Health Officers as part of the Inquiry who reported concerns in the reduction of proactive health and safety inspection. While Environmental Health Officers routinely inspect on food safety standards, specialist health and safety inspectors were now primarily only inspecting in response to incidents or concerns. This change is in line with wider health and safety policy which now focuses proactive inspections on the highest risk workplaces, with inspections in other areas only in response to incidents or concerns raised by workers and others (Health and Safety Executive, Retrieved: 23/04/24). This change in approach to inspection means that employers in the sector no longer receive ongoing advice on health and safety issues, and action may only be taken after an accident has already taken place or if workers report concerns.

66 They put me on the fryers for four days, for 12 hours, with no break. There were three double fryers and five or six kilo of chicken wings needed to be fried, they were very, very heavy and after four days my wrists were thick as my whole underarm because it was so swollen and I barely could move my fingers and I have struggled with my wrists since. 99

(Tímea, 45, chef in a hotel, rural location)

(Stockland et al, 2023)

Bullying, Harassment and Experiences of Discrimination

Tackling bullying, harassment and discrimination are important components of the Respect dimension. Fair work is work in which people are treated respectfully, whatever their role and status. Respect involves recognising others as dignified human beings and recognising their standing and personal worth. (Fair Work Convention, 2016).

When considering experiences of bullying and harassment, it is first important to consider relationships generally within the workplace. The FWC Survey of Hospitality Workers and Businesses asked hospitality workers about their relationships at work. As shown in Figure 12, relationships with managers were the least likely to be entirely or mainly positive, and the most likely to be entirely or mainly negative.

Figure 12 – Survey of hospitality workers - relationships at work
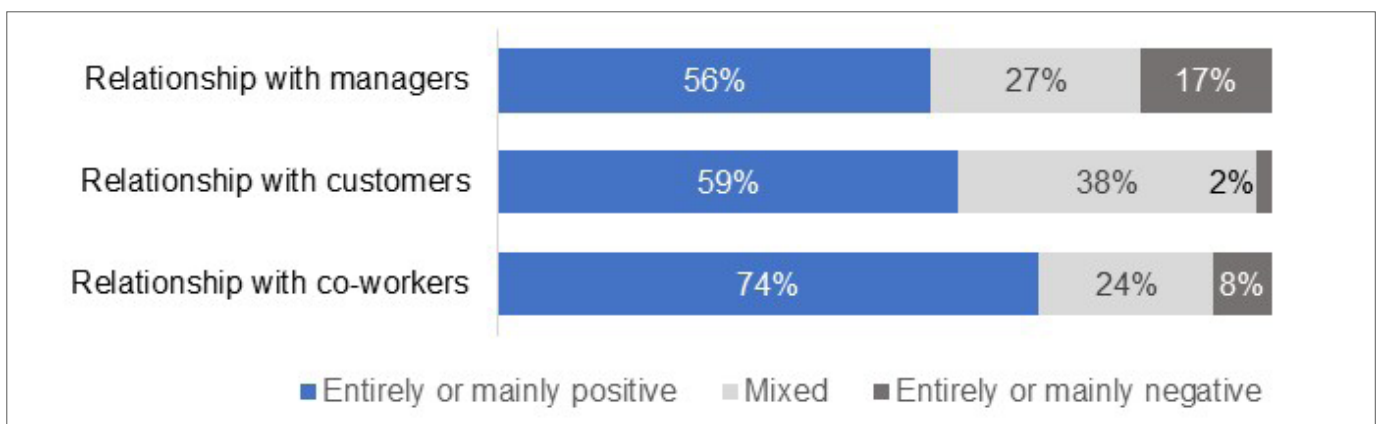
| Source: JRS, 2024

The starting point of potentially strained relationships between managers and workers is an important context when considering issues around bullying, harassment and discrimination in the workplace. Relationships with managers will often shape how able workers feel to raise issues from co-workers or customers, while negative relations with managers may also contribute to feelings or experiences of bullying, harassment and discrimination for workers.

Within hospitality, the evidence suggests that bullying and harassment is very widespread, particularly when considering bullying or harassment from customers, to the extent that it is often 'normalised' and expected to be tolerated (Booyens, 2022). A range of evidence considered by the Inquiry aligned with this finding.

In a review of employment practices in the Scottish hospitality industry, University of Strathclyde researchers found that "95% of respondents reported either experiencing or witnessing, verbal/psychological abuse, physical abuse, racial/ethnic abuse, sexual abuse/harassment, and bullying in the workplace." (Hadjisolomou, 2022). The findings from the Survey of Hospitality Workers and Businesses found that 42% of workers surveyed had personally experienced bullying or harassment at work in the last 12 months: 30% from customers, 22% from managers and 13% from co-workers. Amongst the respondents who had experience of bullying or harassment, they reported that it most often related to their sex (36%), their age (20%) their accent (20%), and their social class (17%) (JRS, 2024).

The qualitative study with hospitality workers conducted for the Inquiry (Stockland et al, 2023) found that workers raised issues of bullying, harassment and even violence from customers. However, many of the workers interviewed also reported effective managerial support for these issues. Kitchen workers, including chefs, appeared more likely to report bullying and harassment from managers. However, some workers in the study did stress that they felt workplace cultures were slowly changing and that cultures of bullying in kitchens were less prevalent than had previously been the case (Stockland et al, 2023). This finding was supported by many of the employers interviewed by the Fair Work Convention as part of the Inquiry, who often pointed to an improvement in behaviours within kitchens as an area where the working environment has become more positive.

Sexual Harassment

Findings from Booyens et al's (2022) cross-sectional survey of employees in the Scottish hospitality sector highlighted that customer misbehaviour was a key concern for workers. Abuse and harassment were experienced by workers, and some workers, both male and female, were pressured into thinking that sexual harassment by customers was acceptable, being expected to simply 'brush off' any sexual harassment. This research also found that female participants were the most likely to experience sexual harassment at work (Booyens, 2022).

The qualitative study with hospitality workers carried out to support the Inquiry also showed experiences of sexual harassment at work, with mixed findings in terms of reporting of issues and support from managers:

> 66 They all wanted to pay separately, they'd been hammering the cocktails... and there were six of them. I dropped one of the receipts and as I bent down, he just, I don't even want to say it, but he just said something as I bent down... I was a bit shocked, that hasn't happened, I used to work in [an army camp], which is the biggest army camp in Europe, even some of the lads weren't that bad, I was taken aback by it, I don't know, it just hasn't happened to me in a while. Someone making a sexual comment, do you know what I mean? I was just a bit, but I told the manager and they were straight on it... they weren't allowed back in the restaurant after that and they were here for a few days, do you know what I mean? I was [pleased] like, oh the managers] do care. 99

(Lizzie, 23, waitress, hotel resort on island)

> 66 I was working there for three weeks and the actual head chef there he was sexually trying to harass me and because he had my number, because he was the head chef, he started to send inappropriate messages as well and it was... I needed to block him and leave the place. 99

(Tímea, 45, chef in a hotel, rural location)

(Stockland et al, 2023)

Racism and Migrant Workers' Experiences of Discrimination

The 2022 'Be Inclusive - Inside Hospitality Report', which focuses on the experiences of ethnic minority hospitality workers across the UK, found that of the workers surveyed, 28% of Asian, 37% of Black and 39% of Mixed respondents have experienced or witnessed racism in their current place of work. Of those who have witnessed or experienced bullying and harassment, 33% of Black respondents reported that they would not report a racist incident to their manager, to a senior manager or to human resources, neither would 29% of Asian respondents or 38% of Mixed ethnic background respondents (Be Inclusive Hospitality, 2022).

The qualitative study with hospitality workers conducted for the Inquiry (Stockland et al, 2023) highlighted issues of racism, bullying and discrimination for migrant workers. Poor English language skills and limited understanding of their rights at work leaves migrant workers more vulnerable to exploitation. Stockland et al highlight that migrants working in the hospitality industry may experience abuse based on their skin colour and/or their accents, both from customers and from co-workers. Such experiences can contribute to feelings of anxiety and feeling unsafe in the workplace, as well as feelings of frustration and anger at being unfairly treated:

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66 Other foreigners who speak more English think they have more power over those who speak English less well, I've seen it happen with myself and colleagues. I don't speak English but I'm not dumb, I'm not stupid, I can understand what you're saying. 99

(Ana, 36, housekeeper and waitress in Hotel, Edinburgh)

66 They are coming in drunk, they come in drunk... but one or two times, I think people, they look at the colour of my hair, the colour of my face...people directly said, 'Oh are you from India, Pakistan?' And they are trying to laugh with you and normally my English is also not, so, I can't talk with them, and I ignore them. So, they are talking in a different way [with you]... Like some people, make comments like this... you feel unsafe, if you have to... say something, you're going to be attacked... so, the only option, you have to be quiet. ... they are drunk and they could do anything, so, I have to be quiet and control myself... It mentally affects you; you feel like why is this happening? 99

(Birodh, 30, chef, Stirling)

(Stockland et al, 2023)

Issues raised during evidence sessions with migrant hospitality workers carried out by the Fair Work Convention showed similar experiences. Several participants had experienced racism and bullying from colleagues, relating to their accent, appearance and where they come from. Some participants discussed not raising issues as they felt no action would be taken by managers, while others who had reported incidents to management, had varying experiences as to whether incidents were dealt with effectively and appropriately.

That said, despite these experiences, many of the migrant workers taking part in evidence sessions also had positive experiences working in the industry, and felt they had been greeted with warmth as migrant workers. Indeed, the majority of participants stated that working in hospitality was rewarding due to the people that they met and the connections they built:

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66 The camaraderie you get is great... and you can meet friends for life. **99**
(Migrant Worker)

(FWC Hospitality Inquiry worker evidence session - 2023)

Reporting Issues

Findings from the Survey of Hospitality Workers and Businesses showed that workers had mixed experiences relating to the reporting of issues. The survey of workers found that 42% of those who either personally experienced or witnessed bullying or harassment at work had not reported it. Reasons for not reporting were most often due to a lack of anyone to report instances to, or an expectation that no action would be taken. Less than half (47%) of those who experienced or witnessed bullying or harassment at work reported it, and of those who did report it, only 30% felt that the issues were dealt with effectively. These findings were supported, to a limited extent, in employers responses to the same survey – almost half (46%) of businesses stated that a grievance on any issue had been raised in their business in the past year. The most common issues raised through grievances related to pay/terms and conditions, unfair treatment/relationships with line managers, and bullying or harassment at work. The survey also asked employers about the policies offered at work, with 9% of businesses taking part in the survey stating that they did not have a formal procedure for dealing with grievances, suggesting that a small minority of employers may not offer clear routes for employees to raise concerns (JRS, 2024).

Further to this, amongst the 38% of businesses that had taken any disciplinary action during the past year, in the vast majority of cases, this was for poor performance or poor timekeeping/unauthorised absence, while a much smaller percentage of cases related to either abusive or violent behaviour (10%) or sexual harassment (3%) (JRS, 2024).

Mental Health and Wellbeing

There is some evidence that hospitality workers in particular experience poor mental health and receive a lack of support with mental health issues. A survey of 743 hospitality workers by the Royal Society for Public Health (2019) found that one fifth (20%) of respondents reported having a severe mental health problem, with many not feeling supported at work with these negative experiences (Royal Society for Public Health, 2019). Survey work conducted by The Burnt Chef Project found that 40% of respondents reported having less than favourable experiences with their mental health over the past 12 months. General managers, in particular, reported experiencing challenges with 42% reporting a decline in their overall level of mental fitness since re-opening post Covid-19 (The Burnt Chef Project, 2021). It is important to highlight that poor mental health is not unique to the hospitality industry, however, it is evident that factors and conditions associated with working in hospitality may exacerbate poor health and wellbeing amongst staff.

This is highlighted in the qualitative study with hospitality workers which found that working long and anti-social hours can detrimentally impact the physical and mental health of workers. Hospitality workers reported routinely working long hours – often as many as 80 or 90 hours per week. Some workers also reported working for weeks at a time without any time off. These research participants were typically, but not exclusively, chefs or workers at management level. Some workers reported not being paid for overtime hours with those on annualised salaries least likely to receive overtime payments. Further, many of these workers reported experiencing chronic tiredness, stress and reduced productivity as a result of long hours as well as detrimental impacts on their relationships with family and friends (Stockland et al, 2023).

> **"** My mental health it's a little bit less, because I couldn't sleep well [because] I arrive home late at night, and I need to wake up early... [I finish, the drive is 45 mins] then I go to bed sometimes, it's midnight or half twelve. [In the morning] I need to go to the school and I need to take my kids to school [and then be in college] from nine to half four... **"**
>
> (Benci, 52, chef, small town in south-west Scotland)
>
> (Stockland et al, 2023)

As outlined in the Opportunity chapter, working evenings, nights and weekends can be valued by hospitality workers as a form of flexibility and a way of balancing other commitments like caring roles or studying. However, the qualitative study with hospitality workers found similar negative impacts of 'anti-social hours' as with long hours such as stress, tiredness, reduced productivity, an inability to spend time with family and friends, and, in some cases, experiences of depression (Stockland et al, 2023). Survey work carried out by The Burnt Chef Project found that work/life balance is the most frequently mentioned barrier to working in the sector, and the most commonly cited reason for leaving the industry (The Burnt Chef Project, 2021). As covered in the Security chapter, more clarity and consistency on working hours and rest breaks are often cited as key actions employers could take to improve the experience of work for many within hospitality.

Case study: The Glen Mhor Hotel, Inverness

Fair work practice: Staff wellbeing

Activity: As part of their implementation of fair work, the Glen Mhor hotel are committed to diversity, inclusion and equity, with a primary focus on wellbeing.

The mental health of all employees is paramount and mental health training and supports are put in place before any practical, role specific, training is introduced – a process which is supported continually through staff training as mental health first aiders, as well as a HR manager who has a purely pastoral role in the business.

Around a fifth of staff need additional supports, and time is taken to have conversations with workers to understand their lived experience, and any tangible changes that can be implemented to support them to do their job. Health passports are available for staff, a document which provides a framework to discuss employee's health and wellbeing, and to subsequently 'job sculpt' to suit each individual's needs. For example, an individual might work specific shifts due to side effects of their medication.

Glen Mhor place significant value on working to meaningfully support employees and guests with disabilities and additional needs. Working with a range of external partners, such as Enable, the Scottish Union of Supported Employers, and Apt, Glen Mhor have transformed their approach to supporting disabled people, providing work placements, staff training and accessible digital communications and recruitment. For example, the hotel provide support resources, such as ear defenders, sensory backpacks, as well as 'social stories' for staying at the hotel or taking part in a job interview.

Glen Mhor also started their own work experience programme in 2023 with local special schools, supported by Highland Council. The programme aims to inspire young people to overcome perceived barriers and to build their confidence, both generally, and in relation to the hospitality industry. Sessions involve learning about the different roles within a hotel – housekeeping, waiting, cheffing, events – as well as 'reverse interviews' where young people interview the business owner and feedback as to whether they seem like an employer they would want to work for, a process which helps Glen Mhor continually improve.

Impact: Adopting this approach required upfront investment, operational changes and significant training for staff, at all levels, which was challenging at times. However, Glen Mhor have witnessed the positive impact of putting people's wellbeing first, finding that when people feel valued, productivity and staff retention rates go up. Indeed, they have found there's a real 'pull' for people to work with them due to the culture that they have created.

One of the greatest impacts has been felt as a result of prioritising mental health at management and senior management level, a group who often face significant burnout in the industry. Focussing on the mental health of staff at all levels, including leaders, has meant staff feel looked after and respected at work.

Creating a strong staff community with a foundation of wellbeing, openness and engagement has also allowed for a constant feedback loop, where staff meaningfully bring about change and growth in the business. For example, staff recently put forward business planning options to improve productivity and save energy, which fed into Glen Mhor's climate action plan.

Safe Home

The Inquiry heard evidence on Unite the Union's 'Get Me Home Safely' campaign. At the heart of this campaign is an ask that employers provide free transport for staff in hospitality who are working after 11pm. The campaign reflects a combination of factors that are unique to hospitality. Firstly, night workers in hospitality are generally low paid and there are very few examples of employers compensating workers for the additional costs or inherent risks of night working. Secondly, shifts can finish at varying times late at night thus necessitating regular late night travel.

Unite's campaign was developed in response to safety concerns raised by women working in the hospitality industry. The campaign was created by a Unite member and hospitality worker who was sexually assaulted on her way home from work late at night. The worker gave evidence at the second meeting of the FWC Hospitality Inquiry, outlining that she had not been provided transport by her employer and had been assaulted while walking home through Glasgow City Centre. The worker felt strongly that other women working in the hospitality industry should not face the same risk, and that employers should support workers to get home safely when working at night and for this reason she developed Unite's 'Get me Home Safely' campaign.

Over the course of the Inquiry, the Convention heard from a number of employers who already provide transport for employees late at night, and who recognised the merits in ensuring their workers' safety in this way. The Inquiry also noted that rural employers were more likely to provide transport for workers at all times of day, either due to a lack of public transport or the difficulties associated with matching shift times to public transport scheduling in rural areas. The Survey of Hospitality Workers and Businesses also found that 20% of the employers surveyed offered free transport home after late shifts (JRS, 2024).

Steps Already Taken

From an organisational perspective, delivering the Respect dimension of fair work not only avoids the negative impacts (and potential liabilities) arising from some forms of disrespectful behaviour, more constructively, it can improve standards of communication and social exchange. Where workers believe that their contribution is recognised and valued, trusting relationships are developed and the potential for worker involvement is enhanced (Fair Work Convention, 2016).

Tackling bullying and harassment, creating positive mental health outcomes for workers, and ensuring a safe working environment, are essential elements of respect at work.

There are a range of industry initiatives to enhance safety, wellbeing and respect within hospitality, showing that many organisations and businesses across the sector already recognise the importance of the issue.

For example, there are a range of wellbeing charters already in place within the sector which employers can join. As mentioned in the Security chapter, the Scottish charity Hospitality Health developed the 'Health and Wellness Charter' which has a key aim to ensure that line managers are adequately trained on supporting staff with mental health issues and that staff in hospitality have access to an Employee Assistance Programme (Hospitality Health, 2018).

There is also the UK wide Wellbeing and Development Statement developed by the Hospitality and Tourism Skills Board. This charter recommends steps for hospitality employers to follow to help support employee wellbeing. It is focused on promoting employee development, mental health and wellbeing, and fair compensation. It provides guidance for employers on key areas such as tipping, flexible work, diversity and inclusion, and in-work progression, and is designed to promote action within the sector to achieve higher standards of employee wellbeing (The Hospitality and Tourism Skills Board, 2024).

This work reflects a recognition from employer bodies in the hospitality industry that positive workplace cultures are vitally important to support safe and respectful working practices, and that good relationships at work can support positive outcomes in terms of staff retention and perceptions of the sector.

Conclusion

It is evident that many employers in hospitality take issues around respect seriously and take steps to ensure workers are safe and their wellbeing is supported. Yet, the evidence suggests that hospitality workers face a number of issues relating to respect at work. Hospitality workers would benefit from a clearer focus on safe working practices; support for night workers to get home safely; a better balance of working hours, with clear and consistent access to rest days; better relationships with managers, with a focus on eradicating bullying and harassment - particularly racism and sexual harassment; and a clear mechanism to report issues if they arise.

Respect at work is primarily about relationships, cultures, and how well work is run and organised and workers must feel confident that effective employer action will be taken if concerns are reported. This is an important and achievable focus for all employers regardless of size or starting point.

How Workers can Improve Respect at Work

- Know your rights and responsibilities on **Health and Safety.**

- Ask your employer for translated material on health and safety if you need it.

- Raise any health and safety concerns to your employer and participate in any consultations they run with staff on health and safety issues.

- Contact **Environmental Health** in your local authority or seek advice from a **Trade Union** if your employer does not adequately address any health and safety issues you raise.

- Ask your employer if they have an Employee Assistance Programme if you feel you need support with your health at work (including your mental health).

- Ask your employer for their grievance procedure if you would like to raise any issues at work, particularly around bullying and harassment.

How Employers can Improve Respect at Work

- Respecting others is everybody's business. A culture of respect requires that behaviours, attitudes, policies and practices that support health, safety and wellbeing are consistently understood and applied.

- Be explicit about respect as an organisational value, and start a dialogue around respect as it is experienced in your own organisation. Agree clear expectations of behaviour, conduct and treatment and encourage the involvement of everyone to improve respectful behaviours.

- Respect for workers' personal and family lives requires access to policies and working practices that allow the balancing of work and family life. Hospitality work often involves working 'anti-social hours' which can impact the wellbeing of workers. This is part of the nature of work in hospitality but wellbeing can still be enhanced in this context. Work with your staff to understand their current views of their working hours and focus on providing consistency and transparency around the provision of hours and how work is organised. Providing a clear schedule for rest days that supports broader work life balance is also important.

- Ensure that interpersonal relationships and internal procedures exist to manage issues or conflict in a constructive way. Clear procedures are necessary to ensure workers feel confident to raise concerns. It is important to include clear steps to take if the issue is with their direct manager or a senior manager in the organisation.

- Ensure you are providing adequate health and safety training and supervision, including providing translated material for migrant workers who need support with their English. The Health and Safety Executive has a **range of translated materials** that can be useful in this regard.

- Take responsibility for the safety of night workers, including those that you are asking to travel to or from work during the night. Providing free transport to ensure workers get home safely at night or considering overall wage structures to include night work allowances are both approaches that would support safe outcomes for workers working past 11pm.

- Ensure you are **consulting your workers on health and safety issues** and consider setting up a health and safety committee. Draw on good practice when preparing risk assessments. Union expertise and networks on health and safety are a valuable resource, the use of which should be developed, supported and maximised.

Opportunity

Opportunity allows people to access and progress in work and employment and is a crucial dimension of fair work.

Meeting legal obligations by ensuring equal access to work and equal opportunities in work sets a minimum floor for fair work.

Fair opportunity can be supported in a variety of different ways: through robust recruitment and selection procedures; paid internship arrangements equally open to all; training and development to support access to work for all; promotion and progression practices that are open and equally attainable by all, irrespective of personal and demographic characteristics.

Fair Work Framework, 2016

Summary

The Inquiry considered opportunity in the hospitality sector and found the following key points:

- The sector is relatively diverse and employs larger shares of equality groups compared with the Scottish economy overall.

- Just over half of employees in the accommodation and food services sector (2022) are women. Despite this, there is some evidence which suggests that women are underrepresented in managerial roles.

- One third of the accommodation and food services workforce in 2022 was aged 16-24 (three times more than the Scotland wide figure). The sector frequently gives young people their first contact with the labour market, providing an opportunity to work, often whilst also in education or other training roles.

- The sector has one of the lowest proportion of workers aged 50 and over.

- The sector has a notable reliance on non-UK nationals with EU and non-EU nationals making up almost a fifth of the workforce in 2022, nearly double the Scottish figure. Most migrant workers in hospitality are likely to be working in low-level occupational groupings with low wages (e.g. waiting staff and housekeeping) and are generally more likely to work shifts, be overqualified for their role and have non-permanent contracts compared to UK-born workers.

- In 2022, 14.2% of workers in the accommodation and food services sector were disabled which is lower than in Scottish employment as a whole (17.1%). This is a change from 2020 data where the sector was closer to the Scotland average.

- Offering flexible working is often cited as a strength of the sector by hospitality employers. Evidence gathered as part of the Inquiry, however, details that many workers do not consider the sector to be flexible for their needs. This is particularly true for those who are balancing other responsibilities outside work such as caring responsibilities (predominately women), education (predominately younger workers) or other work commitments.

- Employability services promote social inclusion by seeking to tackle the difficulties people face in finding suitable work due to lack of experience, skills, opportunity or other barriers such as disability. Hospitality employers often play a vital role in terms of social inclusion by providing entry level roles for groups that can find it difficult to access employment opportunities.

- From evidence gathered as part of the Inquiry, it appears that the hospitality sector is already a relatively diverse sector but has the scope to become more diverse and inclusive by recruiting greater numbers of workers from equality groups. Focusing on securing equal access to progression opportunities, tackling pay gaps, and addressing bullying and harassment including from customers, could support improved retention and fair work outcomes for workers with protected characteristics.

Equalities

This section provides data on the diversity of the hospitality sector across the range of protected characteristics where data is available. There are, unfortunately, gaps in the data with little breakdown at a sub-sector level, which means important variations may not be identifiable.

Gender

Just over half (54.9%) of employees in the accommodation and food services sector are women (compared with 49.8% in Scotland) (Annual Population Survey, 2022). This figure demonstrates a reasonably balanced sector compared to many other sectors with very high and very low proportions of women. However, these figures may be masking some inequality. This is apparent when noting that 55.7% of women (aged 16 and over) in the accommodation and food services sector in 2022 worked part time (compared with 38.1% of men), indicating a clustering of women in part-time roles (Annual Population Survey, 2022).

Table 3 shows the median gender pay gap for the full-time workers in the sector in Scotland and the UK as a whole (ONS, 2023). The median gender pay gap is the ONS preferred measure as it gives a better indication of typical pay. Scotland has a lower gender pay gap than the UK for all industries (1.7% vs 7.7%), but a higher gender pay gap for accommodation and food services (6.0% vs 3.6%). While the gender pay gap for Scotland has seen a reduction from 7.2% in 2019, the accommodation and food services sector has risen from 3.6% in 2019 to 6.0% (Figure 13).

Table 3 - Gender pay gap (%) - Median full-time gross hourly earnings (excluding overtime) in accommodation and food services (SIC Category I), Scotland and UK, 2023

Sector	Scotland	UK
Accommodation and food services (Overall)	6.0	3.6
All Industries	1.7	7.7

Source: Annual Survey of Hours and Earnings (Table 4.12), Table 2.1 and 2.5, (Office for National Statistics, 2023)

Figure 13 - Gender Pay Gap for Median Gross Hourly Earnings (excluding overtime) for full time employees, accommodation and food services and Scotland
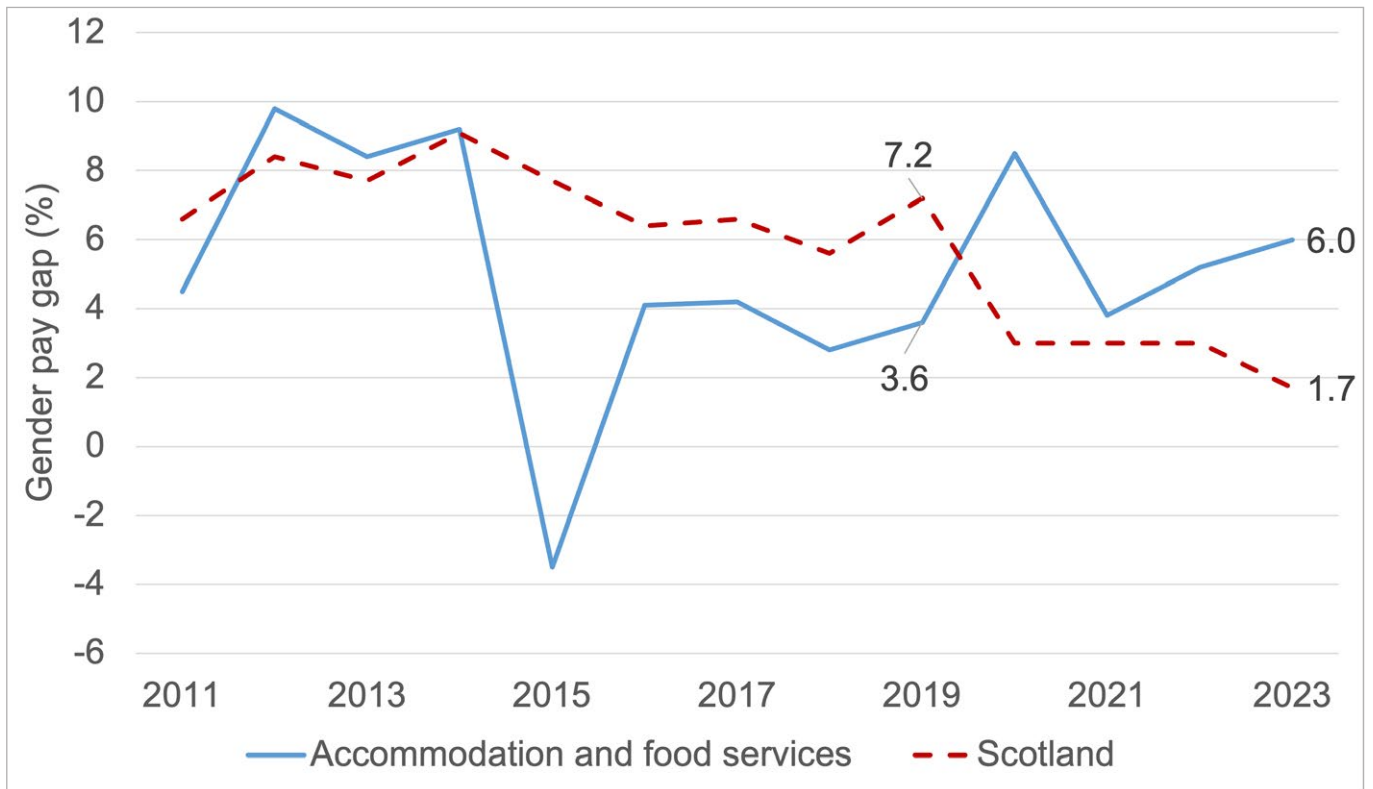
| Source: Annual Survey of Hours and Earnings (2011 – 2023), Scottish Government

Sexual Orientation

In the UK-wide 2018 **National LGBT Survey**, 9.9% of respondents (which comprised those who self-identified as lesbian, gay, bisexual, transgender or as having another minority sexual orientation or gender identity, or as intersex) worked in hotels, restaurants, cafes or bars. This was the fourth highest sector with the 'wholesale and retail sector' employing the highest proportion of respondents at 16.1% (Government Equalities Office, 2018).

Age

In 2022, the accommodation and food services sector had the highest proportion of workers ages 16-24 (38.4%) and the lowest proportion of workers aged 50 and over (17.1%).

There were 28,000 people aged 50 years and over (17.1%) in the Scottish accommodation and food services sector in 2022 compared with as many as 35,400 (21.6%) in 2019 (Annual Population Survey, 2022).

Figure 14 presents hourly pay in the sector at UK level and the disparity of pay by age. It highlights that it is the youngest (18-21) and oldest workers (60+) who have lowest hourly pay in the sector, which largely mirrors the pattern seen in the economy as a whole, from previous years, where the sector employed close to the Scotland average. The range of pay is narrower for the lowest and highest earning age groups in accommodation and food services sector (a difference of £1.41 between those aged 18-21 and 40-49 compared with a difference of £7.29 for the same age categories for all employee jobs). This may suggest that the opportunities for pay progression in the sector are more limited than in other industries.

Figure 14 – Median hourly pay (excluding overtime) for all employee jobs (£), UK, 2023
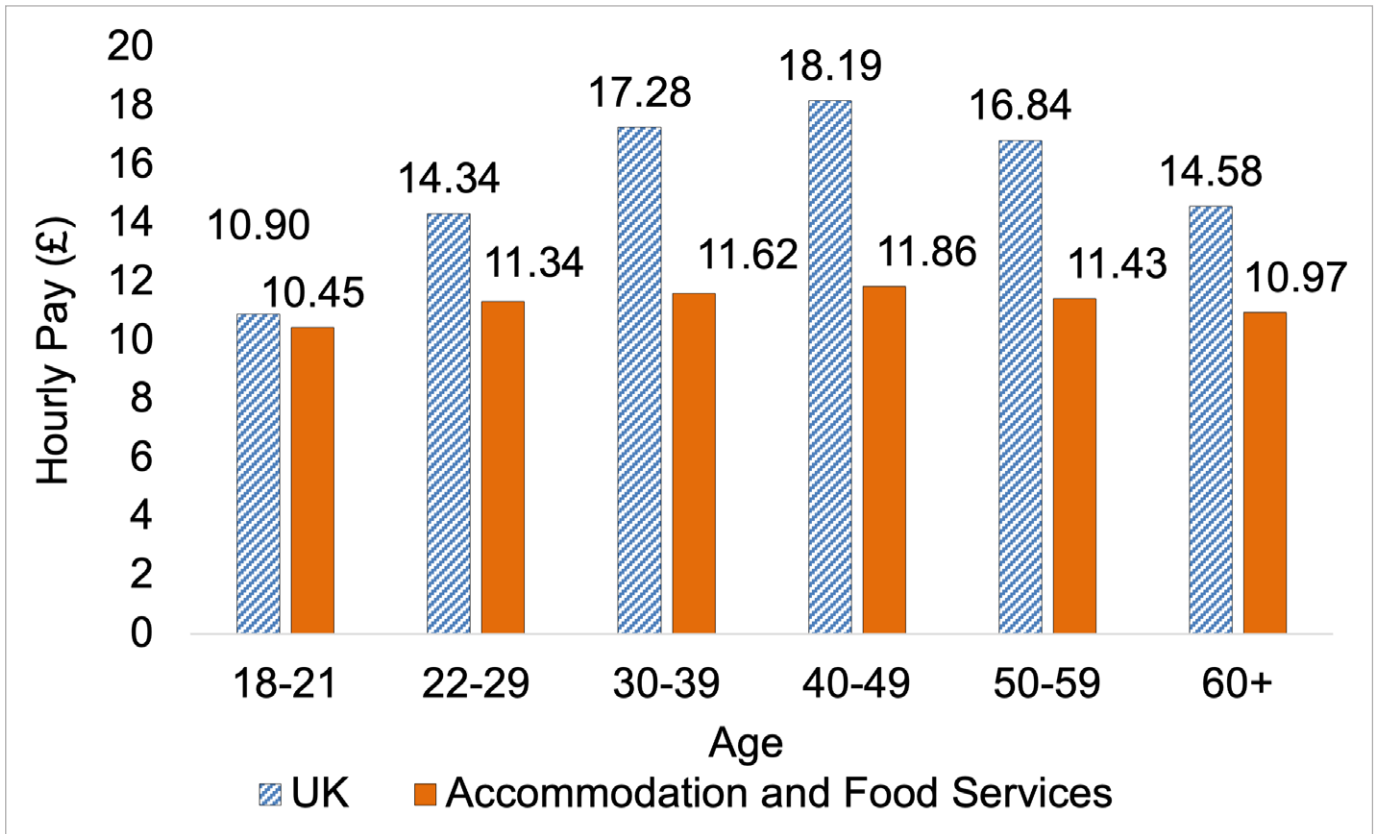
| Source: Annual Survey of Hours and Earnings (ASHE), Table 21.6a, ONS

Note 2023 data is provisional

Disability

As Table 4 and Figure 15 show, 14.2% of the accommodation and food services sector were disabled in 2022, which is lower than in Scottish employment as a whole (17.1%) (Annual Population Survey, 2022). Using the rounded estimates from Labour Market Statistics for Scotland by Disability 2022, most industry groupings have increased more than the 'distribution, hotels and restaurant' group (which includes accommodation and food services) (Scottish Government, 2023). However, in 2022, 'distribution, hotels and restaurant' was the second largest employer of disabled people (79,400 employed people aged 16-64) after 'public administration, education and health' (164,800 employed people aged 16-64) so it's still a considerable employer of disabled people, even if it has not increased as much as other industry groups over the past few years.

Table 4 – Proportion of people in employment in the sector by disability and health measures, 2022, Scotland

Sector	% disabled	% Long term condition/ illness
I: Accommodation and food services	14.2	24.1
Scotland	17.1	31.2

| Source: Annual Population Survey, January to December 2022 dataset, Scottish Government

Figure 15 – Number of disabled people (aged 16 – 64) by grouped industries Scotland, 2020 and 2022
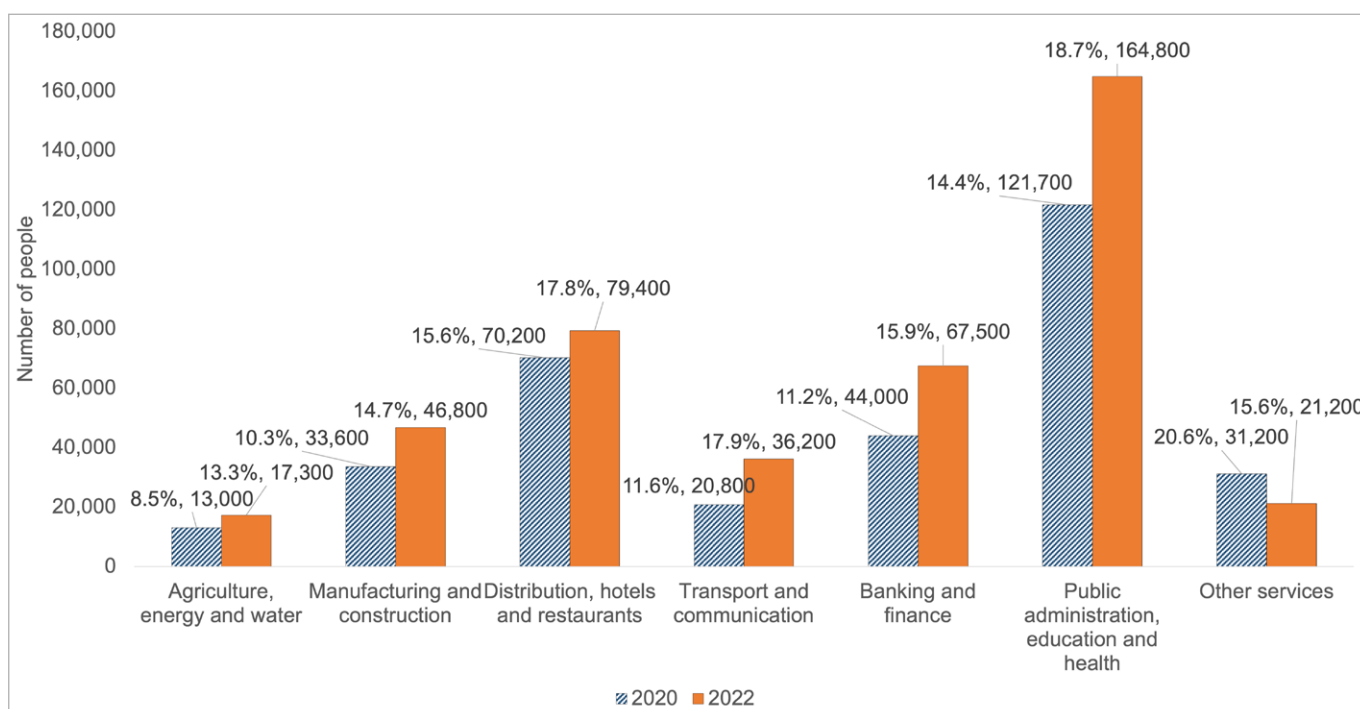
| Source: Annual Population Survey (Jan - Dec 2020 and 2022 datasets), Scottish Government

Recent research suggests that the increase in disabled people in employment is mainly due to already employed people reporting they are disabled rather than disabled adults joining the workforce, along with an increase in the overall employment rate (Fraser of Allander, 2023).

Ethnicity

There is limited data related to race and ethnicity at a Scottish level, but across all sectors in Scotland, the minority ethnic employment rate gap in 2022 was 7.4 percentage points (67.6% versus 74.9% for the White population). This was down from 11.7 percentage points in 2021. At the same time, the unemployment rate for the minority ethnic group was estimated at 6.0%, significantly higher than the unemployment rate for the White group, which was estimated at 3.3%. In the accommodation and food services sector, 12.1% of people in employment in 2022 were minority ethnic, compared with 6.2% across all industries (Annual Population Survey, 2022). This can be seen in Figure 16, Figure 17 and Figure 18.

Figure 16 - Employment rate (age 16-64) for Minority Ethnic and White Groups, 2021 and 2022, Scotlan
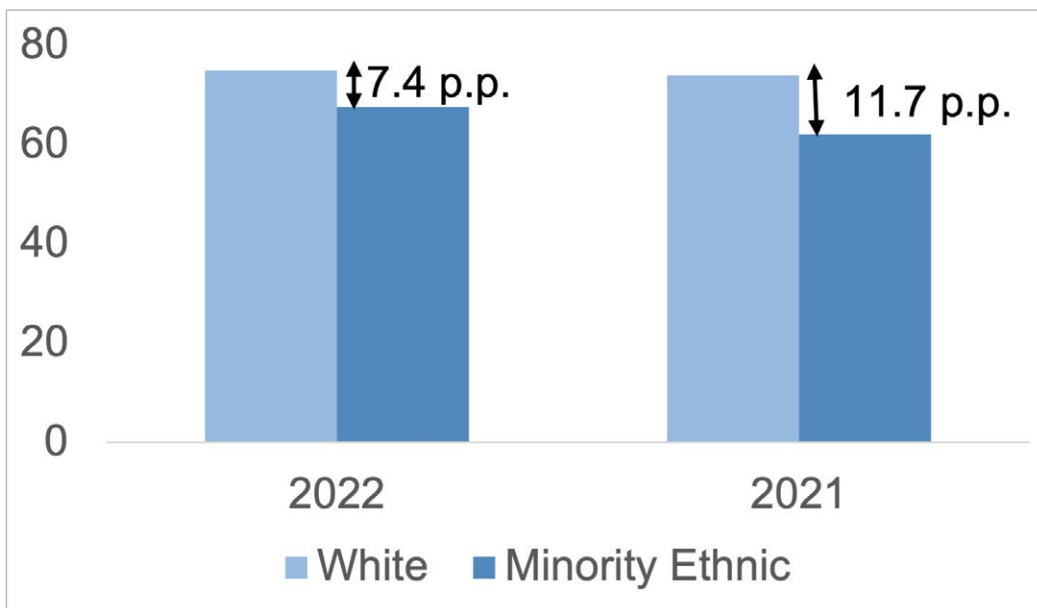
| Source: Annual Population Survey (Jan - Dec), Scottish Government

Figure 17 and 18 – Proportion of people in employment (age 16–64) by ethnic group, Accommodation and Food Services & All Industries, Scotland, 2022

Figure 17 - All industries   **Figure 18 - Accommodation and food services**

Minority
Ethnic,
6.2%

White,
93.8%

Minority
Ethnic,
12.1%

White,
87.9%
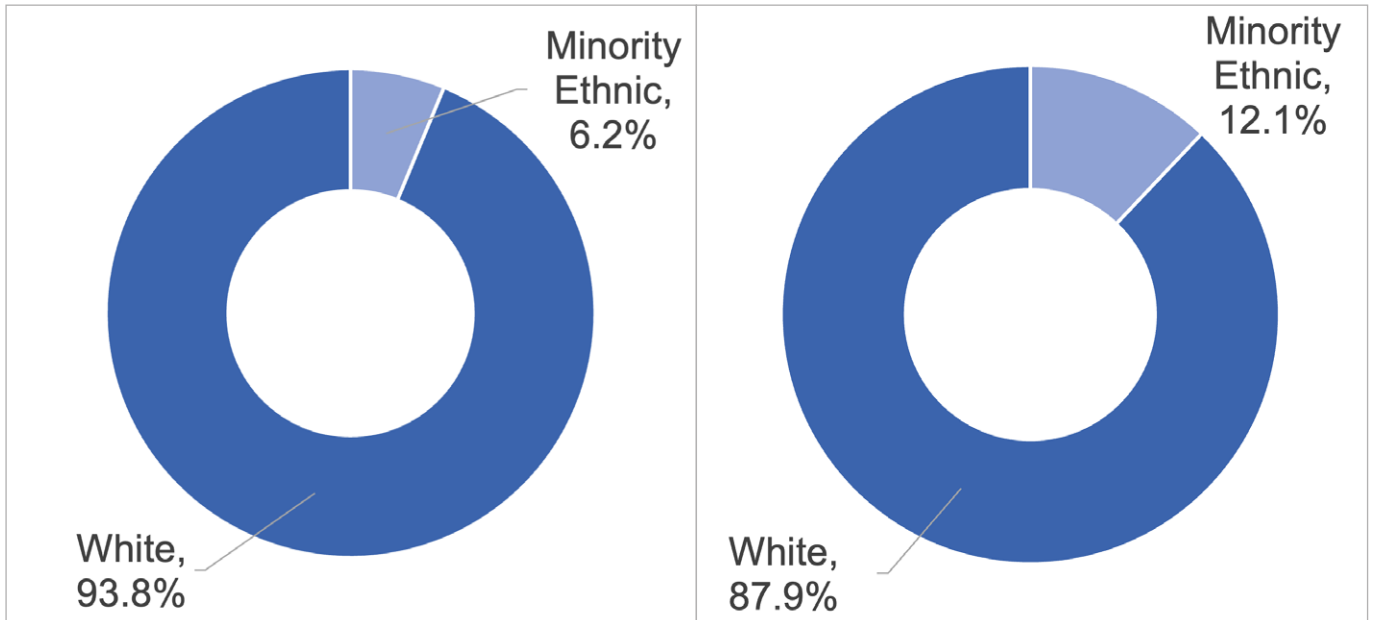
| Source: Annual Population Survey (Jan - Dec 2022), Scottish Government

Data is available at a sectoral level for race and ethnicity for Scotland. Table 5 presents Scotland data across grouped sectors with hotels and restaurants combined with 'Distribution'. It shows that 'Distribution, hotels and restaurants' employ high proportions across many ethnic groups. For instance, these sectors (combined) employ the highest proportion of Pakistani & Bangladeshi workers, and the second highest proportions of Black or Black British and Other.

Table 5 – Percentage of workers in each ethnic group employed by different sectors, Scotland, 2022

Sector	All	Indian	Pakistani/ Bangladeshi	Black or Black British	Mixed	White	Other ethnic groups
Agriculture and fishing	1.4	!	!	!	!	1.5	!
Energy and water	3.8	3.2	!	!	!	3.9	3.7
Manufacturing	6.3	2	!	!	!	6.5	6.2
Construction	5.9	!	!	6.1	!	6.3	!
Distribution, hotels and restaurants	17.4	13.3	48.9	18	16.1	17.2	21.7
Transport and communication	8.0	18.7	20.7	15.5	18.5	7.5	10.1
Banking, finance and insurance	16.6	26.5	20.3	12.9	13.6	16.6	16.9
Public administration, education and health	34.4	36.4	5.6	42.8	45.1	34.7	37.4
Other services	5.5	!	3.4	!	!	5.7	3.4

| Source: Annual Population Survey, Jan - Dec 2022, ONS. Retrieved from Nomis 8 March 2024

Note: Estimate not available since the group sample size is zero or disclosive

Migration Status/Nationality

The sector has a notable reliance on non-UK nationals relative to the Scottish economy. In particular, non-UK Nationals made up 19.1% of the workforce in 2022, nearly double (10.6%) that of the Scottish economy overall (Annual Population Survey, 2022).

There was a major shift in migration patterns post-Brexit and post-Covid-19 restrictions and across the whole of the UK, approximately 200,000 international workers were 'lost' from the sector between 2019 and 2022 (Financial Times, 2022).

Estimates from the Annual Population Survey (January - December datasets) indicate that EU nationals have decreased from 12.7% of people in employment in the Scottish accommodation and food services sector in 2019 to 9.3% in 2022 (Annual Population Survey, 2022). Non-EU workers in the industry have increased from 6.8% in 2019 to 9.8% in 2022 (note that while these changes are statistically significant, they are based on low numbers). This can be seen in Figure 19.

Figure 19 - Employment (16+) by EU and Non-EU Nationals, accommodation and food services, Scotland, 2019 - 2022
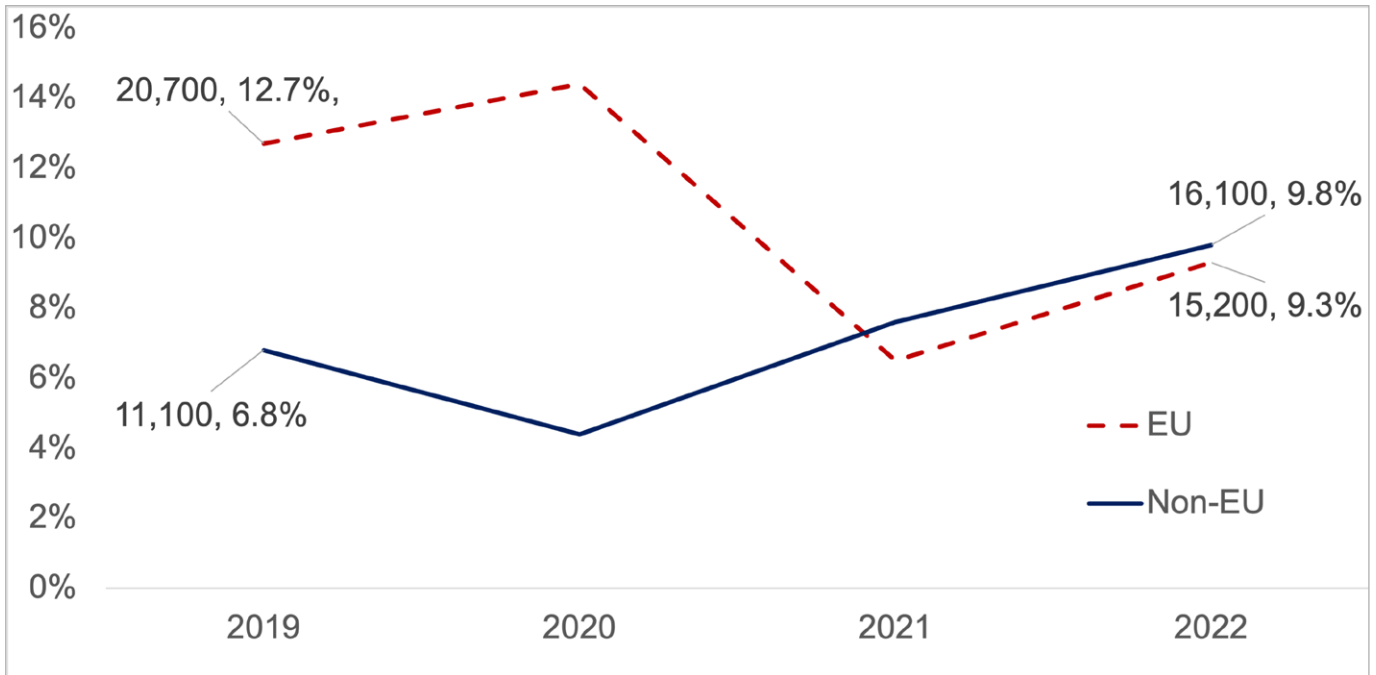
| Source: Annual Population Survey (Jan - Dec datasets), Scottish Government

Note: These estimates may be less precise due to low numbers and should be used with caution.

Career Progression and Equality

Generally, employees, particularly lower skilled employees, see limited opportunities in the industry and have low expectations of progression. This is particularly true for those in equalities groups.

It is noted by Dashper (2020) that "women are severely underrepresented at executive levels" due to the "entrenched glass ceiling that limits career opportunities for many women" (Dashper, 2020). Through interviews with men and women in the hospitality industry, Moody-McNamara and Higgins (2020) begin to identify some of the specific barriers that exist to women's progression in hospitality. Respondents, for instance, reported the industry often felt like a 'boys' club' with impacts on recruitment, undervaluation and an undermining of women's roles and achievements. As with many industries, having children is also a significant barrier. The authors find a "persistent pattern of resistance in women to discuss family matters openly at work as they were afraid they'd be judged, seen to be less capable or dedicated". One respondent quoted in the report highlighted the need to be geographically mobile for senior roles which does not align easily with family life (Moody-McNamara & Higgins, 2020).

It is not only gender that appears to affect progression. Research suggests that many migrant workers may also face significant challenges to career development and progression. Fernández-Reino and Brindle (2024) and Ndiuini (2019) found that migrant workers in hospitality are likely to be working in low-level occupational groupings with low wages (e.g. waiting staff and housekeeping), although this does vary by country of birth. Furthermore, they found migrant workers are more often overqualified for their role compared to UK-born workers (Ndiuini, 2019); (Fernández-Reino and Brindle, 2024).

This was also reflected in the evidence sessions undertaken with migrant hospitality workers as part of the Inquiry. The majority of migrant workers who took part in the sessions felt that there was a lack of promotion opportunities in the industry, and often little to no job-related training, or support for progression due to staffing issues. A few participants had experienced promotion and found that they were able to progress in their organisation. However, as a general feeling, migrant workers reported that it was common to avoid progression to management roles as the stress and longer working hours associated with higher levels of responsibility outweighed the relatively small increase in pay. (This theme is explored further in the Fulfilment chapter.)

❝ Promotion is usually kitchen porter to head chef or waiter... but for most people they don't want to progress to management because of unsociable hours of the job and poor pay. ❞
(Migrant Worker)

(FWC Hospitality Inquiry worker evidence session - 2023)

Indeed, there was a general consensus amongst participants that working in hospitality is a job 'to make ends meet' rather than a career.

Flexibility

In 2021, Hospitality Rising commissioned a nationally representative survey of 500 UK adults on perceptions of the sector. The survey asked people about their perceptions of aspects of work in the industry and found that only 18% agreed that the work is flexible and varied and as few as 10% agreed that there is a good work/life balance (Hospitality Rising, 2021). The Survey of Hospitality Workers and Businesses, which was undertaken as part of the Inquiry, found that just over half (56%) of workers stated that they were either very satisfied or satisfied with the flexibility of their working arrangements with a similar number (54%) stating this for the suitability of their hours to fit with their personal family life (JRS, 2024).

From the research outlined above, while several workers seemed to have reservations about the flexible nature of their work, the Survey of Hospitality Workers and Businesses also found that 78% of businesses who responded stated that they offered one or more flexible working arrangements to workers below senior manager grades. The most prevalent form of flexibility offered was flexible working hours (65%), while smaller percentages offered the other arrangements such as term-time working (25%), homeworking (25%), condensed hours (25%) or job sharing (14%). That said, while the majority of businesses (78%) stated that they offered one or more types of flexible working hours, some cited staff shortages as a factor making it harder to implement these policies (JRS, 2024).

Offering flexible working is often cited as a strength of the sector by hospitality employers. Evidence gathered as part of the Inquiry shows that many hospitality workers find a form of flexibility from the nature of the work on offer, stating that they are content working anti-social hours such as evenings, nights and weekends as it allows them the flexibility to fulfil other responsibilities, for example, as students, carers or working another job (Stockland et al, 2023). However, the Inquiry also heard that many workers do not consider the sector to be flexible to their needs. This is particularly true for the same group who are balancing other responsibilities outside work such as caring responsibilities (predominately women), education (predominately younger workers) or other work commitments. In this way, while the nature of the work in the sector provides workers with an inherent ability to balance work with other commitments, there appears to be more employers could do to provide more access to flexible working arrangements and flexibility in how shifts or working patterns are organised to further support work/life balance for their workers.

Social Inclusion

Employability services in Scotland promote social inclusion by seeking to tackle the difficulties people face in finding suitable work due to lack of experience, skills, opportunity or other barriers such as disability. These services provide a person-centred approach, offering support to break down any barriers to employment. Employability services support people who are currently unemployed to find work.

The Springboard Charity and People 1st are examples of organisations supporting people to access employment in hospitality. Courses provided range from two days to several weeks and are designed to prepare people for work in the sector. They also link individuals with employers, guaranteeing interviews for participants on the programme.

Case study: Springboard, UK wide
Fair work practice: Employment and training support
Activity: The Springboard Charity are a training and education charity who support careers in hospitality and tourism for young people, people facing barriers to work, and those most at risk of long term unemployment.

Programmes offer training and work placements and are free to participate. They cover soft skills, building confidence, hospitality-related training, one-to-one mentoring and coaching and support to find a job. Springboard also run 'FutureChef' – an educational programme – and CareerScope – a careers hub.

Impact: In 2022/23 alone, across the UK, Springboard trained 3,357 young and disadvantaged people through employability programmes. Of these trainees, 73% of these trainees were supported into hospitality jobs, and 74% of the trainees stayed in their roles for more than 12 months.

In the same period, 45,240 pupils and 661 schools, colleges and universities engaged with Springboard educational programmes, including 14,173 participating in FutureChef and 1,287 attending Hospitality takeover days. Also, 161,57 people benefitted from careers and information and guidance, including 109,785 through CareerScope use, activities delivered by 2,152 Springboard Ambassadors.

| Source: **Springboard** (2023); **CareerScope**; **FutureChef**

In addition to employability schemes, the hospitality industry includes a number of social enterprises whose business model is to support vulnerable or disadvantaged individuals or groups who have particular challenges securing or maintaining work. These businesses provide a range of support for their community and their workforce and can often provide bespoke training that supports recruitment to the wider hospitality industry (information on the range of social enterprises in hospitality is available at **Social Enterprise Scotland**). In 2021, there were 151 'Food, Catering and Hospitality' Social Enterprises, which accounted for 3% of all social enterprises and generated £46.4m in 2021.

Case Study: Grassmarket Community Project, Edinburgh
Fair work practice: Social enterprise
Activity: Grassmarket Community Project (GCP) supports Edinburgh's most vulnerable people whilst providing high quality customer service through hospitality, catering, furniture-making and textile social enterprises which generate income that is reinvested back into the charity.

GCP are a real living wage employer with a strong value base and ethos – the staff team work alongside their trainees and members, who are volunteers, providing valuable workplace opportunities for the community.

Most of GCP's social enterprises are in the hospitality sector, including their events space, award winning ethical cafes 'Coffee Saints' (which operate in two locations in Edinburgh), catering for private and professional events, as well as university catering.

A fundamental part of GCP is their members, who can volunteer and gain experience within their hospitality social enterprises, and are often marginalised individuals facing a range of social issues. GCP strive to create a working environment that is calm, welcoming and where staff and volunteers feel valued and respected.

As well as being able to volunteer within their enterprises, GCP provide support to their volunteers through a diverse learning, training and apprenticeship programme which offers opportunities for accredited employability outcomes, as well as soft skills. The programme supports volunteers through a clear pathway to external positive outcomes and destinations, or onto paid employment as a staff member at Grassmarket Community Project.

Impact: GCP's enterprises involve, support and grow the talents of their members, allowing members to develop work-related skills and experience that often lead to further opportunities such as volunteering, training or employment at GCP and elsewhere. GCP are embedded within the local community, working with over 300 people a year and delivering, on average, 800 hours of support per month.

GCP has a significant impact on young people they support (members aged 16-30) – in 2022-23, GCP delivered 401 hours of training, and 117 accredited qualifications were achieved.

However, the impact that GCP have on their members is profound, and goes beyond specific achievements, with GCP reporting that members often acknowledge that the support provided has 'saved their life', or made their life significantly better.

The Larder is a Scottish social enterprise which provides training on employability, life skills, health and wellbeing, alongside learning to cook. The Larder has a training academy which supported 238 people in 2022 to "reach their full potential, with 82% gaining qualifications, and 77% moving into employment, education or further training" (The Larder, 2022). In a similar way, Scran Academy supports vulnerable young people to transition into the workplace by offering pre-work and pre-apprenticeship opportunities within a catering business setting. Young people gain meaningful work experience, bespoke skills and qualifications, where appropriate (Scran Academy, 2023).

Hospitality employers often play a vital role in terms of social inclusion, providing entry level roles for groups that can find it difficult to access employment opportunities. Third sector employers within hospitality also play a particularly unique and valuable role, providing a mixture of support services and employment opportunities to vulnerable groups.

Steps Already Taken

There is a high level of recognition amongst employers, public bodies and others of the need to support equality and diversity within the industry. Consequently the Inquiry took evidence on a variety of interventions already happening that are designed to improve outcomes for a range of equality groups.

Inclusion Scotland

In 2022, Inclusion Scotland delivered a two-part online training workshop with 229 participants on 'Disability Inclusion in Hospitality, Travel and Tourism' in collaboration with Skills Development Scotland and the Scottish Government. The course was free to the individual (as long as certain criteria were met) with funding from the Tourism Recovery Fund following the Covid-19 pandemic. The training was bespoke and focused on 'employerability' which seeks to support employers to implement positive changes within the workplace. A mix of self-employed and employed people participated in the course and participants covered many of the sub-sectors of hospitality, travel and tourism. In the End of Project Report, the majority of participants reported an increase in confidence in disability inclusion after the first session and 59% of participants reported making a positive action towards disability inclusion within their organisation or practice (Wilson and Boyd, 2022).

Department for Work and Pensions

There was a UK Government focus on recruiting over-50s into the workforce post-Covid-19 with the Department for Work and Pensions running a specific workstream to encourage and support people who access their service in the over-50s age group to enter hospitality, however, we are unable to determine from the official data whether these initiatives have had an impact to date.

UK Hospitality

UK Hospitality is active in supporting diversity and inclusion in the sector. In 2022, UK Hospitality partnered with the Equality and Human Rights Commission to create the **Preventing Sexual harassment in the work place: Checklist and action plan**. In 2022, UK Hospitality also published the **Hospitality Guide to Recruiting Workers aged 50+** in partnership with The Pheonix Group as part of the UK Government's over-50s Ministerial Taskforce. This focuses on integrating and sustaining the 50+ workforce within the hospitality sector by providing employers with practical steps to ensure age inclusivity across their business.

Conclusion

The hospitality industry is relatively diverse and plays an important role in providing routes into work and entry level positions for many. The role of hospitality in social inclusion and providing work for highly marginalised groups is often overlooked. The sector is relatively balanced in terms of its employment of both women and men, but women tend to be clustered in non-managerial roles. Additionally, while the gender pay gap for Scotland as a whole has reduced in recent years, the gender pay gap for the accommodation and food services sector has risen.

Compared to the Scottish economy overall, the sector currently employs lower shares of people who are disabled. but higher than average shares of those from an ethnic minority. The sector is also reliant on younger workers, with one third of the sector's workforce aged 16-24; three times more than the Scottish economy overall. Almost half of workers in the sector work part-time, almost double the share in the Scottish economy. Furthermore, compared to the Scottish economy, the sector has a notable reliance on non-UK nationals.

With persistently high vacancy rates across the hospitality sector, there is a business need to maximise the potential workforce entering the sector as well as how hospitality employers can maximise recruitment and retention. The opportunity dimension focuses on fair, open and equally-attainable access to employment and progression, irrespective of personal characteristics. Focusing on securing equal access to progression opportunities, tackling pay gaps, and addressing bullying and harassment including from customers, could support improved retention and fair work outcomes for workers with protected characteristics.

How Employers Can Improve Opportunity at Work

- Investigate and interrogate the workforce profile in your organisation and sector, identify where any barriers to opportunity arise and address these creatively.

- Engage with diverse and local communities.

- Use buddying and mentoring to support new workers and those with distinctive needs.

- Train your managers on supporting a diverse workforce, and support them to make reasonable adjustments for disabled workers.

- Undertake equalities monitoring, particularly in the provision and uptake of training and development activities and in career progression outcomes.

- Draw on skills, knowledge and experience of others, including from unions (who train and provide support for specialist equality, learning and health and safety representatives) or contact the fair work co-ordinator posts recommended as part of this Inquiry (Recommendation 1).

Fulfilment

Fulfilment includes the opportunity to use one's skills, to be able to influence work, have some control and to have access to training and development.

Work that is fulfilling allows workers to produce high quality goods and services and is more likely to unleash creativity that supports improvements.

All types of work at all levels can be more fulfilling where the tasks, work environment and employment conditions are aligned to the skills, talents and aspirations of the people who carry it out.

Fair Work Framework, 2016

Summary

The Inquiry considered the degree to which work in hospitality offers fulfilment and found the following key points:

- The hospitality industry has faced significant labour shortages since the Covid-19 pandemic, resulting in a focus on recruitment and retention of skilled staff. Employers giving evidence to the Inquiry reported key skills shortages, particularly for chefs.

- Employers interviewed as part of the Hospitality Inquiry often cited access to career advancement and the ability to 'work your way up' from all levels of the business as a key strength of the hospitality industry.

- The Inquiry heard a range of views from hospitality workers on career progression with many noting that the industry was 'flat' and there were only limited progression opportunities, but also believing that where progression opportunities did exist it was primarily based on merit. Other workers were unclear about what career opportunities existed to support progression through the industry.

- Many hospitality workers did not feel supported by their employer to access training. Worryingly, the Inquiry found examples of employers asking workers to undertake training in their own time and/or at their own expense, even for training directly related to their current role.

- Concern around the churn of staff and the loss of investment in training appears to act as a disincentive to providing certain types of training.

- Managers' experiences of fair work were often viewed as poor, with a perception of long hours and relatively low pay, especially when considered in relation to hours worked. This suggests that there may be issues with how roles and pay are structured in addition to the ongoing impacts of high workloads and staff shortages.

- The perception of poor fair work outcomes for managers presented a clear disincentive to career progression for workers in the sector, with examples of some workers expressing a preference for a zero hours contract over a salaried position or a promoted post due to the issue of unpaid overtime.

- Work in the sector is varied and both employers and workers often identified that personal relationships with co-workers and customers, and variation in the working day, made work enjoyable and fulfilling.

Labour and Skills Shortages

The hospitality industry has faced significant labour shortages over recent years. As Figure 20 shows, the share of hospitality businesses who have been experiencing difficulties in recruiting employees has consistently been above the Scottish average. While pressures in this area are dropping, 27.9% of hospitality businesses in Scotland are still experiencing a shortage of workers.

Figure 20 - Share of businesses experiencing difficulties in recruiting employees (April 2022 – April 2024), Scotland
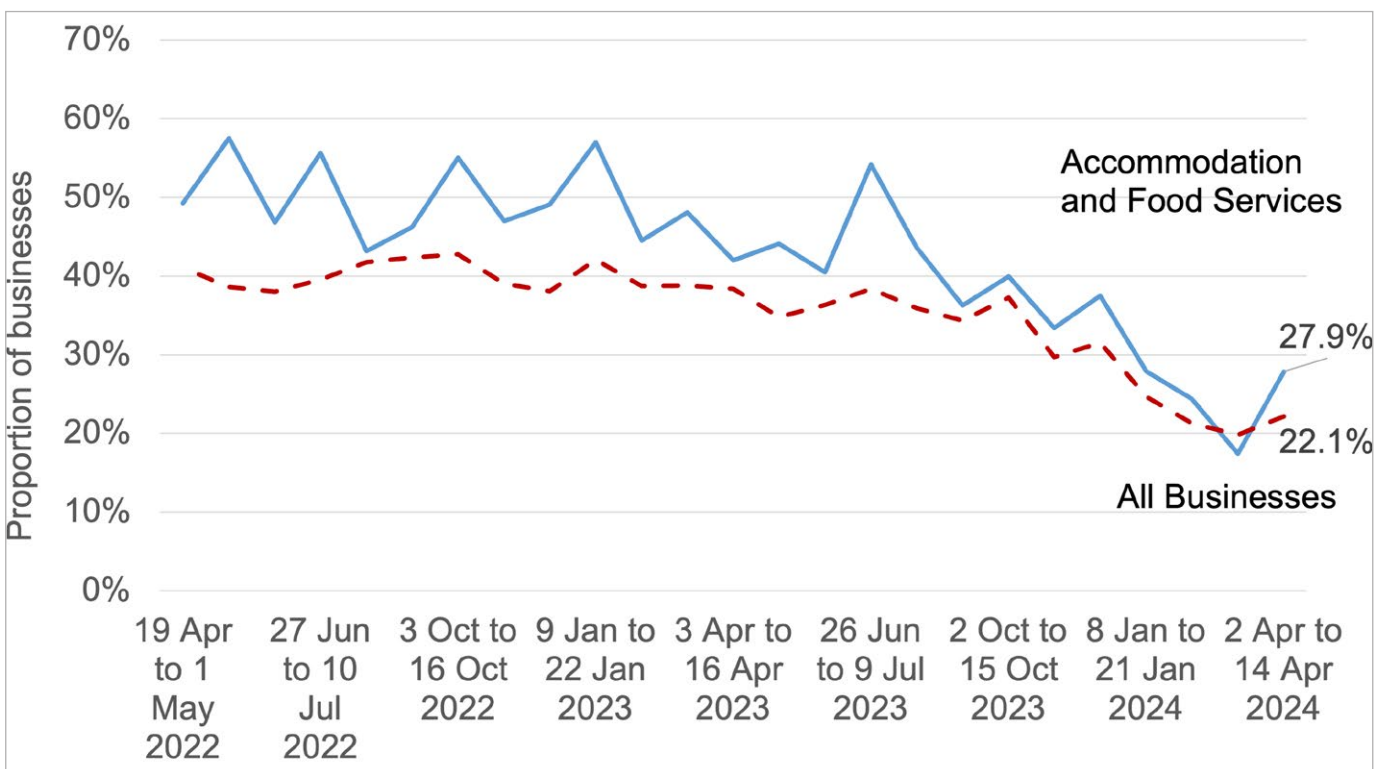
| Source: Business Insights and Conditions Survey (BICS), Wave 106, Scottish Government

In a survey by the Scottish Tourism Alliance, staffing challenges were reported as a key concern, with 60% of hotels, 45% of bars, restaurants and cafes, and 43% of visitor attractions stating they were unable to trade at optimum levels due to staff shortages. The top three barriers to recruitment reported by the employers surveyed were: lack of available staff who wanted to work, UK immigration policy and perceptions of the sector (Scottish Tourism Alliance, 2022).

The prevalence and impact of staff shortages was also explored in the Survey of Hospitality Workers and Businesses carried out for the Fair Work Convention to support the Inquiry. Findings showed that 81% of employers surveyed were having difficulties recruiting staff, with 47% describing it as a major problem. Further, 72% of employers were also having difficulties with high levels of staff turnover. Employers reported that the most difficult roles to recruit were chefs, other kitchen staff, housekeeping, and bar staff (JRS, 2024).

Figure 21 – Survey with businesses – Impact of staff shortages

| Source: JRS, 2024

In addition to the labour shortages currently facing the industry, skill shortages and skill gaps were also an issue for hospitality. Figure 22 shows that skills shortage vacancies, which dropped during the pandemic, were reported by 13% of hotels and restaurants in 2022, compared with 1% in 2020 and 8% in 2017.

Figure 22 – Percentage (%) of employers reporting a skills shortage vacancy, by sector (2022, 2020, 2017), Scotland
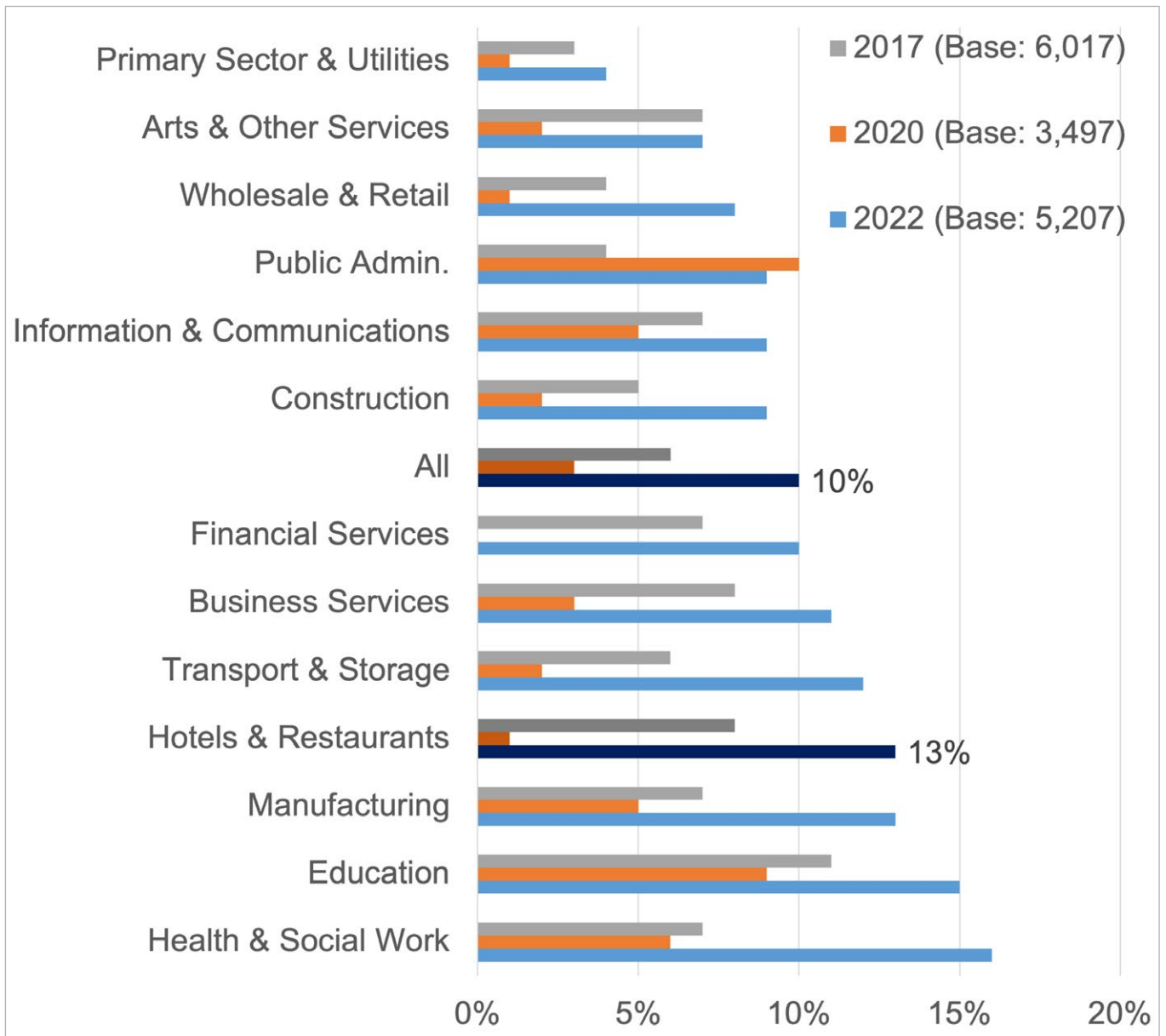
| Source: Employer Skills Survey (2022, 2020), Scottish Government

Figure 23 sets out the reasons employers report for experiencing difficulties in recruiting staff, with the most prevalent reason being a lack of applicants followed by a lack of qualified applicants, reinforcing that the industry faces a mixture of labour and skills shortages. Over 40% of employers in both 2023 and 2024 also reported that a reduction in applicants from the EU created difficulties in terms of recruitment, which aligns with evidence given to the Inquiry. The Inquiry heard from some employers, particularly those based in rural areas, that changes in the UK immigration policy had created further challenges in recruiting staff. For some higher skilled and higher paid roles, like chefs, employers reported positive outcomes in recruiting workers through the immigration system, albeit with an added cost and complexity than had previously been the case when recruiting from the EU. However from April 4th 2024 the rise of minimum salary thresholds to £38,700 is likely to reduce employers' ability to use this approach for all but the most highly skilled roles.

Figure 23 – Reasons why accommodation and food services businesses experienced difficulties in recruiting employees, 2023 and 2024, Scotland
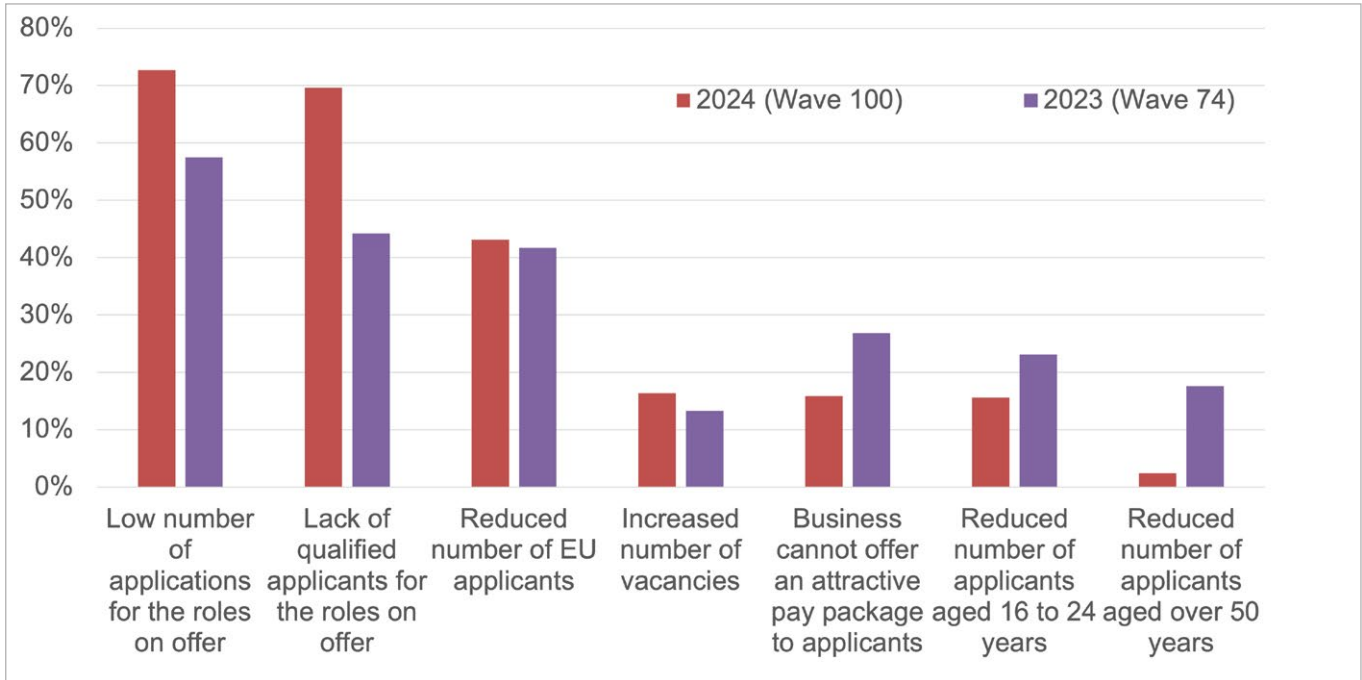
| Source: Business Insights and Conditions Survey (BICS), Wave 100 (8 January to 21 January 2024) and Wave 74 (9 January to 22 January 2023), Scottish Government

Note: Chart excludes 'Other' due to small numbers and 'Not Sure'. Respondents could select more than one reason.

Figure 24 details that online job vacancy data from Adzuna (2024) to 8 March 2024 estimates that for the UK as a whole, catering and hospitality is 18.9% above the pre-pandemic baseline of February 2020, with travel/tourism 25.3% above the baseline (Adzuna/ ONS, 2023). It is notable that demand for staff has remained almost consistently above pre-pandemic levels since the industry resumed trading after lockdown. The RBS Report on Jobs, a monthly survey of recruitment and employment agencies, indicated that during March 2024, demand for permanent staff fell in Scotland for a eighth consecutive month. Of the eight monitored job sectors, the hotel and catering sector saw the sharpest decline (S&P Global, 2024)

Figure 24 - Volume of online job adverts, catering and hospitality and travel/tourism, UK 7 February 2018 to 8 March 2024
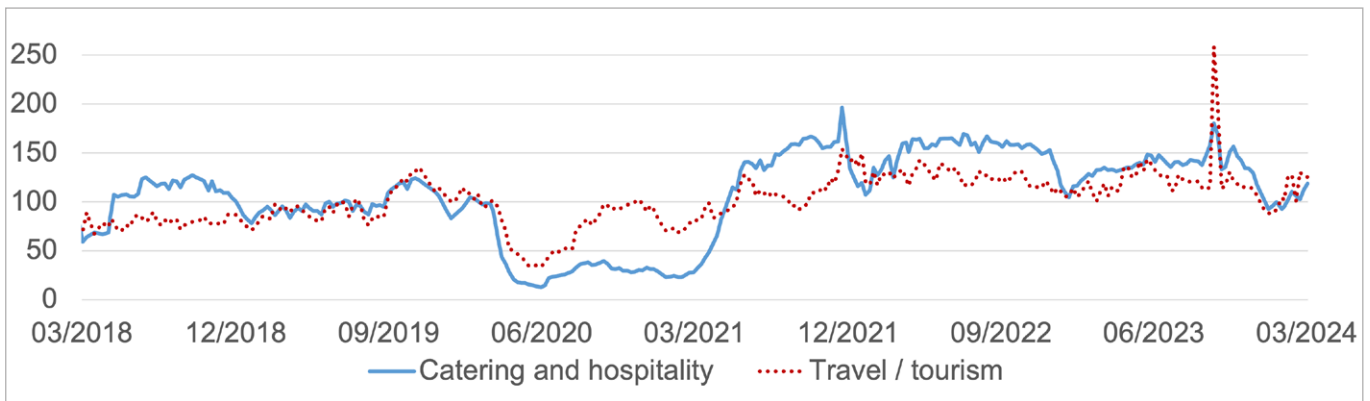
Index: 100 = February 2020 average

Source: Adzuna, 2024 (**Online job advert estimates - Office for National Statistics (ons.gov.uk))**

Skills Levels and Gaps

Table 6 outlines occupational skill levels in accommodation & food services. Level 1 equates to a competence associated with compulsory school education and may require short periods of work-related training. Level 4 occupations typically require a degree qualification or equivalent period of work experience (ONS, 2022). The table shows that over half of all jobs in the accommodation and food services sector are at the lowest skills levels. In terms of absolute numbers, this means that there around 86,800 roles at Level 1 in accommodation and food services, out of an estimated 163,900 roles in the sector.

Table 6 - Occupational skill levels, Jan – Dec 2022, Scotland

Occupational Skill Levels, 2022	Accommodation & Food Services	Scotland
% 'Level 1' Occupations	53.0	10.7
% 'Level 2' Occupations	13.0	30.9
% 'Level 3' Occupations	31.0	27.2
% 'Level 4' Occupations	*	31.2

| Source: Annual Population Survey, January to December 2022, ONS

* Estimate should not be used due to being unreliable

It is notable that jobs at Level 3 are above the Scotland wide average, suggesting that while low skilled roles are more prevalent in the sector than higher skilled roles, an element of career advancement is still possible for workers in the sector.

Despite the prevalence of lower skilled occupations, employers in the sector also reported skills gaps. Skills gaps are when an employer thinks a worker does not have enough skills to perform their job with full proficiency. The measure therefore only applies to existing employees. In 2022, hotels and restaurants reported skills gaps at a rate higher than the Scottish average, with no improvement in this measure since 2020.

Figure 25 – Percentage (%) of employers reporting a Skills Gap by Sector, 2022 and 2020, Scotland
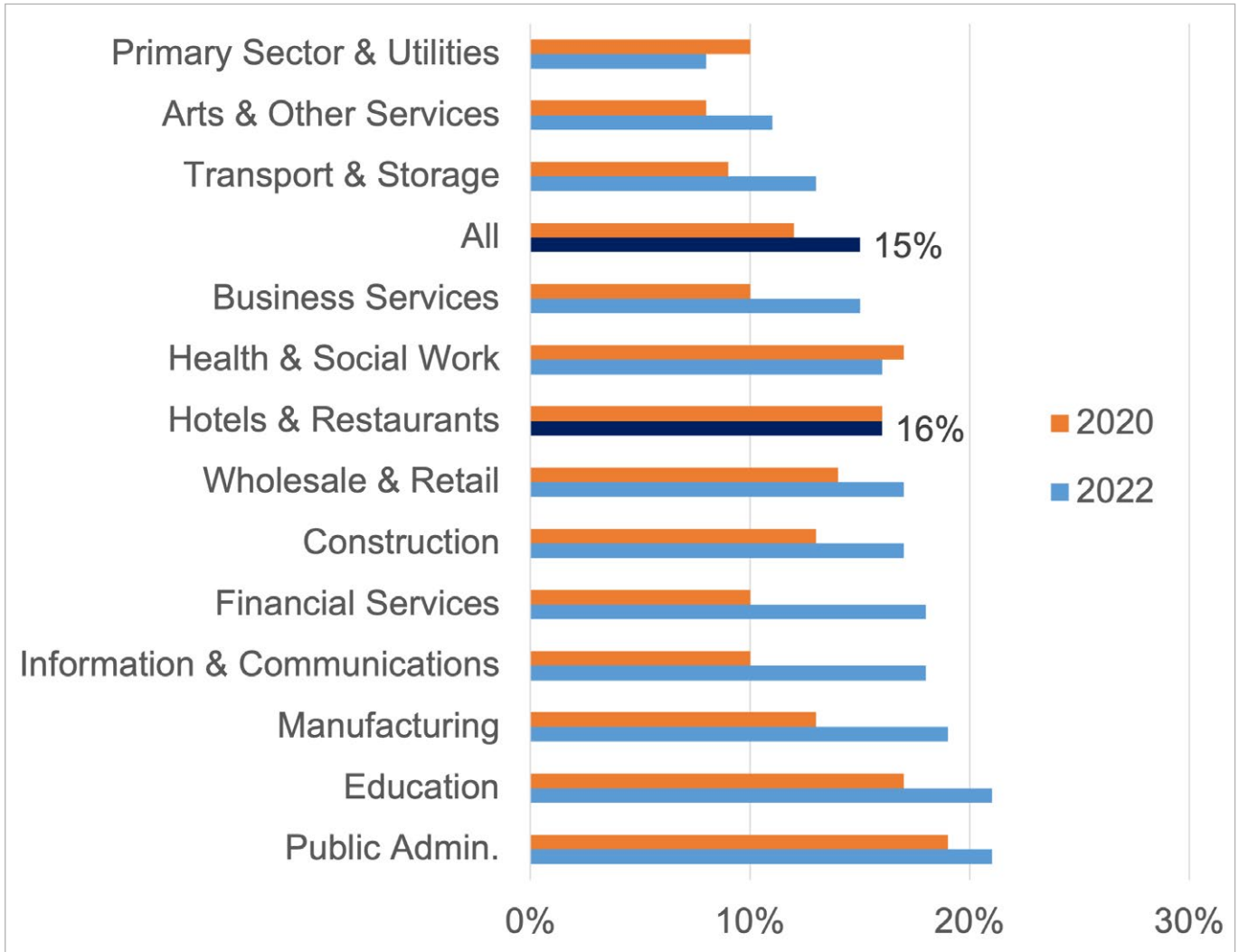
Source: Employer Skills Survey, 2023. Scottish Government

The prevalence of skills gaps within the industry, along with the number of employers having difficulty addressing these, suggests that training, skills and professional development are important issues for the hospitality industry.

In terms of routes into the sector, there are hospitality related modern apprenticeship frameworks, college and university courses for students.

Several modern apprenticeship (MA) frameworks exist to meet the needs of the hospitality and tourism sector, covering skills from hospitality management to professional cookery. It is notable that numbers of people undertaking modern apprenticeship hospitality frameworks in Scotland is declining. As Table 7 and Table 8 show, the total number of people undertaking hospitality-related apprenticeships pre-pandemic (2018/19) was 2,327, compared to 1,255 at the end of 2021/22 - approximately a 46% decrease.

Table 7 – Modern Apprentices in training as at end of 2018/19

Framework and VQ	Level							
	SCQF 5	SCQF 6	SCQF 7	SCQF 8	VQ 2	VQ 3	VQ 4	Total
Hospitality								
Beverage Service	*							*
Food and Beverage Service	129				25			154
Food Production	*				*			14
Food Production and Cooking	*							*
Hospitality Services	464				50			514
Hospitality Supervision and Leadership			*			*		869
Housekeeping					*			*
Kitchen Services	*				*			34
Professional Cookery	222	130			40	32		424
Professional Cookery (Patisserie and Confectionery)			*			*		*
Professional Cookery (Preparation and Cooking)					*	*		*
Total	**862**	**130**	**768**	**0**	**125**	**138**	**0**	**2023**
Hospitality Management Skills Technical Apprenticeship								
Hospitality Management Skills				269			35	**304**
Grand Total	**862**	**130**	**768**	**269**	**125**	**138**	**35**	**2327**

| Source: Skills Development Scotland, 2019

Note: Disclosure control has been applied where figures are less than 5 or where such small numbers can be identified through differencing (marked with an asterisk *). VQs were phased out of the MA framework in 2021 but data is still considered comparable.

Table 8 – Modern Apprentices in training as at end of 2021/22

Framework and VQ	Level				
	SCQF 5	SCQF 6	SCQF 7	SCQF 8	Total
Hospitality					
Beverage Service	6				6
Food and Beverage Service	86				86
Food Production	14				14
Hospitality Services	244				244
Hospitality Supervision and Leadership			*		*
Kitchen Services	53				53
Professional Cookery	186	*			219
Professional Cookery (Patisserie and Confectionery)			*		*
Total	**589**	*****	*****		**916**
Hospitality Management Skills Technical Apprenticeship					
Hospitality Management Skills				222	222
Hospitality Supervision & Leadership					
Hospitality Supervision and Leadership			106		106
Professional Cookery					
Professional Cookery		*			*
Professional Cookery (Patisserie and Confectionery)			*		*
Total		*****	*****		**11**
Grand Total	**589**	**43**	**401**	**222**	**1255**

| Source: Skills Development Scotland, 2022
Note: Disclosure control has been applied where figures are less than 5 or where such small numbers can be identified through differencing (marked with an asterisk *). VQs were phased out of the MA framework in 2021 but data is still considered comparable.

Colleges also play an important role in supporting skills levels within hospitality. College provision primarily supports craft skills pathways in hospitality, for example, providing access to training kitchens and other important facilities. Colleges also provide elements of higher education which support business management and leadership skills within the sector. In 2022-23, there were 5,634 full time equivalent college students studying catering/food leisure services/tourism subjects (4.5% of all FTE college students). This compares to 2013-14 where 8,042 (6.0%) of full time equivalent college students were studying these subjects, representing a drop of 1.5 percentage points (Scottish Funding Council, 2024).

The decline in numbers in both modern apprenticeship and college courses outlined above aligns with evidence given to the Inquiry which heard that hospitality student numbers were decreasing. Some Inquiry participants believed that this may be related to a more negative view of the sector post pandemic.

However, as shown in Table 9 , enrolments at hospitality and tourism related university courses have remained relatively consistent. Universities have a mixed offering for hospitality students, from undergraduate programmes to masters programmes, as well as short courses or courses focused on upskilling existing staff in the industry. As Table 9 shows, in 2021-22, there were 1,310 enrolments on hospitality courses at Scottish Higher Education Institutions (HEIs - also known as universities), this is a slight decrease (25 enrolments) from 2020-21 but an increase of 95 enrolments from 2019-20. The majority of enrolments are on undergraduate courses (955), while 355 are on postgraduate courses.

Table 9 - Enrolments at Scottish Higher Education Institutions (HEIs) on Hospitality Courses

Course Title	2019-20			2020-21			2021-22		
	Post*	Under*	Total	Post*	Under*	Total	Post*	Under*	Total
Hospitality management	15	0	20	10	0	10	5	0	5
International hospitality management	25	250	275	75	260	335	115	220	335
Tourism management	80	405	485	115	450	570	140	440	585
Tourism	40	75	115	60	50	110	65	45	110
Hospitality	25	125	150	25	105	130	20	85	105
Food and beverage studies	5	165	170	5	175	180	5	160	165
Food safety	5	0	5	5	0	5	10	0	10
Total	190	1,020	1,215	295	1,040	1,335	355	955	1,310

| Source: Scottish Government, 2023
Note: figures have been rounded to the nearest 5. Includes all levels and modes of study.

* Post and Under Graduates

Case study: Hospitality Industry Trust (HIT), Scotland-wide
Fair work practice: scholarships
Activity: HIT Scotland have been providing support to the hospitality industry since 1994, evolving in line with the needs of the sector and taking a collegiate approach to skills development.

The charity supports those working in or studying towards a career in hospitality through their fully funded scholarship programme which, through short learning experiences, aims to give people new skills and knowledge, to experience best practice, or to refresh their learning and industry outlook. The content of each scholarship varies depending on personal development objectives and the scholarship applied for (business, operational or inspirational) and can vary from a bespoke skills course created especially for HIT Scotland, to spending time in the field shadowing industry experts.

HIT Scotland are guided by their board, made up of industry leaders, who share their professional expertise and strengthen HIT's international networks in the sector, ensuring high quality experiential learning is available for scholars.

HIT also deliver their 10-week online Tourism & Hospitality Talent Development Programme (THTDP), which was designed during the pandemic when in person programmes weren't possible and covers courses on management and leadership.

Impact: HIT Scotland provide significant support in developing the skills of the hospitality workforce, reporting that, on average, around 80% of scholars are people currently working in the hospitality industry, and 20% are full time students. In their 2024 application round, HIT gave out 319 fully-funded scholarships. HIT Scotland estimate that, in an average year, their scholarship programme returns approximately £1 million worth of training and development back into the industry in Scotland.

Since launching in 2021, THTDP has trained over 3500 people. HIT Scotland report that in a 2021-22 survey of 1500 participants who completed their online training programme, 79% believed they had improved their career prospects as a result of the training.

HIT Scotland's impact on the sector is wide reaching, in that it provides a strong network and space for industry led collaboration. Hospitality colleagues, at every level, often work with HIT to give their time and resources as a way to 'give back' to their industry.

Access to In Work Training

The 2022 Employer Skills Survey outlines that 60% of hotel and restaurant establishments provided training for their workforce, with 52% providing this internally, and 32% providing training externally (Scottish Government, 2023).

Table 10 - Percentage of businesses that funded or arranged training for staff over the last 12 months, 2022, Scotland

Sector	Any Training	On-the-job Training	Off-the-job Training
Health & Social Work	89%	77%	62%
Education	83%	79%	58%
Public Admin.	71%	69%	49%
Financial Services	66%	61%	37%
Wholesale & Retail	65%	56%	32%
Arts & Other Services	65%	54%	41%
Business Services	64%	53%	44%
Transport & Storage	63%	52%	43%
Information & Communications	63%	61%	35%
Hotels & Restaurants	**60%**	**52%**	**32%**
Construction	59%	46%	45%
Manufacturing	55%	47%	34%
Primary Sector & Utilities	49%	36%	35%

Base population: All Establishments (5,207)

| Source: Scottish Employer Skills Survey, 2022, Scottish Government

The Inquiry heard evidence to suggest that platforms like Flow Hospitality Training, which offer a range of online training packages including small bespoke modules, are widely used and valued in the sector.

This echoes the findings from the Survey of Hospitality Workers and Businesses carried out for the Inquiry, where employers were asked about the ways in which they delivered training. The majority of businesses surveyed deliver on the job training (94%), and induction training for new staff (85%), with almost three quarters delivering training via online courses (72%). It was also notable from discussions in the third meeting of the Inquiry that employers often found more complex training offerings from universities, colleges and apprenticeships difficult to understand and access. Employers involved in that session of the Inquiry reported difficulties understanding what was on offer from these institutions and were unsure of how best to engage. This may also partially explain why engagement with off the job training provision is comparatively low (32%) and why small online courses prove a popular approach to training amongst hospitality employers.

Within the Survey of Workers and Businesses, workers were asked about their experiences of training. Of the workers surveyed, 65% agreed that they had received enough training to be able to do their job well. That said, a significant proportion (30%) did not think that they had received enough training to do their job well, and the remaining 5% did not know (JRS, 2024).

While 51% of hospitality workers stated that they had received training during paid work time, as many as 31% had been required to attend training in personal time. The delivery of training in personal time was most often reported by respondents working for cafés or restaurants (43%) and those on zero hours contracts (44%) (JRS, 2024). These findings suggest that when, and to what quality, training is provided is potentially an issue within some hospitality workplaces. Providing training in paid-for work time is an important feature of fair work.

Figure 26 - Survey with workers - when training is provided
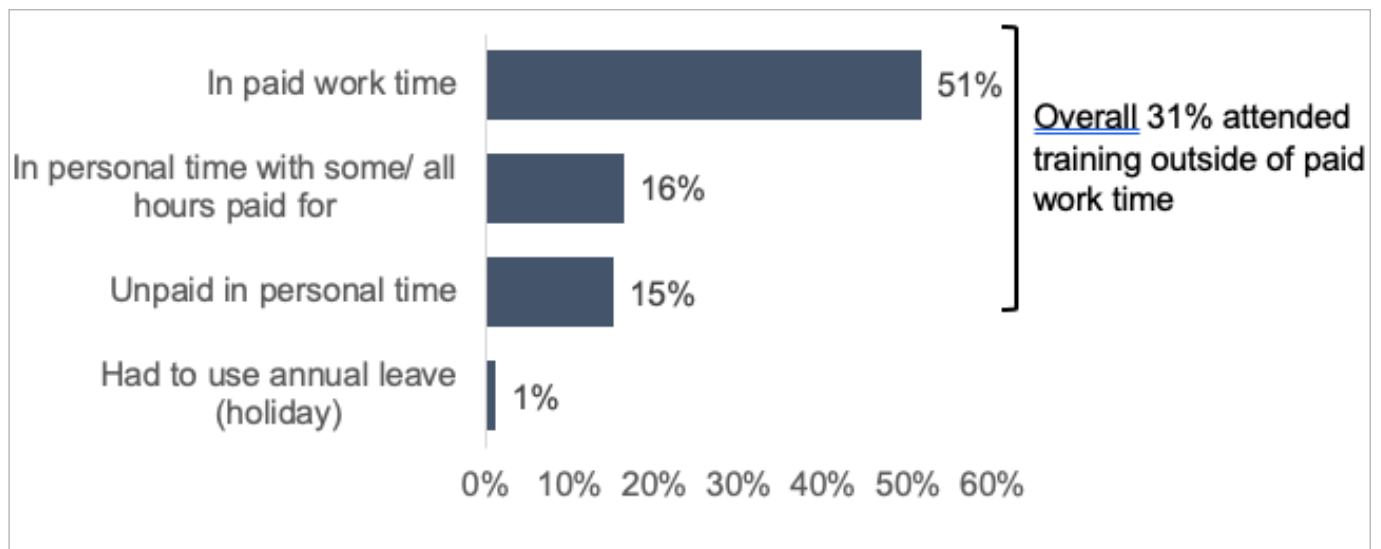
Base: All workers (n=245). Note 21% of respondents did not answer as they had not received training in the previous 12 months
Q31-When was the training undertaken?

In the Survey of Hospitality Workers and Businesses, when employers were asked about their experiences of providing training, responses outlined a number of challenges in relation to delivering training in the sector:

- 57% find it difficult to access specific funding to support training and upskilling,

- 51% find it difficult to find training solutions affordable to their business,

- 50% find it difficult to provide staff with paid time to undertake training,

- 34% of businesses expect the amount of training they arrange or fund for staff during the next 12 months to increase, but the remainder anticipate that this will not change or that levels will decrease (JRS, 2024).

Employers were invited to give further information on the pressures impacting training. A number of employers stated that they were finding it difficult to maintain training levels due to pressures on budgets and staff shortages which meant staff simply could not be released to undertake training:

66 Because of staff shortages we cannot offer the same amount of training as we used to. We've also had to stop offering additional training outside our business, courses and hospitality related scholarships are off the table just now as we have no time or money. We are just concentrating on statutory health & safety training and basic training at the beginning of employment to keep the business going. 99
(Hospitality Employer)

66 Getting staff the time off to attend training. Already short staffed so hard to find time. 99
(Hospitality Employer)

(JRS, 2024)

The Inquiry's third meeting focused on skills and training, and within this discussion, issues associated with investing in training, and subsequently losing the investment, were raised. High levels of staff turnover, and therefore the loss of investment in training, appears to act as a disincentive to providing certain types of training for some employers.

The Inquiry discussion focused on the need to re-orientate views on investment in training as a collective endeavour and a shared priority across hospitality businesses. Employer anxieties around this issue were also raised in responses to the Survey of Hospitality Workers and Businesses:

66 There is funding which is greatly appreciated and vital for us to be able to do this [provide training] but it takes time and effort. It also takes buy-in from the team which can be frustrating when this then provides a platform for these individuals to leave and get better more highly paid jobs that we can't fund. 99
(Hospitality Employer)

(JRS, 2024)

Career Progression

Career progression was seen as a significant strength for the industry amongst many of the employers interviewed as part of the Inquiry. Access to career advancement and the ability to 'work your way up' from all levels of the business were regularly cited as a key strength of the hospitality industry by employers.

The Inquiry heard a range of views from hospitality workers that only partially aligned with the employers' view that hospitality work offered significant opportunities for progression. For many workers, they were simply unclear about what career opportunities existed to support progression through the industry.

The qualitative investigation into the experiences of workers in the hospitality sector which was carried out to support the Inquiry, found that a proportion of workers interviewed saw significant opportunities for progression in the industry, while others expressed little desire to progress. Positive views were particularly prevalent among chefs, managers, and those working with specialist produce such as wine or coffee. Some of these workers also expressed a sense that the industry worked on 'meritocratic principles' insofar as experience, hard work, and skills were more important for progression than social background or qualifications (Stockland et al, 2023).

Precarious working hours, low pay, and experiences of working long and anti-social hours can affect workers' wishes for progression within the hospitality industry. When discussing progression opportunities, workers taking part in the qualitative study often cited low pay and precarious working hours as a reason for not pursuing progression opportunities within the sector, or as a reason for seeing their hospitality work as temporary, or secondary to jobs in other sectors (Stockland et al, 2023).

This research study also provides examples of hospitality workers who had chosen to take jobs with less responsibility, lower pay, and less secure hours (for example on zero hours contracts), having previously held roles as managers. Reasons cited by workers for these voluntary demotions were that they felt that they were less likely to be expected to work long and unpaid hours in these more insecure working arrangements (Stockland et al, 2023).

This echoes findings from the evidence sessions with hospitality workers carried out by the Fair Work Convention, with many workers expressing an aversion to promoted posts, even when on zero hours contracts. Perceptions of long hours and low pay for managerial roles, especially when pay was considered against the numbers of hours worked, were often cited as reasons not to consider promoted posts.

Overall Sense of Fulfilment

Findings from the qualitative research undertaken to support the Inquiry show that interactions with customers can be a significant source of job satisfaction – and of meaning and purpose – for hospitality workers. Most of the hospitality workers in the sample reported that interactions with customers were the best part of their jobs. They described these interactions as enjoyable and energising and, in some cases, as providing a sense of greater meaning and purpose to their work. Relationships with co-workers can also be central to job fulfilment and satisfaction for hospitality workers. Most of the hospitality workers in the qualitative research reported having close relationships with co-workers, often likening these relationships to friendships or even family relationships. These relationships were a central aspect of these workers' enjoyment and satisfaction in their work (Stockland et al, 2023).

The Survey of Hospitality Workers and Businesses also asked workers whether they would recommend their employer, and the hospitality industry as a whole, as a place to work. 60% of workers surveyed would recommend their employer, and 45% would recommend the overall sector. (JRS, 2024) For those who would recommend their employer, there were two main types of responses. Firstly, there were those who genuinely felt positive about their employer and expressed a clear positive viewpoint:

---

66 No employer or company is going to be 100% perfect. My employer, so far, has been a great fit and has been flexible and supportive when I've needed them to be. Senior management are also more open about plans and strategies for the future of the business so we have a better idea of the direction it's heading. 99

(Hospitality Worker)

66 I feel proud to work where I do and there is a lovely bunch of people who I work with and for. 99

(Hospitality Worker)

66 They value the team and always want to make sure the team are taken care of. There are good meals on duty, new staff uniforms, hours available to those who want overtime, paid 100% tips and Service Charge and incentives in place. 99

(Hospitality Worker)

(JRS, 2024)

The second category were workers who were happy to recommend their employer, as they felt they had lived up to their expectations, and they were happy to accept elements which they could see were poor. Comments in this area included:

> 66 This is a student job working in a pub to get me money to pay my rent - this isn't my career - it's a stop gap job - my answers to your questions are provided in the context that I understood what I was getting into when I took the job - I'm a grunt - I work behind a bar for a national chain on a zero hours contract, on a basic hourly rate - in that context it's a good enough job and some of my friends have actually come to work here. 99

(Hospitality Worker)

> 66 Endless possibilities to grow and develop. Very well paid jobs and good tips. Never seen wages that high, hours so reasonable. Salaried employees are the ones who have to take the hit. Only small increase in wages, still hours are more and more. Demanding guests, staff shortages front and back of house. 99

(Hospitality Worker)

> 66 As hospitality jobs go it's not bad. Paid the living wage and have private healthcare but hours and management are difficult to deal with. 99

(Hospitality Worker)

(JRS, 2024)

Some workers, however, raised concerns about their employer and would not recommend either their employer or the industry to others. Comments in this regard tended to focus on relationships with managers and access to basic entitlements such as pay, tips, contracts, and consistent and predictable hours:

> 66 Very unpleasant place to work. Bad atmosphere coming from management, unreliable breaks, bad pay, we don't get a share of the tips even though were told we will, unpredictable rotas, no training but you are expected to know how everything is done from day 1, targeted harassment of a few of my co-workers and feeling powerless about it. 99
>
> (Hospitality Worker)

> 66 The managers are horrible people, they are rarely there and when they are they nitpick and complain, they watch us on CCTV and criticise us when it's quiet and we are not keeping ourselves busy, they never pay us on time and sometimes do not pay us until Thursday or Friday the next week, they steal hundreds of pounds from our tips every week, they have never once provided us with written contracts, and generally are not good or reliable people. 99
>
> (Hospitality Worker)

> 66 I was lied to at my interview so that I would take the job. Everything I was told was a lie. I get my rota on a Saturday night for the Monday coming. I don't get my contracted hours. I get sent home early all the time and get shifts cancelled very last minute. 99
>
> (Hospitality Worker)

(JRS, 2024)

Steps Already Taken

With the need to deal with a continuing level of vacancies, high levels of staff turnover and specific skills shortages, it is important that hospitality employers are able to attract and retain workers. The need to attract workers into the industry is well recognised by hospitality employers, who in 2021 launched the 'Hospitality Rising' campaign. So far, the campaign has raised nearly £1 million and gained the support of more than 300 operators, suppliers, and all of the major sector trade bodies (Hospitality Rising, Retrieved: 19/04/2024).

The campaign works under the tag line 'Rise Fast Work Young' and seeks to encourage job applications from the under 30 age group. The campaign rests on the idea that hospitality is 'never boring' and is a place where career progression is 'faster than other industries'.

As part of the evidence collected to launch the campaign, Hospitality Rising commissioned a survey on perceptions of the sector. This survey found that only 28% of hospitality workers see it as an appealing industry to work in. However, positive perceptions are even lower amongst people who have never worked in hospitality with just 14% of non-hospitality workers surveyed seeing it as an appealing industry. The survey also asked people about their perceptions of aspects of work in the industry and found the following percentages of people agreeing with the statements:

- The hours are anti-social (45%),

- The hours are long (44%),

- It's a short-term stop-gap career (23%),

- The work is flexible and varied (18%),

- It is a fun industry to work in (18%),

- It is an inclusive and diverse industry (16%),

- Provides a good opportunity for new skills and qualifications (14%),

- The work is highly skilled (11%),

- Hospitality is a well-respected career choice (10%),

- There is a good work/life balance (10%),

- The pay and benefits are good (7%),

- It is an innovative industry (7%).

(Hospitality Rising, 2021)

Perceptions of the sector are often cited by employers in the industry as impacting on recruitment challenges. The Inquiry heard evidence from both employers and workers suggesting that there was merit in this view. However, negative perceptions of the sector were also held by those who worked in hospitality, and many of the issues raised align with fair work issues that do exist for some employers and workers in the sector. This suggests that both perceptions of the industry and practice within the sector will need to change to improve recruitment and retention of workers.

Conclusion

The hospitality industry continues to struggle with issues around labour shortages, skills shortages and high levels of staff turnover. There are a number of routes into the sector through apprenticeships, colleges and universities, but data suggests that the number of people undertaking apprenticeships and college courses is falling.

Perceptions of the sector do seem to be having an impact on recruitment, as do changes to immigration policy. Turnover and churn impacts employers by creating clear barriers to investing in their workforce through training, while, from a workers perspective, changing between hospitality jobs can often be a response to poor practice, particularly bullying and harassment from managers. The industry prides itself on its ability to offer career progression but the treatment of managers, particularly around unpaid overtime, creates a clear disincentive to career progression for workers.

Relationships with managers also shape the experiences that workers have for good and for ill, and while relationships with co-workers and customers are often clearly identified as fulfilling, relations with managers are more variable and can have a major determining influence on workers' desire to work in hospitality in the longer term.

How Employers Can Improve Fulfilment at Work

- Build fulfilment at work explicitly into job design.

- Create an authorising culture where people can make appropriate decisions and make a difference.

- Consider the treatment of managers ensuring that they have access to fair work, and support them to develop clear and consistent management practice in line with fair work.

- Invest in training, learning and skills development for current and future jobs. Where available, utilise the skills and expertise of the **Skills Development Scotland Employer Hub**, the **Scottish Tourism Alliance Toolkit**, as well as union-led learning and the resources available through **Scottish Union Learning**.

- Set expectations of performance that are realistic and achievable without negative impact on wellbeing.

- Provide clear and transparent criteria and opportunities for career progression, as well as opportunities for personal development, as a feature of all work.

Effective Voice

Effective voice enables constructive dialogue that can address all of the dimensions of fair work through arrangements that balance the rights and responsibilities of employers and workers.

Effective voice requires structures – formal and informal – through which real dialogue – individual and collective – can take place.

Trade unions are, on the evidence, the most effective vehicle for worker voice.

Fair Work Framework 2016

Summary

Effective voice underpins and facilitates all other dimensions of fair work. The Inquiry considered the degree to which workers in hospitality enjoy effective voice at work and found the following key points:

- Research suggests that effective voice structures are not widely used in hospitality but there are some examples of improvements in this area since the Covid-19 pandemic.

- Some larger employers have staff networks which act as a voice mechanism.

- Union membership amongst hospitality workers is low, but there are some limited examples of positive industrial relations between employers and unions in hospitality.

- Collective bargaining coverage is the lowest of any sector in the economy.

- Survey work undertaken as part of the Inquiry found that workers' and employers' perceptions of voice structures did not always align. Workers were more likely to feel that their views were not considered, while employers often felt that effective voice structures exist and that workers views are sought and acted upon.

- The Inquiry heard evidence that a lack of effective voice often impacts access to basic employment rights in hospitality with workers expressing a need to self-advocate to access basic rights. This has a particularly negative impact on younger workers and migrant workers who lacked the skills and experience to self-advocate.

- Survey work undertaken as part of the Inquiry showed that many employers recognised the centrality of fair work and hearing and acting on workers' views to delivering good outcomes for their business.

- The Inquiry Group shared an aspiration to improve relations in the industry and create a more collaborative approach between employers, unions and workers.

Case Study: Glasgow Film Theatre (GFT)
Fair work practice: Collective bargaining
Activity: In August 2023, the GFT signed a landmark voluntary recognition agreement with Unite Hospitality, covering their front of house and cleaning teams – the first of its kind for a Scottish cinema. This formalised collective bargaining and negotiation on pay, hours and relevant workplace policies. Guided by ACAS' Code of Practice, the agreement includes facility time for staff who are union representatives.

The agreement forms part of a suite of policy and practice at the GFT that ensures staff are treated fairly. For example, all staff are paid the real living wage, no zero hours contracts are used and there are a range of routes for staff engagement and representation (staff diversity committee, staff surveys and forums). Staff engagement and discussions have resulted in staff curating some film programmes.

Impact: The impact of introducing the voluntary recognition agreement has been positive, giving front of house and cleaning staff a route to collectively engage with leaders and improve the business. The GFT have reflected on the value of introducing the agreement at present, a time which is precarious for the wider arts and hospitality sector, recognising the need to formalise the process of listening to staff at a time which is tough for many. Indeed, the GFT report experiencing low rates of staff turnover for the sector.

Workers at the GFT have also reflected on the positive impacts of introducing the recognition agreement with Unite. Workers value feeling they can collectively raise any issues within the workplace, and that suggestions made will be discussed, and acted upon, where possible. Union representatives meet regularly with senior management to discuss any emerging issues, policy changes and pay (which is discussed annually). Since the introduction of the voluntary recognition agreement with Unite, a range of changes to improve fair work have been made at the GFT:

- Living Wage increase brought forward from April to February

- Formal annual review of hours, resulting in an agreement/discussion that current staff will be offered an uplift in hours before new staff are hired

- A reduction in the probation period for new staff (from 6 months to 3 months) – this resolved issues relating to staff re-starting their probation period when moving from a temporary to a permanent contract

Collective Effective Voice Mechanisms

The Fair Work Convention's review of wider academic research found that, historically, union membership and collective bargaining in hospitality has been low. The hospitality industry has long been characterised by high levels of non-standard employment contracts, under-employment, significant staff turnover (reflecting high part-time and temporary/seasonal employment), and greater use of foreign-born migrant workers and those from minority ethnic backgrounds, compared to other sectors (Hutton, 2022).

Employment contracts are diverse, spanning open-ended and full-time contracts through part time to precarious casual and seasonal contracts, including zero hours contracts. Employment is characterised in large part by low pay, precarity, unsocial hours and work patterns (Findlay et al, 2024). These issues have been a feature of the sector for a significant period of time and do not reflect pressures associated with the current economic context and cost crisis. While the sector has a large number of smaller businesses, it is also the case that 47.8% of workers are employed in larger private sector businesses (50 or more employees), (Scottish Government, 2023) and there is significant scope for more formalised voice structures which are likely to make a significant contribution to improving the fair work challenges the industry faces.

Collective Bargaining

The Annual Survey of Hours and Earnings reported that in 2023, 7.4% of hospitality workers in Scotland had their pay set through a collective bargaining agreement. This was significantly lower than the 52.6% across all industries, and the lowest proportion of workers out of all industry sectors (Scottish Government, 2023). The accommodation and food services sector in Scotland has similar levels of collective pay agreements to the sector UK-wide.

Figure 27 - Proportion of workers whose pay is set with reference to an agreement affecting more than one employee (i.e. is collectively bargained), UK and Scotland
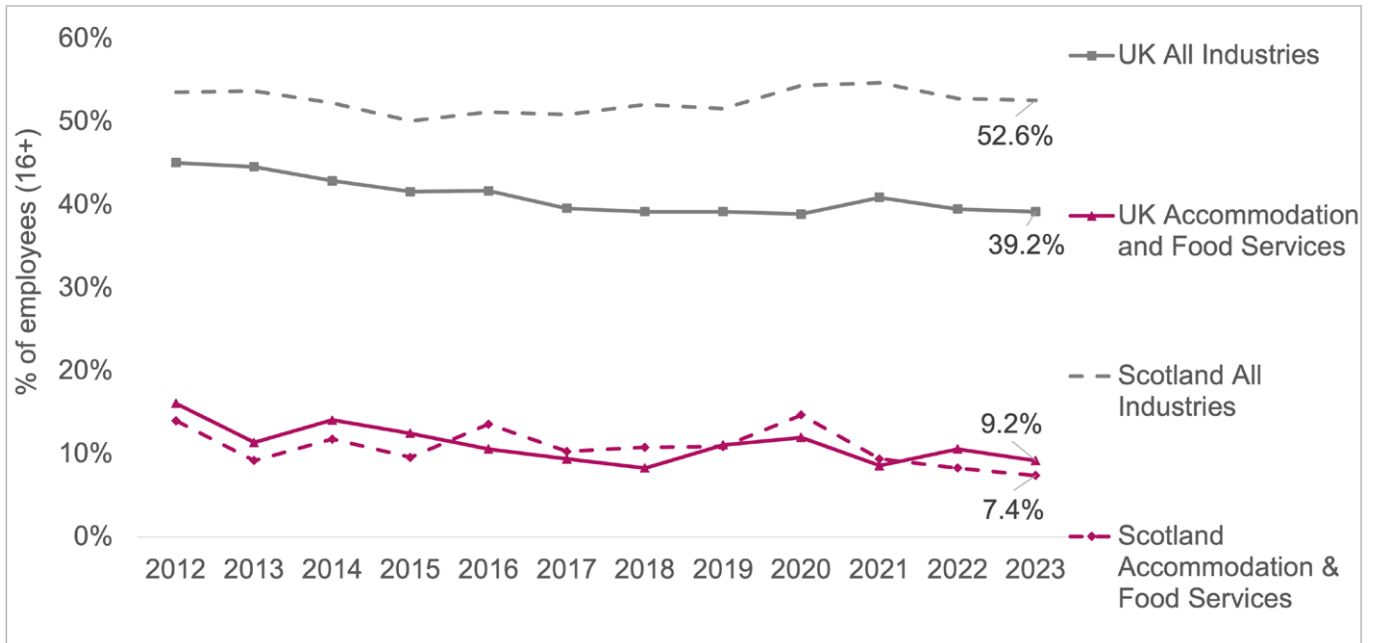
| Source: Annual Survey of Hours and Earnings, 2012 to 2023, Scottish Government

Note: The Scotland accommodation and food services estimates for the proportion of employees whose pay is set with reference to a collective agreement are reasonably precise or acceptable and should be used with caution.

Collective bargaining offers a clear and robust structure for effective voice, and is a good indication that workers have access to formal mechanisms to raise concerns, to bargain for pay rises and enhanced terms and conditions, and to address issues of insecurity. Collective bargaining coverage is, therefore, an important measure of how well effective voice is embedded across the sector as a whole.

Union Membership

Figure 28 shows that, in 2022, 3.1% of the hospitality workforce in the UK were members of a trade union or staff association. This is significantly lower than the 22.2% average membership across all industries (due to small sample sizes, reliable 2023 data is not available for the accommodation and food services sector for trade union membership). A reliable figure for the Scottish accommodation and food services industry is not available for Scotland. The rate of union membership for Scotland was 26.2% and tended to be higher than the UK across industries (Labour Force Survey, 2022).

Unions were also not present in the majority of hospitality workplaces. In 2023, only 6.1% of accommodation and food services workers in the UK reported the presence of other union members at their place of work, compared to 27.2% across all industries. In Scotland, 29.3% of workers reported a trade union presence in their workplace and while an estimate was not available for Scottish accommodation and food services, trade union presence tended to be higher than the UK across industries (Labour Force Survey, 2023).

Figure 28 - Proportion of workforce who are a member of trade union/staff association, 2012 - 2023 UK
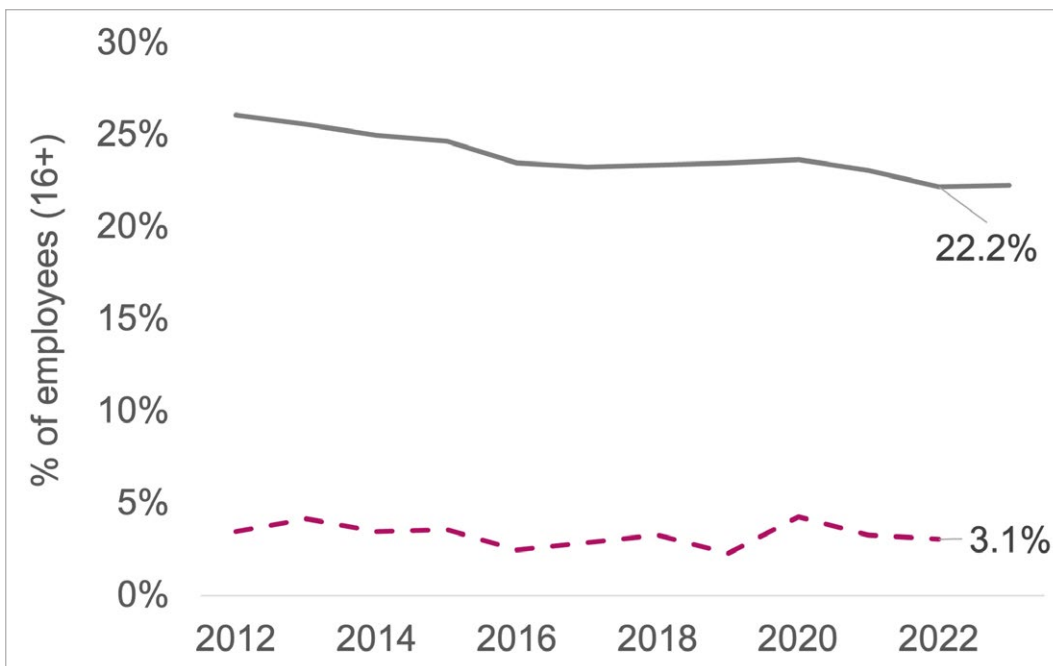
Source: Labour Force Survey, Oct – Dec Datasets, ONS

Note: There is a break in the time series between Oct-Dec 2021 and Oct-Dec 2022 due to a change in the weighting methodology used in the LFS. Accommodation and Food Services data are based on small sample sizes, resulting in less precise estimates which should be used with caution. Note that the 2023 industry estimate is considered unreliable for practical purposes.

Despite the low figures highlighted above, the Inquiry observed some key changes in the sector in recent years. Firstly, since the Covid-19 pandemic, there has been increasing recognition amongst larger employers of the value of staff networks with the Inquiry receiving evidence of good practice in this area from some larger employers. Secondly, there has been a clear focus by unions on organising in hospitality, with a small number of examples of new recognition agreements being signed with hospitality employers as a result.

Individual Voice Mechanisms

The qualitative investigation into the experiences of workers in the hospitality sector in Scotland undertaken as part of the Inquiry, looked at the experiences of workers in hospitality and considered channels for effective voice designed to support communication between workers and managers on an individual basis. None of the research participants reported having formal one-to-one meetings with their managers or supervisors, either on an occasional or on a regular basis. Some participants reported participating in team meetings, typically on a weekly basis, which provided opportunities for senior staff to communicate operational or logistical information. However, many of the participants had no set meetings at all, communicating with managers only if and when they were on shift together. For agency workers or people who worked alone or in small venues, they often would only communicate with managers via phone or messaging services such as WhatsApp. Moreover, in some cases, hospitality workers reported being unclear about whether they had an individual line manager. In these cases, workers reported being responsible to whoever the individual supervisor was for their particular shift or, in the absence of any supervisors, to the owner of the venue who dealt with their pay and contracts (Stockland et al, 2023).

The CIPD's Working Lives Scotland survey provides further evidence on the prevalence of individual voice channels in hospitality. Using data from their 2020, 2021 and 2022 surveys, a combined sample of 160 hospitality workers was analysed. This detailed that 24% of hospitality workers responding to the survey reported having no voice channel at work, at all, compared with 16% of those in other industries. This survey considers voice channels such as access to employee surveys and team meetings and notes that access to employee surveys is lower for hospitality workers (16% in hospitality vs. 37% across all sectors), and that workers in this sector are less likely to participate in team meetings (29% in hospitality vs. 49% across all sectors) (CIPD, 2022).

The qualitative study undertaken for the Inquiry also explored the degree to which workers felt their views were sought or listened to by managers. Many participants reported feeling that their views and opinions mattered in the workplace. For example, many workers reported that employers or managers acted upon – or at least appreciated – suggestions that they had made to improve efficiency or customer service. However, the research also found that some participants either did not feel the need to offer suggestions or views, primarily as a result of seeing their job as temporary, while others felt their views or suggestions would not be acknowledged by managers. Differences could relate to the overall size of the business, with workers in larger companies less likely to feel able to influence ways of working, and workers in smaller companies more likely to feel their voice was listened to (Stockland et al, 2023).

The comments below provide some examples of these differing viewpoints:

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66 The people who own [the bar] they ask for like our opinions and ideas and stuff but then when we give them like ideas and not like frivolous stuff but actual stuff that would work and things we know we could like do, they just like are like 'oh no, no, we can't do that'... just like putting stuff on like nights and like karaoke, live music or like those kind of things, different promotions and or like doing different things with them like a food menu or stuff like that... And it is just like what is the point in even asking then, why are you asking us for our opinion on things when you're not going to do it. 99
(Hannah, 23, bartender, Glasgow)

66 I like working in a small team. I'm glad we don't have a big corporate thing where you're just a cog in a wheel. Your opinion does matter in this place. If you don't like wine or if you want to change something, you can say that and it's not taken badly. 99
(Jessica, 38, wine-bar manager, Glasgow)

(Stockland et al, 2023)

The Survey of Hospitality Workers and Businesses, carried out to support the Inquiry, found that employers and workers had quite differing perspectives on the effectiveness of voice structures. Businesses responding to the survey had a largely positive perspective on levels of engagement with employees. Of the businesses responding, 68% stated that they regularly held meetings with staff where they can express their views, with 95% of businesses who consult staff feeling that staff can be very or fairly influential at these meetings. Of the workers surveyed, 62% agreed that there were opportunities for their voice and opinion to be heard at work. However, there is a more significant discrepancy when considering how influential or impactful worker voice is. While the vast majority of businesses stated that employees views can be very or fairly influential, just 42% of workers believed their voice was taken into account in management decisions (JRS, 2024).

Case study: Whitbread, UK wide

Fair work practice: Staff networks

Activity: Whitbread, a multinational hotel and restaurant company (it's largest division being Premier Inn) work to their diversity and inclusion strategy which has four commitments around inclusion. To support these commitments, there are four, self-organised, networks in place which support the whole business:

- enAble: strives to remove the barriers to access for employees and guests with hidden or visible disabilities

- GLOW LGBTQIA+ Network: focuses on ensuring working practices to enable all staff to bring their best self to work, regardless of sexual orientation and gender identity

- Gender Equality Network: aims to ensure equality of representation, reward and opportunity across all gender identities

- Race, Religion and Cultural Heritage Network: with a mission to ensure all workers feel free to be their authentic self regardless of race, religion or cultural heritage

The networks provide a safe space for people from these communities and their allies, as well as a function to drive change in the business – through consultancy on policy or practice, or to educate the business on how to become more inclusive, both for staff and guests.

Staff choose to what extent they want to engage with a network and any level of engagement is welcomed, either through a network's digital communications channel, a face-to-face hub, or as part of a steering committee. Each of the networks has a steering committee and sponsorship from an individual on Whitbread's Executive Committee – a crucial part of the governance of the networks, allowing resource and budget to be unlocked.

Whitbread recognise the importance of using independent expertise to support their inclusion networks, from bringing in external organisations to facilitate listening sessions, to using existing indexes as a robust foundation for each network (e.g. Stonewall Workplace Equality Index, Disability Confident, Investing in Ethnicity Matrix).

Impact: The networks have introduced and managed significant changes to make Whitbread a more inclusive workplace, including:

enAble – one of the key workstreams for the disability network has been refreshing the adjustments policy, introducing a centralised process and significant training for 3000+ managers, to ensure the needs of people with disabilities and additional support needs are met, from workplace equipment, to shift flexibility. The adjustments process sits alongside the Hidden Disabilities Sunflower lanyard scheme, which helps staff feel supported to have better conversations about adjustments. This approach has contributed to good retention rates for disabled staff, which are on par with non-disabled staff.

GLOW LGBTQIA+ Network – GLOW has been instrumental in aligning Whitbread to the Stonewall Workplace Equality Index, where Whitbread were ranked 53rd in 2023, and given a Gold Award for Excellence in both 2022 and 2023. This involved a thorough review of the entire employee journey, alongside a guest review and working with their supply chain. Part of this has involved listening, understanding more about how teams identify through data, and working with partners such as Trans in the City to support minority communities.

Gender Equality Network – working towards menopause friendly accreditation, the Gender Equality Network introduced menopause guidance and training across the organisation, and worked to ensure it was disseminated meaningfully and effectively. For example, they ensured that all housekeeping staff (who are predominantly female) were aware of the guidance, as well as translating it into several languages.

Race, Religion and Cultural Heritage Network – the RRCH network led on a policy to allow people that don't celebrate Christian holidays to take different days as bank holidays. This policy was introduced three years ago and the network continue to champion the policy to ensure that new employees are aware of it. Staff have fed back how much they appreciate the policy, and how significant a small policy change like this can be.

Whitbread have also found a direct correlation between introducing the networks and staff retention rates, recognising that engaged people stay in the business.

The Importance of Effective Voice

Effective voice is critical to achieving the other dimensions of fair work as it allows workers and employers to work together to address issues within the workplace and to find solutions that work for both parties. Effective voice is based on trust and positive relations, but it also requires a re-balancing of the power differentials that exist within workplaces, giving workers the confidence to speak up and to know that their views and concerns will be taken seriously and acted upon.

The qualitative study of workers undertaken as part of the Inquiry suggests that workers in hospitality felt they had to self-advocate, to push back against treatment that they perceived as unfair, to gain access to their basic employment rights. Some hospitality workers emphasised that in order to ensure good working conditions, pay, and hours, it was important to learn about their rights and to defend their rights during interactions with employers. These hospitality workers typically saw this sort of knowledge and confidence as something that they developed through experience in the industry over time, as well as something that came with greater personal financial security. It could also be affected by their migration status and confidence in the English language (Stockland et al, 2023). This research, therefore, suggests that younger workers and migrant workers may be more likely to face unfair treatment or exploitation as they are less able to self-advocate for their rights at work.

66 It's hard to explain, you are not fine and feel... like you're not from here and even if you want to answer you [are] scared to answer because of how you speak. You know like it sounds very silly or you don't know the words, you know when you're going to say something it sounds silly... Language is a huge barrier you know... I was like forced to [do] everything they were asking me for. 99

(Alek, 35, chef, Glasgow)

(Stockland et al, 2023)

66 Long shifts, Split shifts and minimum wage. I am aged 16. Still at school and employer bullies me to work more hours as short staffed during the week. I am too afraid to say no. Kitchen take 50% of tips and owner takes a cut of tips too. 99

(Hospitality Worker)

(JRS, 2024)

Wider research into hospitality has also found that the absence of trade unions and collective bargaining means that the law is the main form of regulation (Iannou and Dukes, 2021). A study by Ioannou and Dukes finds that "minor breaches of employment law" – micro-violations or micro-breaches (such as under-recording of worked hours, indefinite postponement of payment of wages, loss of some holiday pay and insufficient rest breaks) are so frequent as to have become standard practice in the sector, akin to industry norms. The FWC Survey of Hospitality Workers and Businesses also supported this finding. While a majority of employers surveyed (97%) felt that they provided a good place to work, and many workers agreed with this (60%), both employers and workers reported practice in the surveys that raises concerns about how consistently minimum standards are applied. Issues raised include the provision of contracts and grievance procedures; access to basic employment rights like pensions, annual leave and sick pay; and rest breaks during and between shifts (JRS, 2024).

In this survey, workers were asked about times when they had to challenge their employer to access their rights at work. Of the 245 hospitality workers taking part in the survey, 46% reported having to challenge their employer about rights at work. They were asked to provide examples of issues raised and some of their comments are provided below:

❝ About breaks, time between shifts, how a 0 hour contract benefits both of us and not just the employer so I can deny shifts without penalty. ❞
(Hospitality Worker)

❝ Challenged over holidays entitlement, challenged over hours worked with a break and hours worked without being allowed to have a drink of water or go to the bathroom. ❞
(Hospitality Worker)

❝ I have had to question my employer multiple times about pensions contributions being deducted but not paid. ❞
(Hospitality Worker)

❝ Had to take holiday pay when I was off sick. ❞
(Hospitality Worker)

❝ As live-in I pay more rent than people with nicer rooms because of them being friends with management, tips and service charge are only paid in January and not paid if you leave before then. ❞
(Hospitality Worker)

❝ I worked over 150 hours over my contracted hours due to staff shortages. I asked to be paid or receive something back and I was turned away without anything. ❞
(Hospitality Worker)

(JRS, 2024)

Similar issues were raised by migrant workers who took part in the evidence sessions carried out by the Fair Work Convention to support the Inquiry. Several issues which suggest inconsistent access to basic rights at work were discussed and were generally understood to be commonplace in the hospitality industry. For example, several participants discussed regularly having no breaks due to staffing issues and having to work (sometimes unpaid) over-time resulting in no breaks between shifts. This often had a detrimental impact on their wellbeing, for instance, working long, unsociable hours meant they could not spend time with their family, and felt they had very poor work/life balance:

&& It is a hard job with unsociable hours [...] I feel guilty for not coming home to spend time with my family. **&&**

(Migrant Worker)

(FWC Hospitality Inquiry worker evidence session - 2023)

Several participants also discussed having to individually raise issues with management relating to workplace rights such as working hours, pay, maternity leave and incidents of bullying/harassment, with varying experiences as to whether issues were resolved or dealt with. Participants experiences of bullying and harassment in the workplace are discussed in more detail in the Respect chapter.

The Survey of Hospitality Workers and Businesses also suggests that relationships with managers may create an obstacle for some employees when it comes to having effective voice in the workplace. Of the workers surveyed, only 56% rated their relationship with managers as entirely or mainly positive, while 22% had personally experienced bullying or harassment from managers. Additionally, 16% indicated that despite having concerns about their rights at work, they had chosen not to raise these with their employer and instead put up with the problem or left their job (JRS, 2024).

Steps Already Taken

Dialogue and a structure for consulting and negotiating is key to understanding and defining fair arrangements between employers and workers and therefore opportunities for effective voice are central to fair work and can help deliver other dimensions of fair work. The ability to speak and to be listened to is closely linked to the development of respectful and reciprocal workplace relationships. Fundamental to the principle of effective voice is mutual respect within the workplace. Effective voice requires a safe environment where dialogue and challenge are dealt with constructively and where workers' views are sought out, listened to and can make a difference (Fair Work Convention, 2016).

In the Survey of Hospitality Workers and Businesses, employers were asked their views on how to improve working relationships and make the industry a more attractive career choice for employees. Many employers' comments showed that they already recognised the centrality of fair work and effective voice in supporting good business outcomes. Some comments from employers included:

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66 Actively listen to staff and respond to ideas and suggestions. Pay a minimum of the Living Wage. Ensure working conditions are as good as you can make them. Ensure that staff know they're valued; that all jobs within the business are essential and make sure that any interpersonal staff issues are dealt with, and don't sour the atmosphere. Having hospitality as an active career choice is a difficult goal, because the industry has a bad reputation for long/unsocial hours, bullying, low pay. **99**
(Hospitality Employer)

66 Stop expecting employees to work long hours, it's not sustainable for the employee nor good for customer service. Look at fixed days off with 2 days off together. Consider what their employee wants to work. **99**
(Hospitality Employer)

66 Be open to staff input, be open to more formal discussion and negotiation on working conditions, find ways to support professional development opportunities (lobby government to support funded opportunities). **99**
(Hospitality Employer)

66 Improve pay. Be clear with staff about progression and if staff do want to progress, train them in areas they are likely to find helpful. Create a strong and healthy working environment which embraces diversity and fairness, and deals with bullying (etc) quickly and fairly. **99**
(Hospitality Employer)

(JRS, 2024)

Formalised voice mechanisms in the form of collective bargaining are very limited in the sector and while some larger employers have now developed staff networks, there is significant scope to improve effective voice structures in the industry.

The Inquiry Group recognised the need to improve both industrial relations within the sector, and improve voice mechanisms within the workplace, with a strong desire for positive and collaborative relations between workers and employers to be built and sustained.

There have also been some limited attempts at an industry level to promote improved effective voice within the sector. The most significant focus on this issue, as mentioned in the Security chapter, was within the Hoteliers Charter which includes support for the 'Hospitality Commitment' designed by People 1st International (Hoteliers' Charter, 2021). The 'Hospitality Commitment' is a voluntary code of conduct for the Hospitality Industry which includes a range of standards that should be met, including respecting work life balance for the employee and having "communication & feedback mechanisms in place so regular one to one dialogue is always in place" (People 1st International, 2020). However, the Charter is silent on fair pay, contracts and employee representation. While there are some reported signatories in Scotland, take-up was more concentrated in England and especially London. This Charter appears to take the form of a simple pledge and lacks both enforcement mechanisms or measures of effectiveness and impact (Findlay et al, 2024). While this standard is clearly designed to strengthen wellbeing of employees, it is notable that there is no role for employees to shape the standards on an ongoing basis nor a clear voice mechanism or route to remedy if the employee feels standards are not being met.

Conclusion

There is a need to strengthen effective voice mechanisms and to encourage and empower workers to raise issues when they arise. For this to be effective, workers must have faith that they will be treated with respect and they must see their employer respond positively to their views and concerns. Embedding improvements in effective voice is key to making meaningful progress on fair work in hospitality. It is also clear that effective voice is an area where there is a significant weakness in fair work terms for the hospitality industry – both in terms of individual voice mechanisms and collective approaches. Improving effective voice at a workplace level and improving industrial relations and joint working at a sectoral level, is key to further embedding fair work in the sector going forward.

How Workers Can Improve Effective Voice at Work

- Ask your employer if they have an effective voice champion, a fair work champion, a staff network or a union representative that you can contact or be a part of.

- Volunteer to be an Effective Voice Champion

- Know your **rights at work**

- Speak to a union. **Unite Hospitality** has been providing support to workers across the hospitality industry.

How Employers Can Improve Effective Voice at Work

- Adopt behaviours, practices and a culture that supports effective voice and embed this at all levels – this requires openness, transparency, dialogue and tolerance of different viewpoints.

- Effective voice requires structures – formal and informal – through which **real dialogue** – individual and collective – can take place. One-to-ones, team meetings, and staff surveys are all important tools and employers should ensure workers are clear about management structures and points of contact.

- More extensive **union recognition and collective bargaining** at a workplace level would help to address the absence of effective voice in hospitality and support the delivery of all other dimensions of fair work. It is important to recognise that **working positively with unions** results in improved fair work outcomes for businesses and workers.

- The ability to exercise voice effectively should be supported as a key competence of managers and union representatives.

- Ensure workers have confidence that their views and concerns will be respected and acted upon.

- As recommended by this Inquiry (Recommendation 2 - Fair Work Champions), appoint a senior manager to be a Fair Work Champion and support your workforce to elect an Effective Voice Champion (in unionised workplaces this will be the shop steward or union representative).

Rurality

Summary

The Inquiry considered the unique challenges of rural and island living and how this impacts the experience of fair work in hospitality and found the following:

- Hospitality employers play a significant role in remote rural communities. Accommodation and food services is one of the biggest providers of private sector employment in remote rural areas along with 'agriculture, forestry and fishing'.

- Rural hospitality employers have many of the same fair work challenges as other hospitality businesses, but they also have a range of added pressures, challenges and costs unique to rural areas.

- There is a general lack of housing in rural areas which reduces the available workforce and prevents people moving to the area for work.

- Tied housing arrangements add significant cost to the employer and come with clear fair work issues for the worker. Having housing which is tied to their job creates issues around security and may act as a barrier to effective voice. The Inquiry heard evidence from workers that tied housing arrangements limit their family life in the longer-term, with rural employers also recognising that tied housing arrangements make it harder to maintain a settled workforce.

- There was a shared desire from both employers and workers to have affordable and stable housing in rural areas.

- There are substantial issues with transport infrastructure including infrequent and fragmented rail, ferry and bus services.

- Rural workers face increased transport costs, with many stating a preference for private car ownership due to the lack of available and reliable public transport.

- There is a lack of reliable and affordable childcare which is further compounded by transport infrastructure issues. Lack of childcare options particularly impact the career opportunities of women.

- Training in rural areas can also be challenging. Employers and/or workers can face increased costs due to transport issues and the additional time away from the business. Online training can also be impacted by connectivity issues brought about by poor broadband service.

Understanding the Rural Economy

The Scottish Government defines rural as 'Accessible rural: those with a less than 30 minute drive time to the nearest settlement with a population of 10,000 or more' and 'Remote rural: those with a greater than 30 minute drive time to the nearest settlement with a population of 10,000 or more'. These definitions form part of the Scottish Government Urban Rural Classification (Scottish Government, 2021).

In Scotland in 2023, there were 3,240 rural accommodation and food services businesses and 11,690 urban businesses. Accommodation and food service businesses employed, 39,000 people in rural areas and 177,000 people in urban areas in 2022 (Business Register and Employment Survey, 2023). The accommodation and food services sector has a much larger share of private sector employment in remote rural areas (17.9%) compared to accessible rural areas (10.1%) and the rest of Scotland (9.9%) making it, along with 'agriculture, forestry and fishing' and 'wholesale, retail and repair' one of the largest sources of private sector jobs in rural Scotland (Scottish Government, 2023). This can be seen in Figure 29.

Figure 29 – Private sector employment by industry sectors for remote rural, accessible rural and urban (2023), Scotland
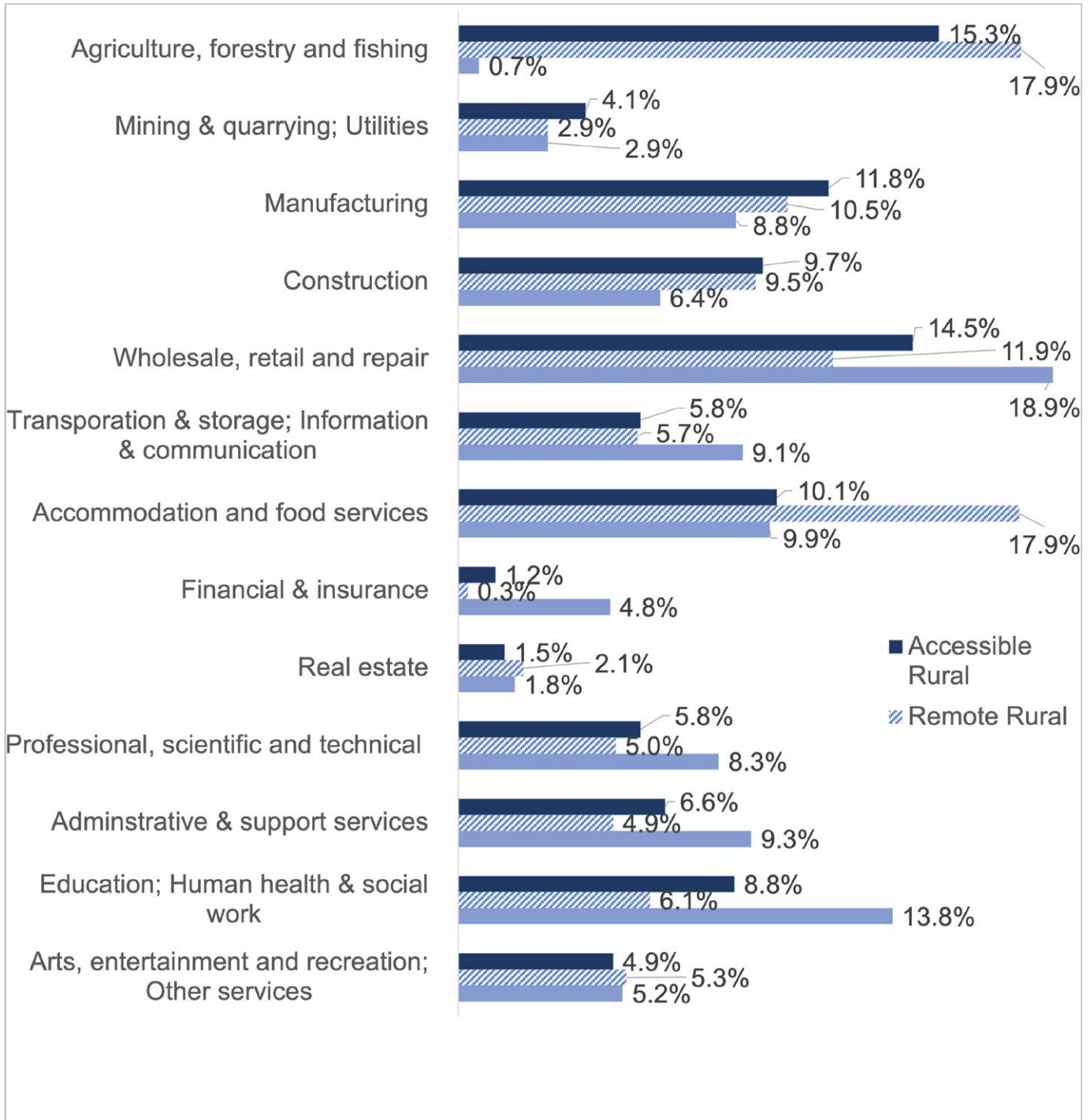
| Source: Businesses in Scotland, 2023. Scottish Government

Note: Proportions calculated using rounded data.

In rural Scotland, small businesses are prevalent. In 2023, 5.1% of rural businesses in Scotland had 20 or more employees, compared with 8.2% of businesses in urban areas (Scottish Government, 2023). In addition, 69% of businesses, of all sizes, interviewed in the Highlands and Islands Enterprise Business Panel would describe themselves as family owned (Highlands and Islands Enterprise, 2023).

Figure 30 – Proportion and number of registered private sector businesses by urban/rural classification and employee size band, Scotland, 2023
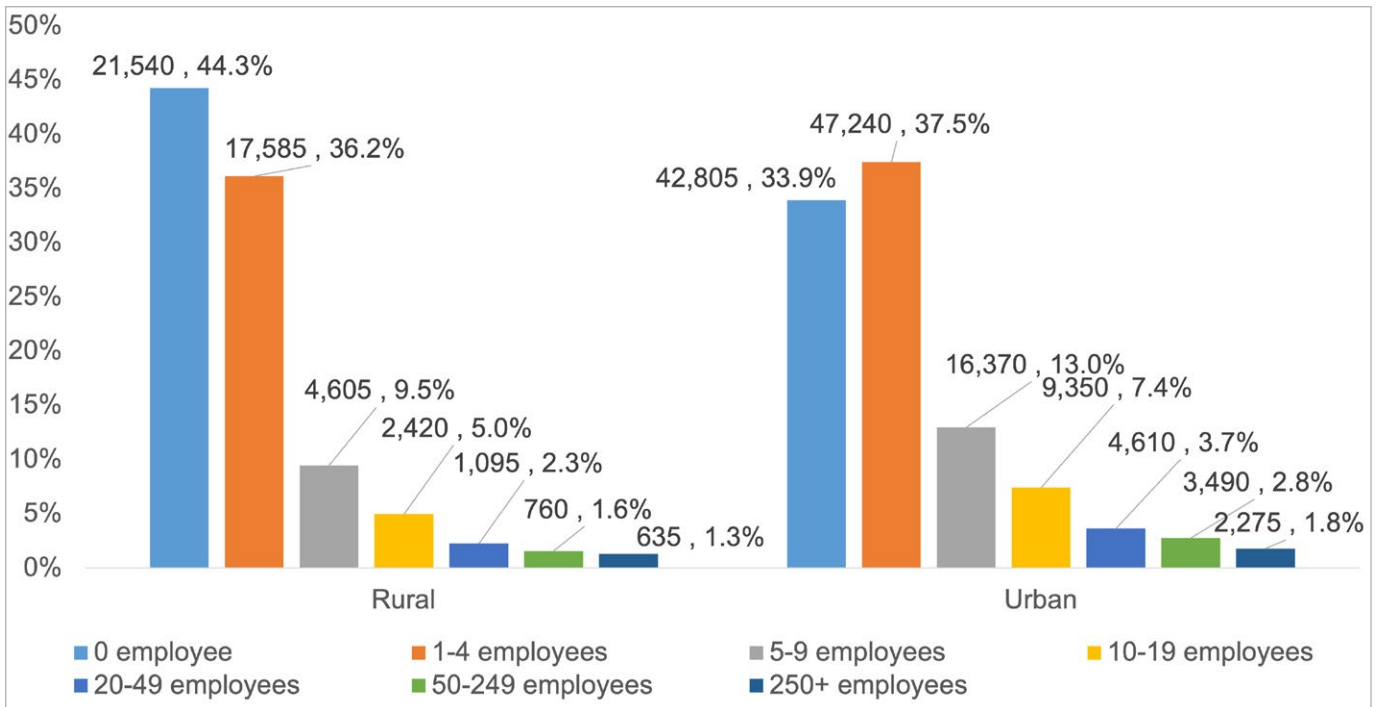
| Source: Businesses in Scotland, 2023. Scottish Government

Note: Proportions calculated using rounded data.

The cost of living in rural Scotland can be significantly higher than the rest of Scotland due to the increased cost of transporting goods and services to more remote locations. For example, weekly food costs for those living in remote rural mainland and Island areas were higher than in urban UK areas. This can be seen in Table 11.

Table 11 – Weekly food costs in different MIS budgets, 2021 and by area

Household	Urban UK	Remote rural mainland	Island
Couple +2	£112.43	£117.08	£126.70
Working age single	£49.69	£50.60	£52.06
Working age couple	£83.13	£84.64	£87.06
Pensioner single	£47.10	£48.30	£51.97
Pensioner couple	£75.25	£77.04	£79.57

In 2022, 32% of people working in remote rural areas were working on a part time basis. This fell to 26% in accessible rural and Scotland as a whole. Women tended to be more likely to work part time in both remote rural areas (47% compared with 15% of men) and in accessible rural areas (41% compared with 13% of men) (Annual Population Survey, 2022). The prevalence of workers holding second or multiple jobs is significantly higher in rural economies. In 2022, 7% of those in employment in remote rural areas, and 4% in accessible rural areas, had a second job. This is compared with 4% of employed people in the rest of Scotland. In all incidences, the number of women holding second jobs was proportionately higher than men - with 8% of women and 6% of men holding second jobs in remote rural communities, and 4% of women and 3% of men in accessible rural communities in 2022 (Scottish Government, 2023).

Key Fair Work Issues in Rural Areas

Rural hospitality employers have many of the same fair work challenges as other hospitality businesses, but they also have a range of added pressures, challenges and costs that are unique to employers in rural areas. Notably, one of the greatest concerns to businesses is the recruitment and retention of suitable workers in rural areas.

Added to this Brexit has had a significant impact on recruitment in hospitality in general, and on hospitality businesses in rural areas in particular. The hospitality sector experienced one of the largest losses of EU employees after Brexit. The Inquiry also heard from some employers, particularly those based in rural areas, that changes in the UK immigration policy had created further challenges in recruiting staff. Added to this, an Ipsos Mori survey conducted in 2022 in the Highlands and Islands reported that 47% of young people aged 16-29 said that they only plan to stay in their local area for five years or less (Highlands and Islands Enterprise, 2022). This is a clear example of the potential de-population in rural areas affecting the labour market.

Areas of focus further outlined below also impact on the successful recruitment and retention of workers to rural hospitality businesses and include the affordability and availability of housing, access to childcare, and poor transport links with connectivity to the islands being particularly challenging.

Transport

A key challenge facing hospitality businesses in Scotland's rural and island settings stems from issues with the transport network in these areas, which impact both the availability of workers and business operating costs.

The Inquiry heard from a range of employers on the impact poor transport infrastructure is having on their business. For some hospitality employers in rural areas, their business may be less accessible for customers who want to visit for a shorter stay. Additionally, visiting hospitality businesses in rural areas may be less appealing to customers due to the real or perceived risk that their stay may have to be extended and therefore cost more as a result of the unreliability of the transport network (e.g. ferry cancellations).

Issues with the transport network may contribute to customers perceptions of Scotland as a tourist destination – the Inquiry heard from employer bodies in the industry that Scotland is already regarded as an 'expensive' location for holidays. This puts pressure on rural hospitality businesses who reported having to strike a balance between being competitive in pricing, managing business costs (which are higher in rural locations compared to urban locations), and continuing to invest in their staff.

Those with island-based businesses reported experiencing economic and community hardship which they felt was a result of ongoing transport disruption, particularly with the ferry network, which faces capacity issues, breakdowns and weather-related disruption. The Centre for Economics and Business Research report (2022) on the socio-economic impact of CalMac ferry services outlined the impact of ferry unreliability on rural communities in Scotland. Key issues highlighted included increased cost of doing business on the islands relative to the mainland; difficulty in attracting and retaining workers; monetary costs faced by households (missing work, having to stock-pile food) and de-population (poor reliability inducing people to move from the islands) (Centre for Economics and Business Research, 2022).

The FWC Survey of Hospitality Workers and Businesses (2024) asked employers about issues affecting their business. Comments from rural employers included:

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66 Staffing in a rural community is difficult with the need for personal transport (public transport is ineffective and sporadic) being crucial. 99
(Hospitality Employer)

66 Island and transport infrastructure problems which are outwith our control. The unreliable ferry service which lacks capacity at key times. Severe lack of affordable housing causing high staff turnover and increased costs to businesses in providing live in accommodation. Falling working age population as workers can't find affordable accommodation and are leaving the island. A public transport system which does not support the needs of island workers commuting village to village to village for work. 99
(Hospitality Employer)

(JRS, 2024)

> 66 Island inequality. Poor transportation, telecoms, housing; yet we are expected to pay mainland taxes and more as we are surcharged by all suppliers! 99
> (Hospitality Employer)

> 66 Island lacks transport (ferries are a disaster), lacks broadband capability. Higher costs for all incoming food/drink etc. No housing available for staff. No apprenticeships can be delivered on island. We are absolutely neglected by government who seems hell bent on destroying the island economies! 99
> (Hospitality Employer)

> (JRS, 2024)

Results from the 2022 Scottish Household Survey show that satisfaction with public transport is lowest in rural areas and that adults in Scotland's rural areas tend to spend more on transport costs per month. For example, when asked how much they spent on fuel in the last month, adults living in rural areas reported spending £134, whereas adults living in urban areas reported spending £84 (Transport and Travel in Scotland, 2022). This echoes findings from the Inquiry which outlined that most rural workers rely on a personal vehicle to travel as public transport in rural areas can be unreliable, with late-night services often limited. This has a profound impact on hospitality shift workers and may impact their ability to accept work in rural locations. Low wages further compound this issue, and owning/running a car is cost prohibitive for many:

> 66 I mean, because it's an island, it's the most expensive, it's more expensive, like fuel for a litre is two pound thirteen. 99
> (Lizzie, 23, waitress, hotel resort on island)

> (Stockland et al, 2023)

Over the course of the Inquiry, the Convention heard from a number of employers who already provide transport for employees late at night, and who recognised the merits in ensuring their workers' safety in this way. The Inquiry noted that rural employers were more likely to provide transport for workers at all times of day, either due to a lack of public transport or the difficulties associated with matching shift times to public transport scheduling in rural areas.

Housing

The availability of housing in rural and island areas is a key barrier for local families and young people deciding to settle in rural areas. To support recruitment, many rural employers offer housing as part of the job contract. This can help ensure that workers have somewhere to live which is within easy reach of the place of work. Often this accommodation can be cheaper than renting further from the place of employment which would also incur additional transport costs. The qualitative investigation into the experiences of workers in the hospitality sector in Scotland showed that hospitality workers in rural or island locations reported particular challenges. In particular, they talked about an inability to find affordable accommodation, which meant they often had to either commute long distances or live in staff accommodation, both of which could detrimentally impact on their family and social lives outside work (Stockland et al, 2023). The following comments provide some examples of the impacts that the cost and availability of housing has on workers in rural areas:

❝ I tried to find a flat to rent but because [the island] is really literally lives on tourism, there is no flat to rent for a long term, just on a touristy price, and I cannot pay £50, £60, £70 a day… So actually I wasn't able to find one single, not even like a room share or a flat share, nothing. ❞

(Tímea, 45, chef in a hotel, rural location)

❝ We've had a look [at buying a place] and just on the island, it's just, it's abysmal, I thought where we lived was bad, but there's nothing. Some of the chefs that [my partner's] been speaking to, have been here for three years and they still can't get a house. ❞

(Lizzie, 23, waitress, hotel resort on island)

(Stockland et al, 2023)

Workers whose housing is part of their employment face additional vulnerabilities when it comes to addressing any issues they might have with their employer for fear of losing, not just their job, but also their home. These factors also mean that workers were more likely to see their jobs as temporary as they felt they would be unable to settle in the area in the long-term (Stockland et al, 2023).

The Inquiry also heard from rural employers who felt that, along with access to transport, a lack of affordable housing was the largest single driver of the workforce issues in the rural economy. They reported that their businesses cannot operate to capacity without an appropriately sized team, which cannot be facilitated without accommodation. In addition, the cost to the employer of providing accommodation can have a significant impact on profitability and business development. Rural employers providing evidence to the Inquiry expressed concerns about their ability to meet other business priorities, like payment of the Real Living Wage, investment in ongoing training for staff, and investment in refurbishment and maintenance. Rural employers also highlighted that these barriers to recruitment often pushed up wages so as to incentivise workers to accept jobs in remote and rural areas.

Evidence to the Inquiry from both employers and workers highlighted a clear shared desire to have more access to affordable and stable housing in rural areas.

Case Study: Arran Development Trust, Isle of Arran
Fair work issue: Accommodation for workers
Activity: Arran lacks affordable housing options, meaning workers may be unable to relocate to the island, an issue which is exacerbated by high proportions of second and empty homes on Arran. Businesses on the island see this as the biggest single driver of staffing shortages they are experiencing.

To help address this, the Arran Development Trust (ADT) are building homes on the island to rent to workers, and hope to offer a minimum of 200 homes to people, thanks to a mixture of public and private financing (including £1.5m from the Rural & Islands Housing Fund and £2.1m from Crowdproperty Finance).

The ADT are also planning to construct two- and three-bed rental properties specifically for workers (in the identified key sectors of health and social care, education, local authority and hospitality).

Impact: The ADT's first 18 homes, at the Rowarden affordable housing development in Lamlash, Arran, are under construction and will be ready for allocation by the end of summer 2024. It is hoped that this will help remove this key barrier to recruitment and retention of staff on the island.

Arran Development Trust will be working in partnership with North Ayrshire Council to identify people from the housing register for the new homes, as well as using the Arran Local Lettings Initiative, which prioritises homes for people already resident on Arran, but in unsuitable or unaffordable housing.

Undertaking a building project of this scale has been a challenging process for the ADT due to a range of factors, such as the additional costs of building on an island (which ADT estimates to add at least 40-50% compared to mainland construction costs), as well as the unreliability of the ferry network, which has resulted in significant delays to the project, in turn increasing costs.

Source: North Ayrshire Council (2023), **Strategic Housing Investment Plan 2023 - 2028**
Arran Development Trust (2023), **Input into Arran Affordable Housing Task Force**

Childcare

Childcare provision for those working in hospitality can be challenging as the seasonal nature of work in the industry and the reliance on shift work often results in workers' need for childcare fluctuating throughout the year. Also, the majority of childcare services do not align with the working hours of hospitality workers who regularly work in the evenings and at weekends.

In rural areas, there are added challenges. For children under 5 years old, research showed that most children are driven to rural childcare services, with journeys varying from 15 minutes to an hour. In many cases, public transport was not seen as adequate, with poor accessibility, particularly in winter if several forms of transport had to be used to access a childcare provider. Further, there is a lack of choice of childcare in rural areas, particularly for children aged 0-3 years, resulting in many parents relying on informal childcare particularly from family (Scottish Government, 2022).

For school age childcare offered in rural and island areas, research showed many parents thought there were gaps in services which can negatively impact their existing and potential employment. Many parents highlighted that limited transport along with the opening times of some services did not align with their working hours, creating challenges to accessing childcare and maintaining employment. The cost of childcare was also a barrier to many parents, with some parents financially worse off working, again resulting in the use of informal childcare, particularly from family (Scottish Government, 2022).

This echoes findings from the qualitative study carried out by Stockland et al, where issues relating to rural childcare for workers were highlighted:

❝ The only nursery in [our town], is three plus and [my daughter] is only one and a half, so, I can't really work during the day anyway... We don't have family here or anything and we can't afford to have someone come to watch her, because it would cost the same as what I would earn, it would just be silly. ❞
(Vicki, 28, bartender in a small town in Perthshire)

❝ There's only so much I can do because I can't be there the whole time. I'm a single mum. So I don't have people to look after my child in the evening, so this is a bit tricky. I can only get childcare from 8 in the morning [...] Unfortunately there is a big lack of childcare here as it is, lots of people have trouble trying to find childcare and child minders, nurseries, there's just not enough for everybody. ❞
(Ellen, 40, office supervisor and manager in a hotel on an island)

(Stockland et al, 2023)

Seasonality

It is difficult to quantify the impact of seasonality in the rural hospitality sector. A significant proportion of the hospitality industry in Scotland will experience seasonal fluctuations in consumer demand. Some establishments may close entirely during the 'off-season', while others may keep just a minimal workforce. Workers in these settings may be offered seasonal contracts (i.e. a new contract starting and terminating with each season) or reduced hours during the off-season.

During the Inquiry, employers reported the impact of seasonality as especially challenging for those located in rural or island locations. Written evidence to the Inquiry from an island employer stated that issues with transport further impacted visitor numbers in the winter months, with many businesses now choosing to close. Further written evidence submitted to the Inquiry by three rural businesses reported that lack of visitors is making it harder than ever for employers to offer staff frequent and reliable hours.

Research has identified a range of impacts on workers due to seasonality, including a lack of opportunities for career progression and development in seasonal establishments; a need to provide accommodation for incoming workers in areas where housing costs are high and supply limited; a loss of accumulated skills at the end of the season; and the disadvantage facing seasonal workers when seeking loans etc. However, the same research also noted that seasonal employment can be a good opportunity for certain individuals who may face challenges joining the labour market, such as students and younger workers (Baum, Duncan, & Forsyth, 2021).

Training

When undertaking training and development, the additional travel costs for rural businesses make in-person training more expensive and requires staff to have longer periods away from the business. In addition to this, the distance from training establishments can reduce the pool of staff willing and able to work in remote locations when undertaking placements which can make it more difficult to attract young hospitality professionals to rural businesses.

The issue of remote training is further complicated by issues around broadband connectivity in rural locations. Figure 31 details the findings of research undertaken on the main barriers to accessing training in the Highlands and Islands.

Figure 31 - Barriers to accessing training, Highlands and Islands, Scotland, 2022

Barriers to accessing training (top 4):

Barrier	%
Would require me to spend time away from home	32%
Broadband connection not reliable enough	25%
Broadband speed not fast enough	23%
Cost not affordable	23%
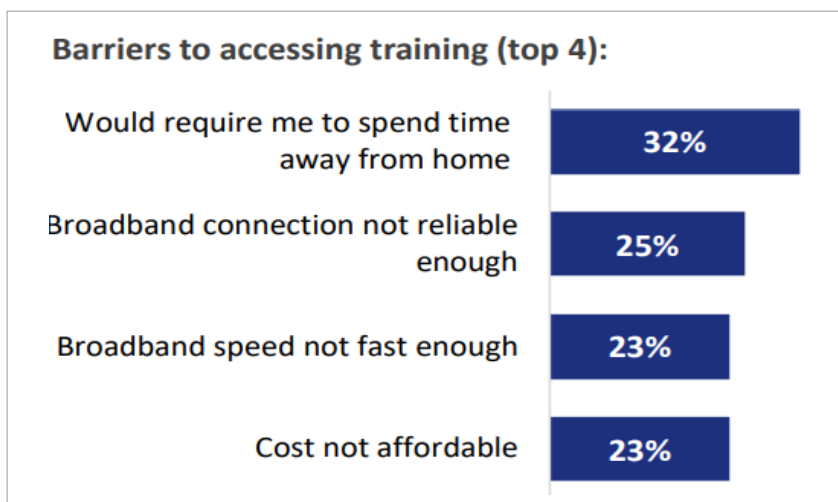
| Source: Highlands and Islands Enterprise, 2022

Case study: Highlands and Islands Enterprise (HIE)

Fair work practice: Support and resources

Activity: HIE works with communities, enterprises and partners to help the Highlands and Islands region grow and progress, whilst driving fair work and net zero practices.

Fair work conditionality plays a central role. Any organisation applying for grant funding with HIE must comply with fair work conditions which include: paying the Real Living Wage, having a flexible working policy, and being able to demonstrate support for workforce development and employee engagement.

HIE also provides support and resources to help hospitality businesses in the region improve their fair work practices. In 2022, the agency held focus groups with hospitality and tourism businesses to gauge awareness of fair work and the Fair Work Framework, and to understand any barriers or misconceptions businesses may have. Based on this consultation, HIE produced the guide '**Fair Work: An introduction for tourism employers in the Highlands and Islands**' which provides friendly and relatable guidance for businesses on how to introduce fair work practices, with case studies from across the Highlands and Islands.

Following this, HIE rolled out a fair work programme to provide tailored and specific support to hospitality and tourism businesses. This included workshops, one-to-one sessions and customised reports for businesses.

Impact: As set out through several **case studies** on HIE's website, a range of businesses consistently report positive impacts as a result of improving their fair work practices. Benefits include improved staff recruitment and retention rates which are particularly important in the Highlands and Islands where low population and workforce availability are key challenges.

In addition, businesses recognise that being a fair work employer generates bottom-line benefits, with higher levels of staff retention and morale driving improved productivity.

Steps Already Taken

The ingrained and multi-faceted nature of the issues highlight the interaction between fair work outcomes, the functioning of the economy and underpinning infrastructure like housing, transport and childcare. To make sustained economic progress in rural areas, issues of fair work and these ingrained challenges will both need to be addressed and it is difficult to separate one from the other.

Significant focus already exists on improving the underpinning infrastructure in rural areas. Partnership working between the Scottish Government, Local Authorities and Enterprise Agencies has sought to tackle these deep-rooted and complex issues. Interventions can be seen through the work of both the Convention of the Highlands and Islands and the Convention of South of Scotland, the National Transport Strategy (NTS) (Transport Scotland), and through the Reaching 100% Superfast Broadband policy. Added to this, the Scottish Government has also committed, in their 2024-25 budget, to offer a new 100% relief on non-domestic rates in 2024-25 for hospitality businesses located on islands.

Conclusion

In Scotland, there is a strong reliance on hospitality and tourism in many remote rural areas. Rural businesses face many of the same fair work issues as their more urban counterparts but there are significant additional issues facing both employers and workers in rural areas which have knock on impacts on fair work. Addressing challenges on transport, housing, childcare and connectivity is important work, that requires investment and joint working across a range of public agencies. While significant work is already ongoing, it is important to recognise that making progress on these issues will also help to support improved fair work outcomes in rural areas.

Barriers Aims and Ambitions

Barriers to Businesses Adopting Fair Work

The Inquiry group identified a number of challenges that impact the sector which are set out in Figure 32. These issues shape the context for improving fair work outcomes in hospitality. While some of the issues identified are linked to the current economic context, influenced by Brexit, Covid-19 and the cost crisis, others are longstanding structural issues within the sector. All are relevant when considering how to support improved fair work practice.

Figure 32 - Barriers to adopting fair work

Nature of the Sector	Diversity of businesses and business needs	Seasonality	Fluctuating demand
Financial Barriers (tight margins limiting investment)	**Practicalities of Hospitality**	**Knowledge of and Buy-In to Fair Work**	**Capacity and Training**
Supplier costs	Negative perceptions of the sector	What does fair work look like in practice across all dimensions?	Small business do not have dedicated HR to pursue fair work
VAT	Cost of living crisis reducing customer demand / increasing customer expectations	Which fair work elements are low cost to implement?	Role of, and access to, apprentices
Business rates	Limited trade union recognition	Understanding what workers need / want - i.e. facilitation of workers' voice	Uptake of training
Energy costs	Undesirable cultural norms		Senior managers and / or line manager understanding of fair work - training need
Debt repayment	Staff shortages	Limited communication of the benefits of fair work	Lack of fair work support and advice
Cost of meeting other legislation (e.g. DRS)	Nature of work-weekend / evenings	Priorities of owners under certain ownership models	Employers' ability to support and pay for training
Other business investments (e.g. staff accommodation)	Reliance on temporary / transient staff		
Rising island and rural costs	Loss of EU staff		
Some elements of fair work have upfront cost implications	Dependent on other infrastructure (e.g. transport and housing)		

Aims and Ambitions for the Future

Despite the barriers outlined above, the Inquiry Group had strong ambitions for the sector which are set out in Figure 33. The Inquiry Group also recognised that by significantly embedding fair work that many of the long term aims and ambitions of employers and workers would also be achieved. For example, there was a strong desire to improve recruitment and retention and to improve the perception of the quality of work within hospitality amongst the wider public, both of which are supported by delivering fair work outcomes.

There was agreement amongst the Inquiry Group that it was also necessary to improve industrial relations and relations between employers and unions in the industry, recognising that issues often played out in the press as there was no effective industrial relations structures and no history of positive joint working in the industry. There was also a strong desire for existing career structures to be recognised and built upon.

Figure 33 - Aims and ambitions for workers and employers

Existing Hospitality Industry Aims and Ambitions

- Industry better supported by housing and transport infrastructure
- Legislation that underpins effective standards in the industry
- Public recognises skills and career opportunities
- Better links to skills system (e.g. colleges and apprentices)
- Improved training (e.g. Line Managers)
- Businesses feel confident to manage workforce in line with good practice and fair work standards
- Businesses motivated and supported to deliver fair work for their workforce
- Workers' health, mental health and wellbeing supported
- Workers empowered
- Technology and data harnessed

Fair Work

For Employers

Sustainable, productive and innovative businesses

Improved recruitment and retention

Challenge of poor practice and rights breaches

Improved employer / trade union relations and increased collective bargaining

Improved perceptions of work in the sector

A diverse and inclusive sector

Employers need better understood by Government

Fair Work

For Workers

Workers have regular and reliable hours and pay that provide an adequate standard of living to support them and their families

Workers clear on their rights and able to access and enforce them

Workers have been access to effective voice

Workers able to influence practices and decisions at their workplace

Work is undertaken in a healthy and safe environment

Workers can access career progression opportunities within hospitality

Recommendations for the Hospitality Industry

Levers and Recommendations

The Fair Work Convention commissioned research on potential levers to support fair work within the hospitality industry. It was conducted by a team of researchers at Strathclyde Centre for Employment Research (SCER) and it considered what tools or mechanisms state actors have to support fair work across the economy and in hospitality. The research looks beyond existing fair work conditionality, such as Fair Work First, and considers approaches to encourage and support the further adoption of fair work practices. The researchers also conducted a range of interviews with hospitality organisations to understand their views on proposed levers.

The SCER research framed the approach of government to leveraging fair work by drawing on Hood and Margett's (2007) NATO approach, where governments can use Nodality – their position of influence in networks; Authority – their regulatory power; Treasure – the use of government resources; and Organisation – human and organisational assets available to government (Findlay et al, 2024).

The table below, taken from the research, identifies the range of levers considered by the mechanism of policy influence. The colour coding system identifies strong stakeholder support (green), mixed stakeholder support or a limited range of views (amber) and limited stakeholder support (red) (Findlay et al, 2024).

Table 12 - Potential levers to support fair work in hospitality

Potential policy levers by mechanism of influence			
Authority	**Treasure**	**Nodality**	**Organisation**
Targeted awareness campaign	Further conditionality	Development of accredited fair work training	Business support, tools and diagnostics
Embedding fair work in employability provision	Strategic joint capacity investments	Support for fair work charters	Support for a fair work hub
Support for Real Living Hours – minimum number of hours		Support for formal fair work accreditation – externally monitored	
4 weeks notice of schedule change			
SG, public sector/ body and ILG fair work champions		Support for fair work communities of practice	

Source: Findlay et al, 2024

The SCER research concluded that no single policy lever on its own was likely to effect significant change, but that combinations of levers had potential to enhance fair work in the industry. The research also found that the hospitality stakeholders interviewed made three specific requests of policymakers:

1. To develop a more positive and forward focussed narrative about the industry.

2. To provide fiscal relief or incentives to deliver fairer work.

3. To work with the industry to drive improvement – to co-produce tailored solutions rather than to rely solely on 'carrots and sticks'. (Findlay et al, 2024)

It is important to note that an awareness raising campaign on fair work, developing a resource hub on fair work and road shows to share good fair work practice have already been agreed as actions by the Tourism and Hospitality Industry Leadership Group (THILG). The proposals below are designed to complement these agreed actions, and by drawing on the research findings, aim to give a robust framework of support to fair work in hospitality.

A Fair Work Agreement for Hospitality

The terms of reference for the Inquiry included considering the use of Fair Work Agreements to promote the voluntary adoption of fair work practices in hospitality. A Fair Work Agreement is an agreement between employers, employer bodies and unions to work together to advance fair work in an industry. To have meaningful impact, a Fair Work Agreement requires buy-in from employers, employer bodies, unions and ultimately workers across the industry in question. Fair Work Agreements also need to be effectively supported by Government to facilitate progress and to provide additional resource and capacity within the industry. The Inquiry has identified a range of recommendations that taken together would constitute a Fair Work Agreement for hospitality.

The recommendations focus on capacity building and providing support for employers and workers, so that they can work together to improve fair work outcomes within their organisations. Fair work can be a tool to improve recruitment and retention of staff, while also improving productivity, innovation and positive relations at the workplace.

While businesses face a range of challenges and pressures which may limit how readily they can apply measures (particularly those that have an immediate cost impact) fair work is based on a philosophy of joint working and positive relationships between workers and employers and therefore many key elements of fair work can be applied without significant cost to the business. Despite this, some funding from Government to support fair work training, and to build structures across the industry will be necessary, and employers will need to recognise the value of fair work and invest in fair work business models.

To deliver fair work, employers across the industry need to build on what they are already doing well and identify areas for improvement. A key way to achieve this is to learn from the practice of other businesses in the sector, and to strengthen effective voice in their workplace. Ultimately, focussing on continuous improvement will support strong and resilient businesses for the future.

Taking these issues into account, the Inquiry makes the following recommendations.

Building Communities of Practice

Recommendation 1: The Scottish Government should fund two fair work coordinator posts, one embedded in the secretariat of the Tourism and Hospitality Industry Leadership Group (THILG) to support employers and one in Unite the Union to support workers.

- Both roles have the shared aim to raise awareness and build capacity on fair work issues in hospitality and each role should work to a clear job description that is developed by the organisation employing them (currently Visit Scotland and Unite the Union). In order to have sufficient and meaningful impact, the Scottish Government should seek to provide consistent funding for these posts for the period of the Fair Work Agreement (envisaged in recommendation 7 to be reviewed after 5 years).

- Both funded posts should work together to ensure both workers and employers are supported with the overarching aim of improving fair work outcomes in the industry, to put on joint events and training sessions, and to share good practice.

- The role of the post in the THILG is to provide specific support to all businesses in hospitality to: help businesses develop stronger fair work practice; access specific support for training, including fair work training; better access existing funding streams; support businesses to meet fair work conditionality within existing funding; and to support businesses to identify and share good practice on fair work.

- The role within Unite the Union is to provide specific fair work support to all workers in hospitality to: help workers to understand their rights and responsibilities at work; access training on fair work; better understand training and career pathways in the hospitality industry; collect evidence of positive workplace practice; and to better understand the issues that workers face. The role will also provide a point of contact for workers to raise concerns and will work to support positive resolution of any issues raised.

- These roles should also work together to support the other elements of the Fair Work Agreement in hospitality and can support the delivery of the fair work actions already committed to by the THILG.

Fair Work Champions

Recommendation 2: The Fair Work Coordinators in the THILG and Unite the Union should work with employers and workers in the sector to develop a network of Fair Work Champions and Effective Voice Champions. This will require businesses in the hospitality sector to actively support the creation of these roles.

- Fair Work Champions should be a senior manager who takes on the additional responsibility to champion fair work and encourage a collective endeavour to improve fair work that involves the whole workforce.

- Effective Voice Champions should be an elected representative of the workforce who champion fair work amongst workers and supports the workforce to raise any fair work issues. If the workplace is already unionised, the shop steward or union representative should automatically be considered the Effective Voice Champion.

- These roles create a clear point of contact for the Fair Work Coordinators to support fair work within workplaces. These networks create a community of practice which supports the identification and dissemination of good practice across the industry.

- Both the Fair Work Champion and the Effective Voice Champion should receive accredited training as set out in Recommendation 4.

Recommendation 3: A member of the THILG should be appointed Fair Work Champion. The main purpose of this will be to champion fair work through the work of this key industry leadership structure, to provide strategic profile and drive the industry's commitment to adopting the highest levels of fair work practice.

Developing Accredited Fair Work Training

Recommendation 4: The Scottish Government should support CIPD, CMI and SQA to develop an accredited training scheme for senior managers. This training scheme should be undertaken by all managers who are acting as Fair Work Champions. The Scottish Government should also support Scottish Union Learning and TUC Education to jointly provide bespoke online fair work awareness training for hospitality workers. This training should be undertaken by all Effective Voice Champions. Both types of training should be developed with input from the THILG and the Fair Work Convention and should take into account the context of the industry in the design of how the training is accessed and undertaken.

Fair Work Charter for Hospitality

Recommendation 5: The members of the THILG, being mindful of the need to balance union and employer representation, should work together to create a single Fair Work Charter for hospitality businesses. This could be taken forward through an existing or bespoke sub-group if appropriate. It is envisaged that this charter should be voluntary, allowing employers to demonstrate their general commitment to fair work. Adopting the charter can be used to provide useful evidence within fair work conditionality but does not replace other requirements around the Real Living Wage or effective voice that may be included. Based on the findings of this Inquiry, the Fair Work Charter for Hospitality should at a minimum cover the following issues:

- Payment of the Real Living Wage, along with clear pay and progression structures.

- Promotion of existing Real Living Hours accreditation or design of a bespoke Real Living Hours approach for hospitality, which recognises industry dynamics while also supporting transparent and robust approaches to hours and shift allocations that ensure workers have an income that is regular and can be relied upon. Design of any new requirement should be undertaken in consultation with Living Wage Scotland.

- Written contracts for all workers which help workers to understand their rights at work, particularly around access to annual leave and sick pay.

- Tips policies that are clear, fair and in line with legislation.

- Access to training in paid work time and funded by the employer.

- Encourage good industrial relations, supporting employers and unions to work constructively together. This should include encouraging employers to respond positively to requests for union access to workplaces, allowing them to meet with and effectively support their members. It is important to recognise that **working positively with unions** results in improved fair work outcomes for businesses and workers.

- Support effective voice structures that allow workers to raise any concerns at work.

- Clear procedures to robustly address concerns around bullying and harassment.

- Effective structures for health and safety, including the creation of Health and Safety Committees.

- 'Safe home' policies for all workers asked to travel to or from work after 11pm.

The SCER research on levers to promote fair work in hospitality noted that for charters to be effective there must be oversight of how the provisions are applied. While there are a range of industry charters in existence there is still a need for a bespoke fair work charter because existing charters do not cover all parts of the industry in Scotland, they often have limited coverage of fair work issues, they are not co-produced with workforce stakeholders and they often have very limited oversight provisions. The research identified that greater worker engagement with charters and joint employer-union charters, were particularly valuable approaches to build in mechanisms of joint enforcement as a way to achieve this effectively while also avoiding the costs associated with external monitoring. (Findlay et al, 2024)

It is therefore crucial for the charter to have an effective dispute resolution model. In the case of a dispute where staff members believe that elements of the charter are not being upheld, the charter should allow a case to be heard through the dispute resolution process. This will involve setting up a panel which includes a balance of both employer and trade union members involved in the THILG. This panel will consider the issue(s) raised and should seek effective resolution in the first instance. Where resolution is not possible, and where the panel finds a breach of charter commitments has occurred, the panel could recommend removing the business as a charter member. Where the business is part of a larger chain, this process will apply only to the business where the issues have arisen. In exceptional circumstances, the panel may decide to remove accreditation from the whole chain if there is evidence to suggest the failings are significant and systematic across the whole chain.

Providing Positive Support for Change

Recommendation 6: The Scottish Government should make a dedicated fund available for hospitality businesses to support the adoption of fair work practices. This funding stream should not have fair work conditionality attached to it as it is designed to support the adoption of fair work practices and build capacity in the sector. This approach supports the use of wider conditionality in the industry as it provides support to those who need to make significant change to become eligible for wider funding streams. This proposed Fair Work in Hospitality Development Fund could be used to:

- Support access to specific fair work training and capacity building within hospitality workplaces.

- Support pilot projects of new ways of working.

Review and Renewal

Recommendation 7: The THILG, or an existing or bespoke sub-group should, after a period of five years, review the Fair Work Agreement to understand how well it is embedding fair work in the industry from the perspective of both employers and workers. It should then make any amendments that it believes are necessary to continue to advance and embed fair work effectively within the hospitality industry.

Further Recommendations

Recommendations 1-6 together make up a Fair Work Agreement and therefore require buy-in and support from hospitality employers, employer bodies, unions and workers, along with dedicated funding and support from the Scottish Government, for the work to progress effectively. Recommendation 7 is designed to support ongoing oversight and renewal of the Fair Work Agreement and the adoption of fair work practices which are increasingly designed, owned and embedded within the industry over the longer-term. The following recommendations identify further work that the Scottish Government or the THILG should undertake to support and underpin fair work in the industry in wider terms.

Taxation

The Inquiry noted that there was significant concern amongst employers in the industry on how hospitality was taxed, with a desire to see taxes fall. There was also a desire amongst some of the Inquiry members to provide additional supports and incentives to employers who were investing in fair work and were delivering some key fair work measures like payment of the Real Living Wage. It should be noted that this was not a view shared by all Inquiry members with some members clear that reducing the cost of doing business across the board, and without reference to fair work, should be the key priority. These views were similar to views from stakeholders within the SCER research on levers. Some felt that conditionality rewarded businesses already delivering fair work, while others felt that fair work conditions should help businesses more on their journey to fair work, that is, by putting them in the position to deliver fair work more effectively. The research also noted stakeholder views that fair work conditionality is currently a substantial driver of improved practice in hospitality, with employers adopting fair work practices to access support, for example, from public agencies (Findlay et al, 2024).

Significant discussions are ongoing with the industry around potential changes to how non-domestic rates and other taxes apply in hospitality. These discussions should also consider if further conditionality is possible. This conditionality would incentivise and support existing fair work practice, while the work undertaken with the Fair Work Agreement supports employers to make changes to their working practices and/or business model and adopt fair work.

Recommendation 8: When considering issues of taxation for the hospitality industry, the Scottish Government should consider if any fair work conditionality can be applied. This conditionality should aim to provide an additional tax incentive or relief for employers who pay at least the Real Living Wage and provide effective voice mechanisms to all workers.

Rural Businesses

The Inquiry noted the additional costs and pressures that impact rural businesses and the key role that hospitality businesses can play as anchor employers in rural areas. The specific challenges around housing, transport and childcare all had clear fair work impacts. It was also clear that these were deep-rooted issues that the Scottish Government, Local Authorities, Enterprise Agencies and other community actors have sought to tackle over a number of years, and significant focus already exists on improving the underpinning infrastructure in rural areas. Recommendations in this section are designed to acknowledge the specific value of rural hospitality employers and to recognise the unique challenges they face, building on good practice that already exists.

Recommendation 9: The need to provide accommodation for workers creates significant additional costs for employers and clear fair work issues for workers associated with housing tied to their job, which does not support family life in the longer term. The Arran Development Trust has created a useful model for increasing the housing available in an area. The Scottish Government, working with Enterprise Agencies and Local Authorities in rural areas, should aim to replicate this approach in other communities. Ultimately, increasing the supply of affordable housing is key to underpinning fair work in rural economies.

Recommendation 10: There are a range of issues for hospitality businesses in rural areas that are distinct and rural businesses in hospitality would benefit from having a forum to explore these fully. The THILG should create a dedicated rurality sub-group to consider the specific needs of rural businesses, including on fair work issues.

Health and Safety

The Inquiry noted that health and safety standards within some parts of the industry could be improved, especially given that rates of workplace injury in accommodation and food services was the third highest of all sectors. Conversations with Environmental Health Officers suggested that the level of proactive inspection on health and safety issues had significantly reduced and, in line with wider health and safety policy, inspections were now primarily in response to incidents. This means that employers no longer receive ongoing support or advice on how to maintain standards or to prevent accidents.

Recommendation 11: The Scottish Government should seek to support improved funding for Environmental Health provision within Local Government and work with Local Authorities to ensure more proactive health and safety inspection, particularly for hospitality businesses.

Supporting Disabled Workers

Supporting disabled workers into employment and lowering the disability employment gap is a key commitment for the Scottish Government. Hospitality already plays an important role in supporting employment for disabled workers, and the Inquiry noted good provision within social enterprises in hospitality in this regard. The Inquiry also heard evidence from employers on specific work that they have done to support disabled workers, particularly those with learning difficulties. With businesses facing skills shortages and high staff turnover, improving diversity and inclusion is a clear business benefit, and makes a positive contribution to equality outcomes for people in Scotland. This work will also positively support the reputation of the industry.

Recommendation 12: The Scottish Government should include within its wider fair work funding, support for hospitality businesses to create and sustain employment opportunities for disabled workers, particularly those with learning difficulties. Employability funding should continue to support disabled workers into employment and should aim to support workers into hospitality businesses where employers are engaging effectively with fair work structures and the recommendations of this Inquiry. The work of the Fair Work Coordinators (Recommendation 1) should also provide ongoing help and support for both employers and disabled workers, facilitating the sharing of good practice, and positive and supportive management practices, in line with fair work.

Annex

Annex A – Research Methodology

Scope

The Inquiry aimed to consider practice in the following settings:

On-premises hospitality including:
- Hotels
- Restaurants (including fast food and chains)
- Cafés
- Bars
- Nightclubs

Off-premises food and drink including:
- Takeaway food
- Mobile food services

Secondary food and drink including:
- Food and drink operations within other businesses
  (e.g. supermarkets, casinos, bowling alleys, visitor attractions)
- Event catering, including sports and music

Inquiry sessions

The Hospitality Inquiry Group held themed sessions of the Inquiry to gather evidence on key issues and themes for the sector.

Table 13 - Inquiry sessions by theme

Meeting	Detail	Date
1	Overview of fair work	14 June 2022
2	Precarious and problematic working practices	14 September 2022
3	Skills, training and professional development	15 November 2022
4	Equality, inclusion and diversity challenges	21 February 2023
5	Rurality and fair work	18 April 2023
6	Business challenges and impact on fair work	13 June 2023
7	Looking forward – long term aims in the hospitality sector	12 September 2023
8	Levers for change	14 November 2023
9	Recommendations / Agree Final Report	19 March 2024
10		14 May 2024

The first meeting of the Inquiry considered a **literature review** exploring the challenges for fair work in the hospitality industry. Alongside this Scottish Government analysts produced a summary of key economic and statistical data to inform the Inquiry, looking at an overview of the hospitality sector in Scotland, as well as highlighting potential business challenges to advancing fair work in the sector.

Each thematic Inquiry meeting then considered an overview of evidence related to each of the themes set out above. This included consideration of an evidence paper, taking evidence from a range of invited speakers, outlined below, and drawing on the expertise and experience of the Inquiry group.

Theme	Invited Speakers
Overview of fair work	The Office of the Chief Economic Adviser (OCEA) in the Scottish Government
	Professor Tom Baum, Strathclyde University Academic and Adviser to the Hospitality Inquiry
Precarious and problematic working practices	Jasmine Rostrom, National Economic Institute of Social Research
	Laura Robertson, Andy Sharp and Fiona McHardy, The Poverty Alliance 'Serving the Future' research
	Rob Watts and Helen Schwittay McArthur, Strathclyde University
	Bryan Simpson, Unite the Union
	Caitlin Lee, Hospitality Worker and Unite the Union
	Marc Crothall, Scottish Tourism Alliance
Skills, training and professional development	David Cochrane, HIT Scotland
	Inga McVicar, Springboard
	Professor Anna Leask, Edinburgh Napier University
	Jane Carr-Gomm, City of Glasgow College
Equality, inclusion and diversity challenges	Valerie Graham, Whitbread
	Janet Tidmarsh, Whitbread
	Lynn Campbell, Department of Work and Pensions (DWP)
	Paweł Kopeć, Citizens Rights Project
Rurality and fair work	Iain Jurgensen, Portavadie Resort
	Calum Ross, Loch Melfort Hotel
	Colin Morrison, Auchrannie Resort
	Sheena Borthwick, Barry Mochan and Tom Tracy, Arran Development Trust
	Audrey Maclennan, Highlands and Islands Enterprise
	Mark Rowley, South of Scotland Enterprise
	Jonny Inglis, Bethany Sharp, Roisin Curran and Laurence Kenney, Transport Scotland
Business challenges and impact on fair work	Duncan Stewart and Jim Eccleston, 56 Degree Insight
	Office of Chief Economic Advisor within the Scottish Government
Looking forward – long term aims in the hospitality sector	Josh Ryan-Saha, Traveltech for Scotland
	Laura Robertson and Chirsty McFadyen, Serving the Future Project
Levers for change	Professor Patricia Findlay, Strathclyde Business School
	Johanna McQuarrie, Strathclyde Business School

To complement these sessions the following additional research work was undertaken:

A qualitative investigation into the experiences of workers in the hospitality sector in Scotland (Stockland et al, 2023)
Qualitative research was conducted by the National Institute of Economic and Social Research (NIESR) in 2022, on behalf of the Fair Work Convention, to examine experiences of fair work in the hospitality industry in Scotland.

Fieldwork took place between May and July 2022 with 40 participants, consisting of semi-structured interviews with 30 hospitality workers and video diaries with 14 hospitality workers (four of whom were also interviewed).

FWC Survey of Hospitality Workers and Businesses (JRS, 2024)
In December 2022, the Fair Work Convention commissioned the JRS Research Consortium to undertake two surveys - one with businesses, and one with workers. The research aimed to understand the experience of fair work for workers in the hospitality industry, and to explore hospitality businesses understanding of fair work, their sense of their own performance of fair work and the barriers they perceive to improving their fair work practice.
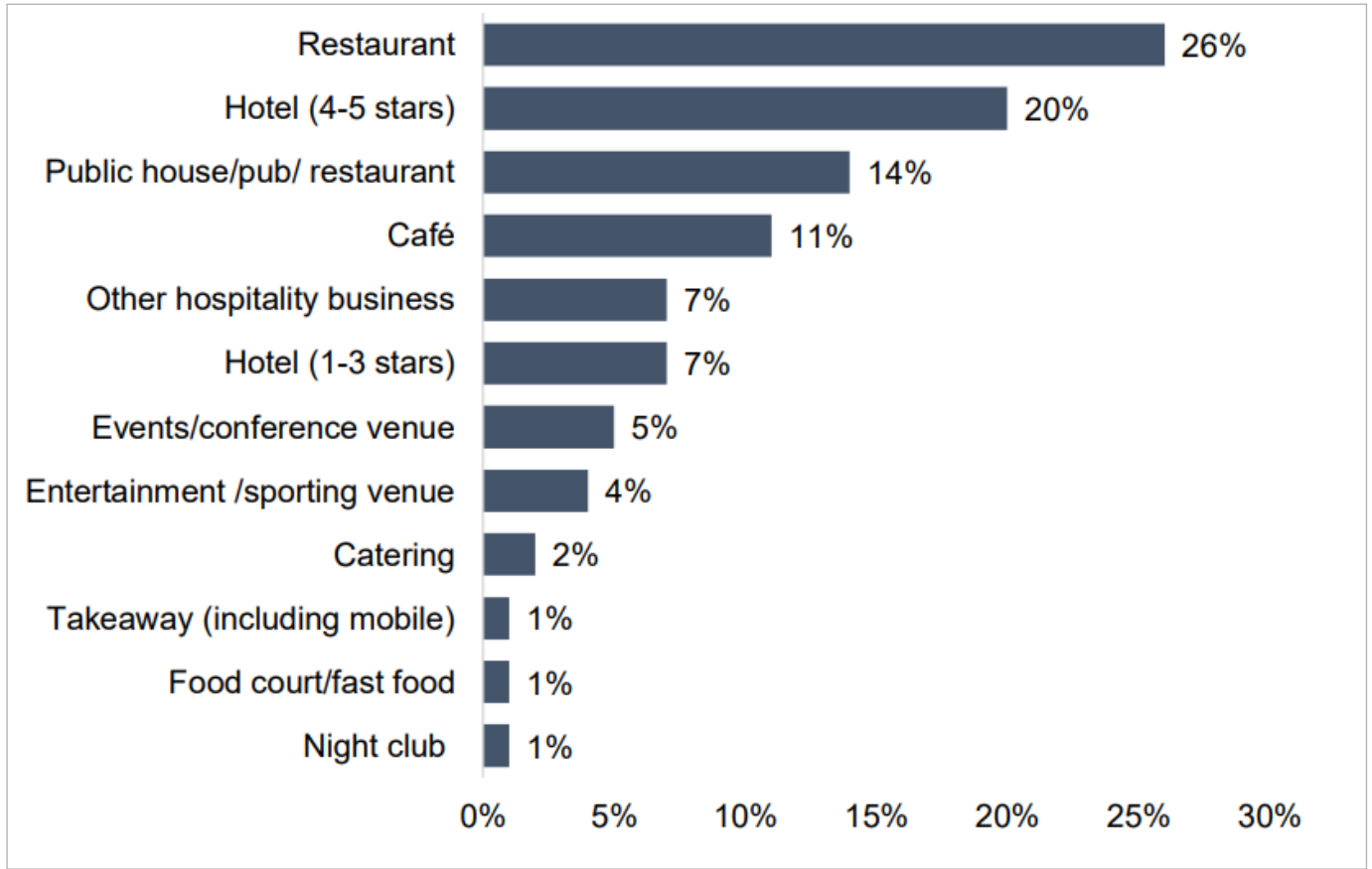
Survey fieldwork ran over a 9 week period from 3rd May - 9th July 2023. The survey was self-selecting, with participation promoted by the Fair Work Convention Hospitality Inquiry members (which includes STA, UK Hospitality, Scottish Pub and Beer association, Unite Hospitality and NUS Scotland). The survey was also promoted through a large number of other key organisations comprising individual businesses, colleges and universities, enterprise agencies and local authorities.

In total, 245 hospitality workers and 79 hospitality businesses took part in the surveys.

The survey sample profile is broadly representative in terms of percentage of women, non-UK nationals, ethnic minorities and rural residents. However, the survey under-represents workers aged 16 to 24 (21% of survey respondents vs 38% of total workers in sector) and zero hours contract workers (19% vs 28%) but over-represents people with a disability (32% vs 14%).

As shown in Figure 34, workers from a wide range of hospitality businesses participated in the survey. While the largest percentages worked for restaurants, hotels, pubs and cafés, workers from other types of business such as catering companies, takeaways and night clubs were also represented:

Figure 34 - Types of hospitality businesses which respondents work for

Business type	Percentage
Restaurant	26%
Hotel (4-5 stars)	20%
Public house/pub/ restaurant	14%
Café	11%
Other hospitality business	7%
Hotel (1-3 stars)	7%
Events/conference venue	5%
Entertainment /sporting venue	4%
Catering	2%
Takeaway (including mobile)	1%
Food court/fast food	1%
Night club	1%

Base: All workers (n=245).
Q2 Which of the following best represents the nature of the business where you work?

Comparing the worker survey sample profile with Scottish Government data on the profile of all employees working in hospitality in Scotland, Table 14 illustrates an under-representation in the survey of workers in certain types of business, most notably takeaways, while coverage of workers in other types of businesses was higher in the survey sample than in the industry as a whole, most notably hotels:

Table 14 - Survey sample profile of workers by business sector

Sector	Survey of workers sample profile	Proportion of hospitality employment*
Hotels	27%	24%
Restaurants and cafés	37%	38%
Takeaways	1%	11%
Catering/other hospitality	18%	10%
Pubs and bars	14%	14%
Licenced clubs	1%	2%

| Source: Business Register and Employment Survey 2022 for Employment
*Proportions calculated using rounded data.

In terms of the sample profile of the 79 businesses who responded to the survey, as shown in Figure 35 there was a broad mix: 44% were hotels (including all star gradings), 23% were restaurants and 19% were pubs:

Figure 35 - Types of business participating in survey
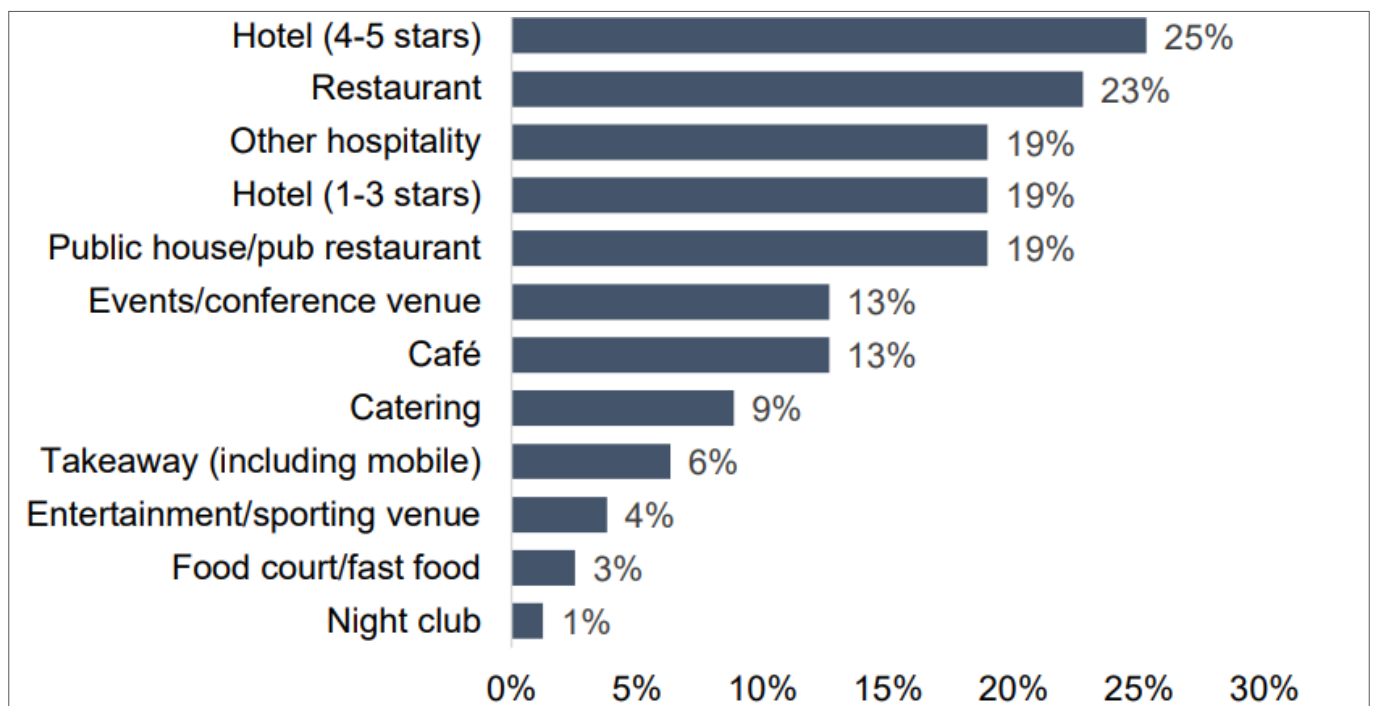
Base: All businesses (n=79). Multiple responses could be provided so results total more than 100%. Q1 Which of the following best represents the nature of your business?

Comparing the sample profile with data on the profile of all hospitality businesses in Scotland, Table 15 illustrates an under-representation of takeaways, while coverage of hotels was higher in the survey sample. The representation of other types of businesses in the survey largely reflected their proportions in the wider sector.

Table 15 - Survey sample profile by business type

Sector	Survey of businesses sample profile	Proportion of hospitality businesses in Scotland*
Hotels	44%	12%
Restaurants and cafés	34%	35%
Takeaways	6%	29%
Pubs and bars	19%	16%
Licenced clubs	1%	3%

| Source: ONS Businesses – Inter-Departmental Business Register 2023

Full details of the sample profiles and methodology can be found in the full report.

Fair work policy levers in Scotland

Levers for fair work in Scotland (Findlay et al, 2024)
In November 2022, the Fair Work Convention commissioned the Scottish Centre for Employment Research (SCER) at the University of Strathclyde to conduct a two-part study exploring possible new or adapted policy levers to improve fair work in Scotland (part 1), as well as potential policy levers specifically for the hospitality industry (part 2).

SCER's research to inform part 1 of the study was desk-based and involved a rapid evidence assessment of academic and non-academic peer-reviewed articles, policy and research reports and evaluations, and working papers. The rapid evidence assessment had two aims, firstly to identify and review existing knowledge on policy levers and how these are applied in advancing fair work, and secondly, to evaluate any evidence on the effectiveness of levers in generating their intended outcomes.

Levers for fair work in hospitality in Scotland

Levers for fair work in hospitality in Scotland (Findlay et al, 2024)
SCER carried out research to inform part 2 of the study involving in-depth interviews with 15 stakeholders spanning 11 hospitality organisations, which took place over Autumn 2023. The part 2 report considers a range of policy levers available to the Scottish Government and how these may be received among hospitality industry stakeholders.

Evidence sessions with workers and employers

Qualitative evidence sessions were carried out by the Fair Work Convention Secretariat with workers and employers throughout the Inquiry period, to provide an in-depth understanding into experiences of fair work in the hospitality industry. These included:

- Evidence sessions with hospitality employers, workers and other organisations at Hospitality Inquiry meetings

- 3 evidence sessions with businesses (1 of 3 with rural businesses)

- 5 evidence sessions with workers (2 of 5 with migrant workers)

Evidence sessions were held online and facilitated by the Fair Work Convention Secretariat, with support from translators and the Citizens Advice Project where required (e.g. for sessions with migrant workers).

Qualitative analysis was undertaken on evidence from sessions, with recurring issues and key themes identified between groups. Verbatim quotes and reflections from the evidence sessions have been used throughout the report to illustrate key points – the use of quotes does not infer any weight of response by the participant, rather they are used to illustrate a point.

Case studies

Case studies from across the hospitality industry in Scotland were gathered to highlight good practice and examples of fair work being delivered in the sector, and are included throughout this report. Organisations and businesses were identified through Hospitality Inquiry Group Members, the Fair Work Convention, and their wider networks, with specific examples highlighted for potential inclusion as a case study.

In most cases, case study interviews were carried out with a representative from the organisation to inform the case study. Interviews took place online and in-person between February and June 2024, and lasted 60 minutes. Where information could be collected effectively through desk-based research and online sources, it was deemed that an interview wasn't required and the case study was drafted and then reviewed by an organisation/business representative.

The case studies included in this Inquiry report are not representative of all good practice that is currently taking place across the hospitality sector. Rather, they highlight some examples of fair work being delivered against each dimension of the Fair Work Framework.

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