



UKINBOUND
THE VOICE OF INBOUND TOURISM

A PERFECT STORM?

The end of Free Movement and its impact
on the UK tourism workforce



Senior Researchers:
Dr Karen Thomas
Dr Julie Scott
Dr Jim Butcher
Dr Daniel O'Donoghue
Dr Lorna Thomas

Mapping Technician:
John Hills

Research Assistant:
Simon Bradshaw

Tourism and Events Hub, Canterbury Christ Church University



CONTENTS

Executive Summary	4
1. Introduction and scope of the research	6
2. Methods and terms of reference	7
3. Context: Immigration White Paper and the Migration Advisory Committee (MAC) Report	9
3.1. Key elements of the Immigration White Paper and the MAC Report	9
3.1.1. Shortage occupations	9
3.2. Proposals for future immigration system placed under further review	10
4. Exploring the broader debates – a skills-based immigration policy	12
4.1. What is 'skill'?	12
4.2. Ranking skill	12
4.3. Locating 'skills gaps' and 'skills shortages'	13
4.4. 'Skills shortages' versus 'labour shortages'	14
5. Industry perspectives – The tourism and hospitality workforce	16
5.1. The bigger picture: Tourism and hospitality – Skills, competitiveness and productivity	16
5.2. The bigger picture: Tourism and hospitality –Reliance on EU nationals	16
5.3. Digging deeper – The realities of the tourism and hospitality sector labour market	20
5.3.1. Wider business context/ structural characteristics	20
5.3.2. Workforce	24
6. Industry insights – Responses to the White Paper and potential salary thresholds	25
6.1. Sectoral responses to the Immigration White Paper and the potential salary thresholds	25
6.1.1. Reactions to the proposed focus on high-skilled workers and associated salary thresholds	25
6.1.2. Transitional arrangements	26
6.1.3. Regional responses	27
6.1.4. Summary	27
6.2. Online survey – Headline findings	28
6.2.1. Sample characteristics	28
6.2.2. Reliance on EU nationals	28
6.2.3. Labour shortages and skills gaps	31
6.2.4. Perceived impact on business	32
6.3. Case Study interviews	38
6.3.1. Key themes to emerge from the interviews	38
7. References	49

FOREWORD



I am pleased to present this report which has been produced in collaboration with Canterbury Christ Church University and also with colleagues from other trade associations across the tourism and hospitality industry.

It is well known throughout the world that the UK is a fantastic place to visit. We have amazing attractions, vibrant cities, towns and picturesque villages, breath-taking landscapes, world class restaurants, bars and accommodation and of course fantastic shopping opportunities throughout the four corners of the country.

Together with the domestic and outbound tourism industries, it is estimated that 3.3 million people currently work in tourism-related businesses in the UK (by comparison, manufacturing employs 2.9 million people and construction 2.4 million) and in 2018, the tourism industry as a whole contributed £145.9 billion to the UK economy (7.2% of UK GDP) - making it one of the UK's most successful industries. And these jobs are spread across the whole of the UK - driving growth in rural communities as well as in the big cities.

It is paramount therefore that employers have access to the specific skills and experience that they need to keep the industry operational, innovative and growing.

For many years, the industry has relied on EU nationals primarily for their language skills and cultural understanding of our international visitors. We know that they make up an estimated 9% of the UK tourism workforce but with Government proposing to end free movement and place a salary limit of £30,000, or the introduction of a skills threshold, on employing EU nationals once we have left the European Union, we commissioned this research in order to have a deeper and fuller understanding about the potential impact of these proposed policies.

The findings make very alarming reading.

Tourism businesses surveyed as part of this research told us that the Government's proposed immigration policies post Brexit would impact negatively on their **ability to remain competitive (75%), expand (71%), develop new markets (66%)** and most worrying **affect their ability to operate (65%)**.

What is clear is that the Government needs to consider its future immigration policy very carefully if our industry is to keep going from strength to strength. Sudden restrictions could destabilise and imperil the industry, so it is imperative that the Government avoids a 'cliff edge' in terms of future recruitment for employers.

We will submit the key findings of this research to the Migration Advisory Committee in early November as part of their call for evidence for their Salary Threshold and Points Based System Commission and we will also be asking the Government to consider post Brexit:

- Flexibility on salary levels and skill needs for the industry based on sector and region;
- Regular reviews of key sectors to ensure they are not being adversely affected; and
- Language skills to be considered a 'shortage skill'.

Tourism is one of the UK's major success stories, growing employment across the whole of the UK, demonstrating the UK's soft power, supporting education, investment and trade and showing the UK as open, tolerant and welcoming. It cannot and must not be taken for granted.

Joss Croft
Chief Executive, UKinbound

EXECUTIVE SUMMARY

Evolving political landscape:

1. The policy agenda has been evolving due to the rapidly shifting political landscape, especially over the summer of 2019. The raft of ministerial announcements calling for reviews linked to the salary threshold, an alternative-style Australian Points System, and for more regional analysis, has culminated in the most recent letter (3rd Sept 2019) from the Home Secretary to the Chair of the Migration Advisory Committee (MAC). This letter sets up a revised commission to supplement the existing review being undertaken by the MAC. Whilst this latest commission seems to indicate an openness to building in more flexibility, and a willingness to consider a wider range of options (in contrast to the original proposals in the Immigration White Paper), the focus on skills and salary thresholds is still very evident, as is the political message of the need to end the Freedom of Movement and provide a system to attract the 'best and brightest' from the global workforce.
2. This report, which evaluates the assumptions behind proposals for a skills-based immigration policy and potential £30,000 salary threshold, remains relevant and vital in informing the case for tourism as UKinbound seeks to represent the interests of the industry in the developing consultation process.

Skills:

3. The sector needs to move away from seeing itself (and thus, being seen) as a 'low-skill' sector, and seek to redefine and reposition the wider 'skills' debate away from a narrow focus on technical (and primarily STEM-orientated) skills to incorporate an appreciation of the importance of 'meta-skills' and 'soft skills'. The Employer Skills Survey (2017) shows that tourism and hospitality employers require a range of skills, from technical and practical, to people and personal, which they are not able to access adequately from the current pool of UK (non-migrant) labour.
4. Lower paid skills gaps and shortages are as hard to fill as higher paid ones – in fact, they are harder to fill because they rely on structural solutions beyond the scope of employers to address (e.g. housing prices, transport infrastructure). However, many tourism and hospitality employers are already adopting response strategies in terms of reaching out to the local labour market and developing their in-service training packages.
5. The picture of skills needs is complex, and the distinction between 'high-level' and 'low-level' skills at the centre of the Immigration White Paper appears to have little relevance to the reality of skills gaps and skills shortages across the sector.

Realities of the tourism and hospitality labour market conditions:

6. Distinctive characteristics of the tourism and hospitality sector provide the backdrop to understanding why the sector is particularly vulnerable to policy changes impacting upon the ability of businesses to access an appropriate talent pool. These characteristics include a workforce which has: a higher than average reliance on EU workers and on part-time and non-permanent workers; lower than average salary levels; and a talent pipeline negatively influenced by poor perceptions of the sector as a 'career of choice'.

Localised labour markets and vulnerability to changes in immigration policy:

7. Regional and sub-regional differences are real and critical, and are masked by national-level reporting. Some parts of the country, particularly rural areas, are heavily dependent on the tourism economy, with some local authority districts, especially in Scotland, Wales and the South West, showing concentrations of employment in the accommodation sub-sector at over twice the national average.
8. Vulnerability to changes in immigration policies: The research has applied a more finely grained classification of tourism and hospitality sub-sectors to tease out the potential impact of immigration policies on businesses most closely aligned with tourism and hospitality activities and the membership of UKinbound and wider stakeholders in the study. The calculation and mapping of location quotients from the ONS workforce databases, and the creation of a Composite Tourism and Hospitality Index, has allowed the research to identify areas with particularly high concentrations of employment in tourism and hospitality compared to the national average. This supports a picture of significant spatial variations in business activities, and helps to identify areas which could be more vulnerable to changes in immigration policies reducing access to EU workers - not necessarily because they stand out as areas with particularly high numbers of EU nationals, but because tourism and hospitality are so significant to their regional and sub-regional economies. Any restrictions on the free movement of EU nationals within the UK will have a disproportionate impact on such areas. In some 'hotspots' where the concentrations of tourism and hospitality businesses are particularly high, there is potential for substantial impact on the wider regional and sub-regional economy and growth.

Reliance on EU nationals:

9. National reporting of the reliance of the tourism sector on EU nationals, which estimates around 10% of the total workforce (ONS, 2019), masks the realities of many tourism and hospitality businesses in terms of the scale of reliance, and the significant variations in sub-sectoral, occupational and regional experiences:
 - a. Scale – The online survey research confirms that EU nationals are a critical labour pool, with nearly 60% of organisations who responded stating that more than 10% of their workforce is from the EU, and nearly a third indicating that over half of their workforce consists of EU nationals.
 - b. Sub-sectoral variations - Accommodation and tour operators are identified as sub-sectors particularly reliant on EU nationals for over half of their staff.
 - c. Regional differences – The online survey supports the findings from the Evidence Review that the distribution of EU workers across the UK is variable, with the highest concentrations in London. Nearly half the tourism and hospitality businesses from London who replied to the survey rely on EU nationals for over half their workforce.
10. Despite sub-sectoral variations, the average worker's salary in the tourism sector (defined by median wages for full and part-time workers) is lower than the national average, at approx. £17,000¹. A high proportion of the workforce earn below the £30,000 threshold, and 56% of businesses sampled in the online survey relied heavily on EU nationals to fill these posts, rising to 70% of accommodation businesses.

A perfect storm?

11. The sector is facing a perfect storm created by high levels of skills shortages, high employment rates and low perceptions of the industry as a career of choice. When considered alongside its higher than average reliance on EU workers, this conjunction places the industry in an extremely vulnerable position when faced with the end of Free Movement post-Brexit.
12. Scale of the impact - Conservative modelling suggests that at least 100,000 EU migrants working in the four key tourism and hospitality-related sub-sectors (accommodation; food & beverage; arts, culture, entertainment and visitor attractions; travel agencies/tour operators) earn less than the £30,000 threshold.
13. Where the impact will be felt – Some locations will be more vulnerable than others, depending on local labour supply, regional salary levels, significance of the sector to the (sub) regional economy, and level of reliance on EU nationals.

Perceptions of potential business impact:

14. Set against the ambitions of the Tourism Sector Deal to increase productivity, it is worrying that the majority of the businesses responding to the online survey expected the proposed salary threshold to impact negatively on their ability to remain competitive (75%), expand (71%), develop new markets (66%) and even, continue to operate (65%).
15. Various transitional arrangements, such as the transitional visas and the Youth Mobility Scheme, have been proposed as a way for the industry to plug the shortfall in low-skilled workers following the end to Free Movement. These solutions are questioned in terms of their limited ability to develop a productive, upwardly mobile workforce with clear pathways for progression. These types of transitional arrangements will exacerbate the existing challenges facing the sector with respect to high turnover of staff, and will limit the degree to which employers are willing and able to invest in upskilling the workforce.



¹. Median average for full and part-time workers in the tourism sector (Cebr (May 2019) Understanding the travel and tourism labour market. ABTA).



01 • INTRODUCTION AND SCOPE OF THE RESEARCH

As the UK prepares to exit the European Union (EU), the question of the likely effects on the country's labour market has loomed ever larger. Research published by UKinbound in 2018, two years after the referendum on EU membership, highlighted industry concerns at the attrition of the tourism and hospitality workforce, with the return home of large numbers of EU workers already starting to exacerbate existing recruitment challenges and skills gaps, particularly in the area of language skills (Thomas et al, 2018).

Since the launch of that research, the publication of the Migration Advisory Committee's final report and recommendations (MAC 2018), and the Government's subsequent Immigration White Paper (Home Department 2018), with their emphasis on prioritising 'highly skilled' and 'skilled' labour migration, has sharpened the focus on the likely shape of the UK's immigration system after the end of Free Movement, and intensified concerns as to its capacity to meet the country's future labour supply needs. In particular, the proposal to impose a £30,000 per annum minimum salary threshold on foreign workers entering the UK has provoked alarm across a range of economic sectors, from tourism and hospitality to agriculture, higher education and the creative industries.

Representations to Government have been successful in prompting an official rethink regarding the level of the salary threshold², and supplementary terms of reference have been issued by the Home Office to guide the MAC's newly commissioned review due by January 2020. This rapidly shifting political landscape has led to considerable uncertainty and the need for robust evidence to ensure that the future immigration system will reflect the varying conditions and needs prevailing in different economic sectors, and in different parts of the country.

This is the background to this research, which seeks to investigate what the end of Free Movement will mean for organisations and businesses in tourism and hospitality, for whom EU workers have come to constitute a vital labour pool. UKinbound, along with other industry bodies, has been consulting with its members over the likely implications of a £30,000 p.a. salary threshold for UK tourism and hospitality, but, so far, there has been a lack of detailed industry- and country-wide information regarding the number of employees in the sector earning less than the threshold, the likely impact of the Immigration White Paper's proposals on the ability of the sector to recruit, and, more significantly, the wider implications for productivity, business confidence and competitiveness.

The aim of this report is to fill that evidence gap with robust research data that answers the question: In an important growth sector, already suffering from skills gaps, recruitment/retention issues, and a declining pool of home-grown talent with language skills, what are the potential implications, from the industry's perspective, of restricting the pipeline of EU workers via a nationwide skills-based immigration policy focusing on 'highly skilled' and 'skilled' workers and through a potential £30,000 p.a. salary threshold limitation?

02 • METHODS AND TERMS OF REFERENCE

The focus of the current research is the creation of an evidence-base:

1. To explore the existing research and data on employment and skills in the tourism and hospitality industry.
2. To review the emerging tourism and hospitality industry published responses to the Immigration White Paper, with specific reference to the focus on 'high-skilled' and 'skilled' workers, the potential £30,000 p.a. threshold limitation, and its perceived impact on the availability of a sufficiently skilled workforce post-Brexit.
3. To capture detailed evidence from businesses on salary and skill levels in the UK tourism and hospitality workforce to understand:
 - a. current reliance on EU nationals;
 - b. salary and skills distribution;
 - c. reactions to the Immigration White Paper, focusing on the proposed salary threshold, in terms of how businesses feel this will impact on their ability to meet labour market needs post-Brexit.

The first objective was addressed through a review of the key secondary research and evidence consultations, linked directly to the Immigration White Paper, and wider research currently being implemented across the sector in respect of skills gaps, recruitment and retention, within the broader skills context of the Tourism Sector Deal, as well as national surveys such as the Employer Skills Survey 2017. The 'skills focus' of the Immigration White Paper necessitated that the study be grounded in a wider reflection of 'what constitutes a skilled worker?' and to address this, the early section of the report (Section 4) provides critical insights on the nature and recognition of 'skill' and the slippery relationship between skill categories and pay. Section 5 builds on these foundations to review what is known about the tourism and hospitality labour markets/workforce, talent pipelines, and the role played by EU migrant workers in overcoming frictions and structural imbalances in the UK labour market, in the short, medium and longer-term time frames of tourism and hospitality businesses.

To complement this review of the current labour market and skills debates, section 5 additionally draws from an analysis of existing workforce and sectoral ONS databases, relevant to furthering our understanding of the tourism and hospitality employment landscape from a regional and sub-sectoral perspective, to identify areas and sub-sectors where the impact of a reduction in EU labour supply could be more acutely felt. Calculations using ONS³ data on the spatial distribution of industries in the UK has allowed the dependence of different parts of the country on the tourism and hospitality industries to be mapped, as a way of visualising the dynamics of regional tourism economies and their access to labour markets, via a location quotient analysis. The location quotient (LQ) is the most commonly used measure of the incidence of a specific activity for any geographical area of choice, e.g. a region or district compared to some standard benchmark value, e.g. the nation. For this investigation the LQ is a measure of the relative importance of employment in selected tourism and hospitality-related sub-sectors compared to the system-wide levels of employment for those sectors⁴. This level of regional and sub-regional (Local Administrative Districts and Unitary Authorities) understanding is necessary for the study to test the appropriateness of a blanket national salary threshold and whether this would be fit



2. Home Office 24th June 2019 'Home Secretary asks independent migration experts to advise on future salary thresholds'. Available at <https://www.gov.uk/government/news/home-secretary-asks-independent-migration-experts-to-advise-on-future-salary-thresholds>

3. Office of National Statistics

4. In simple terms it is the local proportion of activity in a sector divided by the national proportion of activity in the same sector. E.g. If the local proportion of employment in Sector A in Region X is 12% and the proportion employed nationally is 6% then the LQ for Sector A in Region X is 2.

for purpose for businesses operating within different geographical areas and sub-sectors of tourism and hospitality.

As we are over mid-way through the White Paper consultation period⁵ a range of bodies and associations have been responding to the call for evidence. Research objective 2 focuses upon a review of reports and commentaries published by the end of July 2019⁶ to reflect on the current body of evidence and opinion being put forward by the tourism and hospitality sector in response to the Immigration White Paper, with specific reference to the focus on 'high-skilled' and 'skilled' workers, and the potential £30,000 threshold limitation, and its perceived impact on the availability of a sufficiently skilled workforce post-Brexit.

The analysis of secondary data fed into the development of the primary research tools, which addressed research objective 3. These consisted of:

- An online survey, administered⁷ to the membership of UKinbound, together with members drawn from several tourism and hospitality trade associations⁸, representing a cross-section of businesses directly involved in the UK tourism and hospitality sector; and
- In-depth interviews with a purposive sample of seven businesses drawn from the UKinbound consultation process, reflecting critical variations in region, sub-sector and organisational scale identified from the secondary research.

In its focus on accessing industry voices regarding skills gaps, skills shortages, recruitment and retention issues, this research can be regarded as complementary to the macro-level analysis of tourism employment and the role of EU nationals in the Cebr/ABTA research released in June 2019 (Cebr 2019) and the migrant labour market analysis of the tourism sector released by the ONS in August 2019⁹. For the tourism and hospitality sectors to continue to thrive and achieve the potential for growth, as set out in the recently released Tourism Sector Deal¹⁰, the immigration system that the UK finally adopts post-Brexit will need to reflect the needs of tourism and hospitality businesses and be workable at a sectoral and regional level.

The evidence presented in this report will, thus, be vital to UKinbound and other trade associations as they seek to lobby Government and feed into the consultations over the future post-Brexit immigration system. The strength of the evidence emerges from the combination of sources and methods which work together to inform the analysis – incorporating the review of policy documents, industry reports and commentaries from tourism/hospitality associations, wider skills bodies and expert opinions on UK immigration policy, together with bespoke analysis extrapolated from national ONS data sets on employment, and primary research with UK tourism and hospitality businesses through an online survey and in-depth interviews. The report seeks to cut through the 'noise' and uncertainty of the Brexit negotiations, to provide evidence-based research to help inform UKinbound, and other organisations within the tourism and hospitality sector, responding to the consultations over the future immigration policy for the UK post-Brexit.

03 • CONTEXT: IMMIGRATION WHITE PAPER AND MIGRATION ADVISORY COMMITTEE (MAC) REPORT

3.1. Key elements of the Immigration White Paper and the MAC Report

In December 2018, the British Government published its Immigration White Paper, The UK's future skills-based immigration system, which set out its proposals for immigration policy following the UK's departure from the European Union. The White Paper draws on, and broadly adopts – with some qualification – the recommendations of the Migration Advisory Committee (MAC) Report EEA Migration in the UK, commissioned by the Home Office in July 2017 and published in September 2018, which outlines proposals for a post-Brexit system in which 'all migration is managed with no preferential access to EU citizens' (MAC 2018: iii). The central plank of the policy, and of the MAC Report recommendations, is the end to freedom of movement for EU citizens, and its replacement with 'a single skills-based system ... where anyone who wants to come to the UK will need permission to do so, as opposed to being based on where an individual comes from' (Home Department 2018: 12).

Under the proposals, migrants to the UK, regardless of country of origin¹¹, will in future be subject to a modified version of the current Tier 2 (General)¹² visa requirements. The proposed criteria are based on a combination of minimum skill level and minimum salary level:¹³

- The skill level of occupations is set with reference to the Regulated Qualification Framework (RQF)¹⁴, and for Tier 2 (General) migrants is currently fixed at RQF6 (graduate level). Eligible occupations, along with indicative lists of tasks and the appropriate salary for each occupation, are listed in the Immigration Rules Appendix J (Codes of Practice for Skilled Work). With an end to freedom of movement, the MAC Report acknowledges the possibility that shortages may occur in occupations below this skill level, and their recommendation, adopted in the White Paper, is to reduce the minimum skill requirement to RQF level 3¹⁵ (SCQF level 6 in Scotland). The effect of this change is to expand the list of occupations eligible under Tier 2 (General) by an estimated 142 (MAC 2018).

- The minimum salary level under Tier 2 (General) rules is currently set at £30,000 per annum (£20,800 for new entrants), representing the 25th percentile of the earnings distribution for eligible occupations (i.e. currently set at a skill level of RQF6 or above). Although the new White Paper proposals, following the recommendations of the MAC, will expand the range of eligible occupations, the MAC proposes retaining the current £30,000 salary threshold, arguing that the salary level would be 'difficult, but not impossible, to meet for medium-skilled jobs' (MAC 2018: 113).¹⁶

The MAC Report recommendations specifically rule out variations to the minimum skill and salary level requirement on either a regional or sectoral basis¹⁷, even though in most regions, except for London, the South East, and Scotland, the proportion of the workforce at RQF skill levels 3 and 4-5 achieving salary levels greater than or equal to the £30,000 threshold is substantially lower than for the UK as a whole. According to the estimates of the MAC Report, at skill level RQF4-5, the proportions range from 37% for the North East, 39% for Wales, and 41% for the East Midlands, compared with a national figure of 51%; and at RQF3 occupations, 30% for Northern Ireland, 31% for Wales and the South West, and 32% for Yorkshire and the Humber, compared with a whole UK figure of 37%.

3.1.1 Shortage occupations

The skills-based approach to labour migration adopted in the Immigration White Paper, and the MAC Report that preceded it, is explicitly focused on attracting skilled and highly skilled workers to the UK, with the notion of 'skill' calibrated according to formal qualifications and salary level: the higher the formal qualification and the associated salary level, the higher the assumed level of 'skill'. Whilst the White Paper and the MAC Report acknowledge the potential for labour shortages to arise at less skilled occupational levels, the White Paper accepts the argument of the MAC Report, that migration is not the appropriate way to fill this gap, and specifically excludes building a route for low skilled workers into a future migration system.

5. Update – during the period of the research the Home Office has issued two requests for additional reviews to be carried out by the MAC, on 24th June and 3rd Sept.

6. With a few later sources included where possible during the writing of the report.

7. by Qa Research Ltd.

8. Online survey administered to members of UKinbound, together with members of UKHospitality, Association of Leading Visitor Attractions (ALVA), ABTA, European Operators Association (ETOA), Tourism Alliance, Northern Ireland Hotel Federation, Scottish Tourism Alliance, British Beer and Pub Association (BBPA), Hospitality Ulster, Northern Ireland Tourism Alliance, Cruise Britain, British Educational Travel Association (BETA), Wales Tourism Alliance and Airlines UK.

9. ONS (2019) 'Migrant labour force within the UK tourism industry: August 2019'. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/articles/migrantlabourforcewithinthetourismindustry/august2019>

10. Department for Business, Energy & Industrial Strategy/Department for Digital, Culture, Media & Sport (28 June 2019) Tourism Sector Deal Available from <https://www.gov.uk/government/publications/tourism-sector-deal>

11. Some exceptions apply. Irish and British citizens will retain the right to freedom of movement in the Common Travel Area (CTA) between the UK, Ireland and the Crown Dependencies. Furthermore, the White Paper envisages the agreement of bilateral arrangements with specific 'low-risk' countries in the future (Home Department 2018).

12. The rules are slightly different for the Tier 2 Intra-company transfer visa, which applies to migrants transferring to the UK office of an overseas employer. See <https://www.gov.uk/tier-2-intracompany-transfer-worker-visa/eligibility>

13. In addition, under current proposals, applications for a work visa in the UK must be supported by a sponsoring employer. The current requirement for employers to test the availability of local workers before recruiting abroad (the resident labour market test) will be removed, as will the current cap on the numbers of skilled workers. Future Tier 2 arrangements will, however, retain the Immigration Skills Charge currently payable by sponsoring employers (Home Department 2018).

14. Scotland has its own credit and qualifications framework (SCQF) – see <https://www.sqa.org.uk/sqa/64561.4196.html>

15. RQF3 = A level

16. The MAC estimates that 51% of RQF level 4-5 occupations (HND or Foundation Degree level) and 37% of RQF level 3 occupations (HNC level) meet the £30,000 salary threshold (ibid).

17. With a possible exception of a Seasonal Agricultural Workers Scheme.

In May 2019, the MAC published the first full review of the Shortage Occupation List (SOL) to have been carried out since 2013. The SOL is described as ‘a way of prioritising some jobs over others, based on where the shortages are most severe and where the consequences of those shortages are most serious’ (MAC 2019: 4). In order to be placed on the SOL, a job must meet three criteria:

- Is it skilled to the required level?
- Is the job in shortage?
- Is it sensible to fill this shortage through migration? (MAC 2019: 4)

Since the current skill level for Tier 2 (General) visas was raised to RQF6 (graduate) level in 2012, the current SOL Review, which was prepared under existing rules, lists only shortage occupations at this level; however, it also considers the implications of extending the skill level range, as accepted in the Immigration White Paper, for the recognition of shortage occupations in the future, and has gathered evidence from a wide array of sectors with shortage occupations not currently eligible for inclusion in the list.

Inclusion on the SOL carries with it particular advantages applicable to current Tier 2 (General) immigration rules, for example:

- There is no need to apply the Resident Labour Market Test to a shortage occupation listed job.
- SOL jobs are prioritised when the skills cap binds.¹⁸
- The requirement to meet the £35,800 salary threshold for settlement after five years is waived.
- Visa applicants and their families face lower visa application fees.

According to the Immigration White Paper proposals, both the Resident Labour Market Test and the skills cap will in any case no longer apply under future Tier 2 (General) visa arrangements.

Under the current rules, jobs on the SOL must meet the same salary thresholds applicable to Tier 2 (General) – although this may change, depending on the outcome of the review commissioned by the Home Office in June 2019 (see section 3.2, below). However, shortage occupation listing has also been able to identify degrees of skill level within broad standard occupational classifications (SOC) and to create exceptional categories. For example, the SOC code for chefs is

set at RQF 4, but chefs paid at least £29,570 pa, and subject to other criteria regarding level of role and experience, are on the current SOL, despite not meeting the formal RQF6 threshold, because the work is considered to be sufficiently highly skilled (MAC 2019: 26).

3.2 Proposals for future immigration system placed under further review:

Whilst accepting most of the MAC Report’s recommendations (Section 3.1), the Immigration White Paper indicated the Government’s intention to consult further on the level of salary threshold, to take account of the needs of business and employers. However, the review announced by the Home Secretary, Sajid Javid, on 24th June 2019¹⁹ goes further, asking the MAC to look again, not only at how the salary threshold should be calculated and the level at which it should be set, but also at the case for regional salary thresholds for different parts of the UK, and for making exceptions to salary thresholds for ‘occupations in shortage’ (specifically excluded under current SOL provisions).

Following the resignation of Prime Minister Theresa May and the appointment of Boris Johnson on July 24th 2019, the shape of the UK’s future immigration system has been thrown into further doubt, with the new Prime Minister ordering the MAC to conduct a review of the Australian points-based immigration system ‘as the first step in a radical rewriting of our immigration system.’²⁰ Like the current UK Tier 2 visa, the Australian system awards points to individuals on the basis of their skills and personal characteristics, weighting the points according to the country’s needs and priorities. Unlike the UK system, the Australian system is not linked to the offer of a job or employer sponsorship. As commentators have observed, referencing the Australian system could signal either a tighter, or a more liberal, UK immigration policy than that currently proposed.²¹

The supplementary terms of reference in the review commissioned from the MAC (which is due to report in January 2020 to coincide with the end of the Government’s year-long consultation exercise with businesses and employers across the UK), were set out in a letter of 3rd September 2019 (see Figure 1).

This new commission tasks the MAC with additionally reviewing ‘the Australian immigration system and similar systems to advise on what best practice can be used to strengthen the UK labour market and attract the best and brightest from around the world.’²² Whilst this seems to indicate an openness to building in more flexibility, and a willingness to consider a wider range of options, the focus on skills and salary thresholds is still very evident, as is the political message of the need to end the Freedom of Movement and provide a system to attract the ‘best and brightest’ from the global workforce.

It remains to be seen what aspects of the Australian system might be adopted, and in combination with which elements of the proposed UK system – nevertheless, what seems clear, at the time of writing this report, is that the ‘skills-based’ approach still remains a central plank of future immigration policy.

Figure 1 Extract - Supplementary instruction to the commission to the MAC (Sept 3rd 2019)²²:

‘The Government would therefore like the MAC, as part of their current work, additionally to consider:

- How additional flexibility could be added to the operation of salary thresholds through the awarding of “points” to prospective migrants for the attributes that they possess, such as their educational qualifications, language proficiency, work experience, willingness to work in particular areas and occupation; and the degree to which points in one area should be “tradeable” to make up for a lack of points in another.
- Which migrant characteristics should be prioritised within the immigration system in order to produce the most beneficial outcomes for the UK.
- What best practice can be learnt from international comparators, including the Australian immigration system, to strengthen the UK labour market.’



18. Current policy is to allow 20,700 high-skilled workers into the UK each year on Tier 2 visas. See BBC 18 September 2018 ‘UK visas: High-skilled migrants cap “should be scrapped”’ (<https://www.bbc.co.uk/news/uk-45556246>).

19. Home Office 24th June 2019 ‘Home Secretary asks independent migration experts to advise on future salary thresholds’. Available at <https://www.gov.uk/government/news/home-secretary-asks-independent-migration-experts-to-advise-on-future-salary-thresholds>

20. Independent 25 July 2019 ‘Brexit: Boris Johnson rips up Theresa May’s immigration plan and refuses to set limits on new arrivals’ Available from <https://www.independent.co.uk/news/uk/politics/brexit-boris-johnson-immigration-policy-home-office-priti-patel-free-movement-a9020871.html>

21. C.F. Marley Morris 26th July 2019 ‘Boris Johnson’s “Australian points-based system” announcement is symbolic and open-ended’ <https://blogs.lse.ac.uk/politicsandpolicy/johnson-australian-points-based-system/>

22. Home Office 3rd Sept 2019 ‘Home Secretary’s commissioning letter to the chair of the MAC on points-based immigration systems’ <https://www.gov.uk/government/publications/commissioning-letter-to-the-mac-on-a-points-based-system-for-migration> (Accessed 12th September 2019)

23. *ibid*

04 • EXPLORING THE BROADER DEBATES: A SKILLS-BASED IMMIGRATION POLICY

In view of the ‘skills focus’ of the Immigration White Paper, and subsequent iterations of policy review, it is important to ground the current study in a wider reflection of ‘what constitutes a skilled worker?’ To address this, this section provides critical insights on the nature and recognition of ‘skill’ and the slippery relationship between skill categories and pay.

4.1 What is ‘skill’?

The ‘highly skilled workers’ immigration agenda reflects a number of political, social and economic priorities. These include:

- Securing access to a global talent pool in order to sustain UK global competitiveness;
- Optimising the fiscal contribution to be gained from a highly skilled, highly paid migrant workforce;
- Meeting UK skills shortages, which are perceived to lie primarily in high skill occupations;
- Curbing low-wage, low-skilled labour migration, with its perceived capacity to drive down local pay and conditions (Home Department 2018, MAC 2018).

In this section of the review we look more closely at the meaning of ‘skill’ and the nature of ‘skill shortages’ in the UK. Recent research, including the latest UK Employer Skills Survey (2017), which is one of the largest business surveys in the world, demonstrates that the picture is considerably more complex than that suggested by the high skill/low skill dichotomy, with its implicit assumptions about where skills gaps and shortages lie, and the ready availability of a local, non-migrant labour force to meet the requirement for ‘lower skilled’ workers. As Rolfe (citing Ruhs 2016) emphasises, “‘skill’ is a “slippery” concept, and “skills shortages” equally so ... While the latter are often used in relation to highly skilled roles, shortages of low-skilled labour can affect business operations as much as higher-skill gaps’ (Rolfe 2019: 2). This is particularly true of the tourism and hospitality sector, which, as the Scottish Tourism Alliance points out, has traditionally been perceived as an unskilled or low-skilled industry. Nevertheless, the evidence suggests that this evaluation not only underestimates the skilled component of the work performed in the industry, but also ignores the changing nature of the industry, and the challenges of meeting the ‘increasingly high level of service and experience demanded by its customers’ (STA 2019: 1).

4.2 Ranking Skill

In the Immigration White Paper and the work of the MAC, degree of skill is linked to formal qualification level and specific occupations, with sought after ‘high level skills’ associated with higher paid hard to fill and ‘shortage’ occupations. As the MAC’s 2009 analysis of the Tier 2 points-based immigration system (from which EU migrant labour was, at the time, exempt) pointed out, the most common users of Tier 2 were the information technology sector, and the health and education sectors, which did not reflect the composition of the wider UK labour market (MAC 2009: 8). Nevertheless, according to the findings of the 2017 Employer Skills Survey (ESS), as many as 33% of vacancies in the UK were considered hard to fill, with the majority of these hard to fill vacancies (67%) caused ‘at least in part by a lack of skills, qualifications and experience among applicants’ (Department for Education 2018: 13).

The ESS delves further into the nature of the specific skills employers find lacking, and arrives at two main skill categories:

- Technical and practical skills: ‘the specific skills required to perform the specific functions of a job role’ (Department for Education 2018: 46). These include complex analytical, problem solving and numerical skills; operational skills, including knowledge of products or services, or knowledge of how the organisation works; and digital skills, including basic computer literacy.
- People and personal skills: ‘the “softer”, less tangible skills required to manage oneself and interact with others in the workplace’ (ibid). These include the ability to manage one’s own time and prioritise tasks; the ability to manage one’s own feelings and handle the feelings of others; management and leadership skills; and sales and customer skills.

Skills in both categories were found to be lacking in a range of occupations and sectors across the UK economy. However, the Hotel and Restaurant Sector reported amongst the highest levels of shortages in the areas of operational skills (54% of all skill shortage vacancies across all sectors); self-management skills (75% of all skill shortage vacancies); and management and leadership skills (62% of all skill shortage vacancies) (ibid: 48).

The 2019 Cebr report for ABTA Understanding the travel and tourism labour market identifies a range of sub-sectors composing the Travel and Tourism Sector²⁴ and extrapolates figures for these sub-sectors from the ESS and ONS to build a picture of the specific skills lacking in the wider industry (i.e. beyond the more restricted ‘Hotel and Restaurant’ category used in the ESS). The report identifies both the specific skills found to be lacking in the existing workforce (‘skills gaps’), and those that employers have difficulty accessing in the

wider labour market when trying to fill job vacancies (‘skills shortages’). Travel and tourism employers report skills gaps and skills shortages in respect of both technical/practical skills, and ‘softer’ people and personal skills, with the top skill shortage identified as specialist skills or knowledge needed to perform the role (‘technical/practical skill’); and the top skill gap being ability to manage own time and prioritise own tasks (‘people and personal skills’) – both reported by 63% of travel and tourism employers (Cebr 2019: 49-50).

An additional technical/practical skill sought by travel and tourism employers is that of ‘communicating in a foreign language’, which 14% of employers cited as lacking within their own workforce, and 20% cited as a skill shortage (ibid). UKinbound’s 2017 internal membership survey found that access to language skills was one of the most important benefits of employing EU nationals, cited by 85% of survey respondents (UKinbound 2017, Thomas et al 2018).

The distinction between ‘high level’ and ‘lower level’ skills at the centre of the Immigration White Paper appears to have little relevance for the picture of skills gaps and skills shortages that emerges from the ESS and Cebr report. This might be more meaningfully expressed as the relation between diverse skills types and their contribution to the overall functioning and success of the organisation. As the Scottish Tourism Alliance expresses it in the response of the Tourism Skills Group to the MAC Report, the sector is experiencing an ‘increasing requirement for people with a range of meta skills’ (STA 2019: 1) – in other words, a range of general skills, capacities and abilities which can be used to acquire and develop other, more specific skills over time.

4.3 Locating ‘skills gaps’ and ‘skills shortages’

Whilst the points-based Tier 2 General immigration system is organised around the desirability of highly skilled individuals, expressed primarily in terms of their formal qualifications and earning capacity²⁵, the notion of ‘skills gaps’ and ‘skills shortages’ shifts the focus to organisations and occupational roles, and highlights the extent to which there is a mismatch between the requirements of the job on the one hand, and the capacities and availability of staff on the other. Nationally reported levels of skill gaps and labour shortage vacancies mask wide variations at the level of regions, sectors, occupations, and size of organisations. Thus, whilst the ESS 2017 findings indicated a general ‘skills gap density’²⁶ of 4.4% for the UK as a whole, this rose to 5% and 4.7% respectively for Scotland and Wales; whilst at the sectoral level, Hotels and Restaurants reported the highest skills gap density at 6.7% (Department for Education 2018: 14-15). At the occupational level, skills gaps were reported as most prevalent in the ‘labour intensive’

and ‘service intensive’ occupations, including leisure, sales and customer services (ibid).

When it comes to skills shortages and hard to fill vacancies, ‘skilled trades’ positions were the hardest to fill, with chefs top of the category at 17% of all skill-shortage vacancies for skilled trades (ibid: 43). Small establishments reported a higher density of skill shortage vacancies than large establishments, at 31% for establishments with fewer than five employees, compared with 16% at establishments with 250 employees or more (ibid: 40). As a sector in which SMEs predominate, the implications of this are likely to be particularly strongly felt in the travel and tourism industry.²⁷

The ESS notes that two-thirds of establishments reporting skills gaps had attempted to address the problem by increasing training activities or spending on training programmes. Other measures included: improving the supervision of staff; introducing more staff training and performance reviews; implementing mentoring schemes; reallocating work; and changing work practices (Department for Education 2018: 84). Hotel and Restaurant establishments were the most likely (89%) to have been active in this regard, and were also the most likely – and twice as likely as other employers with skills gaps – to have recruited or sought to recruit non-UK nationals (ibid: 84).²⁸ In the vast majority of cases, the focus of this recruitment was on EU nationals, headed, once more, by the Hotel and Restaurant sector (27%) (ibid: 85). The dominance of SMEs in the sector may again be a significant factor here, since, according to the Federation of Small Businesses, small employers rely overwhelmingly on intermediate to low level skills, which could be met by EU migrant labour, who were not subject to the high-skill threshold of the Tier 2 General system. The FSB estimates that seven out of ten small employers will no longer be able to access the staff they need under the Immigration White Paper proposals.²⁹

Skills gaps and skills shortages highlight an uneven and patchy pattern of skill supply and demand. Hard to fill vacancies and lack of proficiency in the existing workforce are not limited to areas of high skill, and are influenced by a variety of factors, including regional, sectoral, occupational and organisational variables. In terms of the ESS data, a number of these factors converge to produce particularly high levels of skill gap and skill shortage density in the Hotels and Restaurants sector, and the sector has also been the most proactive in attempting to address these shortfalls. However, the ESS also estimates that 11% of all vacancies are ‘hard to fill’ for reasons unrelated to skill level, and points to ‘a growing general (non-skills related) recruitment challenge in the economy’ (Department for Education 2018: 14), to which this review now turns.

24. The sub-sectors comprising travel and tourism in the Cebr report are: accommodation; food and beverages; transport; travel agencies and reservation services; cultural activities; sport and recreation activities; manufacturing; retail; and ‘other’.

25. The difficulties of skill categorisation were acknowledged in the MAC’s 2014 report on low-skilled migrant workers, which recognised that using education as the only indicator overlooks highly skilled jobs which do not require higher education, whilst defining skill by earnings does not recognise low-paid jobs which require highly specialised training, and opted for a combination of number of years spent in education plus work experience (Bulat 2019: R50).

26. Skills gap density is defined in the ESS as ‘the proportion of the workforce lacking full proficiency’ (Department for Education 2018: 14).

27. The Tourism Sector Deal Bid estimated approximately 200,000 tourism industry SMEs across the UK (BTA 2017:7).

28. Across all sectors, 15% of employers with skills gaps reported that they had recruited or tried to recruit non-UK nationals. In the Hotel and Restaurant sector the proportion was 29% (Department for Education 2018: 84).

29. Guardian 19th December 2018 ‘Post-Brexit migration system “will be sucker punch to UK economy”’. Available from <https://www.theguardian.com/uk-news/2018/dec/19/post-brexit-immigration-system-sucker-punch-uk-economy-white-paper>



4.4 'Skills shortages' versus 'labour shortages'

The nature of the tourism and hospitality business produces structural constraints on employment in the sector. As Lucas and Mansfield pointed out in their 2008 report to the MAC, 'The hospitality sector experiences high labour turnover and seasonal fluctuations, and has long been reliant on workers in secondary labour markets, young people, students, women, ethnic minorities and migrants' (quoted in Rolfe and Hudson-Sharp 2016: 20). The perceived low-skill nature of the work suggests there should be few barriers to meeting the sector's labour needs from a local, non-migrant workforce. However, the evidence from employers is of unfilled vacancies due to insufficient applicants (KPMG 2017). Research by Rolfe and Hudson-Sharp (2016) on the role of EU migrant labour in the hospitality sector found that employers hired EU migrants for jobs for which it is hard to recruit, and not out of a preference over UK workers, or as a substitute for training.³⁰

In Rolfe and Hudson-Sharp's study, hospitality sector employers acknowledged that some intrinsic characteristics of the industry – such as unsocial hours, seasonality and low pay – make it unattractive to UK employees, but argued that the options for improving their offer were limited: '... it would be difficult to increase pay or make contracts more attractive, for example by offering higher standard hours, without becoming less competitive' (Rolfe and Hudson-Sharp 2016: 7). Non-labour alternatives, such as technological innovation or relocation, were also seen as unfeasible (ibid), a view supported by KPMG's report on labour migration in the hospitality sector, which notes that 'the nature of the industry means that opportunities for productivity gains and automation are limited' (KPMG 2017: 9).

Rolfe argues that one reason for the lack of interest amongst UK nationals in jobs in the sector is the rising level of expectations amongst the young:

Successive Governments have encouraged young people to raise their aspirations above low skilled roles ... and have expanded the Higher Education Sector with the expressed aim of increasing social mobility ... but have not considered how this might be achieved through Further Education or Vocational Skills (Rolfe 2019: 2).

At the same time, it is difficult to recruit from the unemployed and inactive labour pool. In many cases, there is a mismatch between local labour supply and demand. Many areas, particularly London and the South East, which have a concentration of tourism businesses and activities, are close to full employment (House of Commons DCMS Cttee Report 2019; KPMG 2017). As the KPMG report notes, even when there are unemployed workers in the UK, they tend to be located in the wrong places, and the lower wages paid in the sector limit the readiness and the ability of the unemployed to move from one part of the country to the other. As noted by the Centre for Cities:

... people with few formal qualifications are less likely to move for work, with living costs being one of the main barriers. As such, it's unlikely that low-skilled workers in other parts of the country will move ... unless more is done to improve the attractiveness of these places to this group of workers, such as reducing the housing costs, improving transport networks, and increasing wages.³¹

30. According to the ESS, recruitment of non-UK nationals was part of a raft of measures pursued by employers in the Hotel and Restaurant Sector, including increased training and supervision (Department for Education 2018).

31. 'What the Government's New Immigration Policy Means for Cities' 2nd October 2018. Available from <https://www.centreforcities.org/blog/governments-new-immigration-policy-means-cities/>

Lack of mobility amongst the low-paid is also an obstacle to employment in many of the rural areas in which tourism and hospitality businesses are located, especially where shift work and unsocial hours are part of the job requirement.³² East Midlands Airport, which has attempted to improve recruitment from the local area by establishing a bespoke training academy at the airport,³³ is one employer that has taken steps to improve access for its trainees and workforce by investing substantially in the local bus network, providing a 24-hour bus service to the three core cities and the major towns in its catchment. However, such solutions are beyond the reach of most employers in the sector, and even the improved access offered by the East Midlands scheme does not manage to tap into the potential workforce not reached by the bus service.

As revealed in the ESS and Cebr report, jobs in hospitality and tourism make heavy demands on a wide range of technical, practical, personal and people skills, not all of which are reflected in formal qualification levels or high salaries, and which are not recognised in the framing of labour shortages in the sector around the categorisation of 'high' and 'low level' skills.³⁴ Industry bodies such as the Scottish Tourism Alliance have emphasised the vital role played by EU migrant workers in overcoming frictions and structural imbalances in the UK labour market, not only in the short term, but in creating a workforce pool which enables businesses to plan, to grow, and to develop skilled workers from entry level onwards (STA 2019). Their view is consonant with the findings of Rolfe and Hudson-Sharp, who looked at the hospitality sector alongside the construction and food and drink production sectors:

Available evidence suggests that flexible migrant labour has enabled businesses in low skilled sectors to grow. Where migrants form a minority of the workforce, which in many cases they do, this has helped to create employment opportunities for British workers. A number of case study employers said they would not have been able to expand their businesses without access to EU migrants, and that they formed part of their future plans for growth (Rolfe and Hudson-Sharp 2016: 5).

It is for this reason that proposed transitional and temporary measures, such as a time-limited route for temporary short-term workers,³⁵ and the proposed expansion of the Tier 5 Youth Mobility Scheme,³⁶ are unlikely to meet the sector's strategic and long-term workforce needs.



32. Rolfe and Hudson-Sharp's study found that 'a number of employers ... reporting insufficient applications from local UK workers explained this with reference to low rates of unemployment. Businesses away from larger towns and cities reported particular problems in attracting sufficient applicants to fill vacancies' (Rolfe and Hudson Sharp 2016: 30).

33. East Midlands Airport established its Airport Academy in June 2013 with the aim of supporting individuals in the local community into work at the airport. See <https://www.eastmidlandsairport.com/careers/airport-academy/>

34. Cf the statement by Kate Nichols, Chief Executive of UKHospitality: 'The hospitality industry has a labour shortage, not a skills shortage' <https://www.thecaterer.com/articles/549183/kate-nichols-urges-hr-operators-to-be-ambassadors-for-hospitality>

35. This measure would allow entry for a maximum of twelve months, with a further twelve months 'cooling-off' period 'to prevent people effectively working in the UK permanently' (Home Department 2018: 16).

36. The scheme permits individuals aged 18-30 from a specific countries to live, work and study in the UK for up to two years.

05 • INDUSTRY PERSPECTIVES: THE TOURISM AND HOSPITALITY WORKFORCE

If, as the previous section suggests, the picture of skills needs is complex, and the distinction between 'high level' and 'low level' skills at the centre of the Immigration White Paper has little relevance to the reality of skills gaps and skills shortages, then the tourism and hospitality industry, which is already documented as suffering from acute labour and skills shortages, faces a very particular set of problems. A number of commentaries refer to the 'perfect storm' facing the sector. This has been created by the conjunction of high levels of skills shortage, high rates of employment in the UK generally, and low perceptions of the industry as a career of choice, together with the industry's dependence on EU migrant workers, at a time when new immigration policies, post-Brexit, are very likely to cut off access to a valuable EU workforce. This section will review key sources estimating the extent of the sector's dependence on EU workers, which offer an indication of the potential scale of the problem. Following this, it will focus on critical characteristics of the tourism and hospitality sector, its labour market, and the state of the current talent pool, to test key assumptions at the heart of a 'one-size fits all' UK-wide skilled immigration policy, and to consider their applicability to the businesses operating across the tourism and hospitality sector, from a regional and sub-sectoral perspective.

5.1 The bigger picture: Tourism and hospitality - skills, competitiveness and productivity

The announcement of the Tourism Sector Deal in June 2019 reaffirmed the role and significance of the UK tourism industry, with Greg Clark, Business Secretary stating at the time that:

"Tourism is one of our most valuable industries and it plays a vital role in our economy, with nearly two million people employed in the communities across the country and £23 billion pounds spent by visitors in the UK" in 2018.³⁷

The macro-level analysis performed by Cebr for the recently launched ABTA report considers the tourism sector in terms of its wider economic footprint (including direct, indirect and induced impacts), and estimates that the sector 'supported an aggregate economic footprint of 2.3m FTE jobs and £91bn in GVA [Gross Value Added] contributions' to the UK economy in 2017 (Cebr 2019: 4).

Heralding tourism as one of the 'country's most important industries and the third largest service export' (Tourism Sector Deal, 2019:6), the Tourism Sector Deal argues that the 'people who work in hospitality and tourism are not only the cornerstone of the sector's growth in recent years, but also form one of the fastest growing sectors of UK employment' (2019:24). The report goes on to make the important point

that this 'workforce is part of a rich and diverse employment ecosystem including travel agents, tour operators, bed and breakfast hosts, museum guides, cruise captains, restaurateurs, bar staff and pub managers' (2019:24). This ecosystem reflects a wide range of business activities and organisations involved in supplying the diverse products and services required to meet inbound, outbound and domestic tourism demand, and in growing the skills, experience and expertise required of the industry's labour force. The ability to provide a high level of visitor experience is proving increasingly vital to the competitiveness of the sector, and, as the Tourism Sector Deal stresses, it is essential that 'visitors to the UK are served by a highly knowledgeable and skilled workforce' (DBEIS & DDCMS 2019: 8). Whilst productivity levels in the sector are subject to a number of different determinants (Cebr, 2019), the ability of the sector to grow and be globally competitive is, in part, reliant upon the skills base and the talent pipeline available within the employment ecosystem. Nevertheless, as demonstrated by the evidence analysed in Section 4 of this report, the skills demanded by businesses seeking to provide high quality visitor experiences 'on the ground' cannot be judged against a simple high-low skill dichotomy, mirrored by salary levels. The Tourism Sector Deal incorporates the Government's pledge, that it 'will ensure that it supports the UK's dynamic economy, allowing business and employers to have access to the skills and talent they need from around the world, ensuring they can continue to compete on the world stage, whilst supporting higher productivity and wages in the UK and ensuring net migration is reduced to sustainable levels' (DBEIS & DDCMS 2019:33). Fulfilling this pledge will require an immigration system fit for purpose, which will allow tourism and hospitality businesses to grow, and which is grounded in an understanding of the current labour profiles, the cross-section of skills needed by the sector, and the capacity of the talent pipeline to supply those needs.

5.2 The bigger picture: Tourism and hospitality – reliance on EU nationals

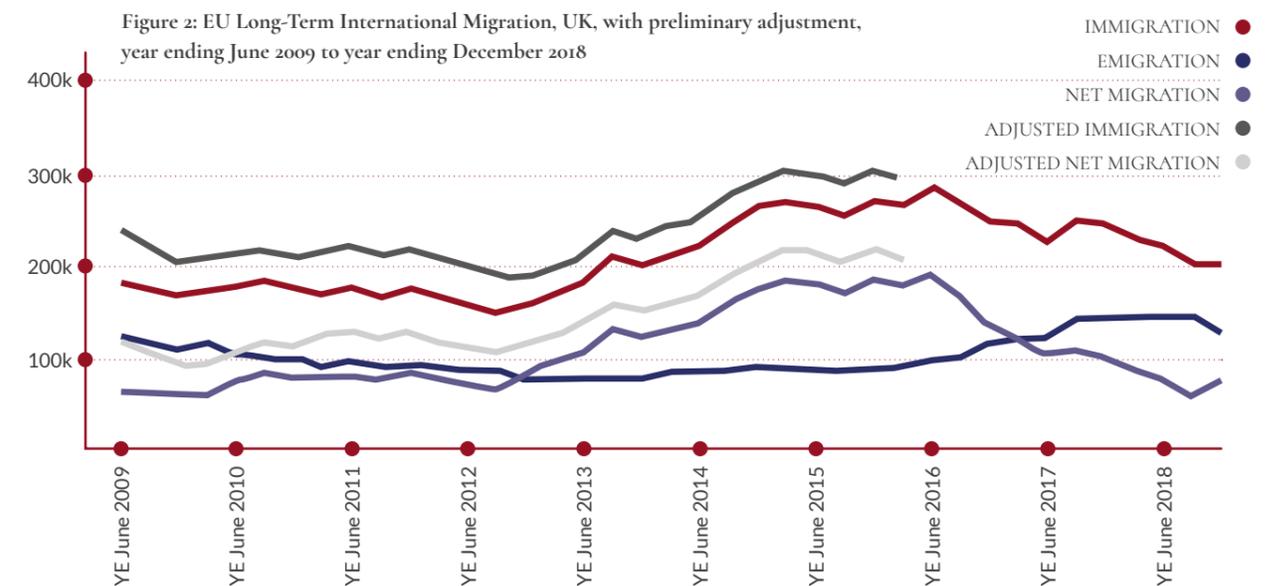
A key defining characteristic of the tourism and hospitality workforce is its widely documented reliance on EU nationals (i.e. KPMG 2017, People 1st 2017). The UKinbound (2018) Breaking the Language Barrier report reviewed the sector's dependence on EU workers, identifying wide variations in the estimated proportions of EU workers within the sector. The body of evidence reviewed for the UKinbound (2018) report, 2 years after the EU referendum, confirmed that there were significant regional variations, and that the concentration of EU workers varied across roles (KPMG, 2017). For example, a KPMG analysis of the British Hospitality Association survey estimated that 75.3% of waiters and waitresses are EU nationals, in contrast to 13.5% of hotel and accommodation managers and proprietors (KPMG, 2017). Despite these

variations, however, the report concluded that, overall 'EU workers are a 'critical labour pool' (People 1st, 2017:3) and that the tourism and hospitality sectors place significant reliance on this labour pool, compared to other UK sectors' (UKinbound, 2018:8). The report also observed that between the years 2011-2016, the number of EU workers increased by 61% (People 1st 2017:2).

The continuing uncertainty over the Brexit negotiations since the publication of this report, and the publication of the MAC Report and the Immigration White Paper, have continued to focus a critical lens on the estimated numbers of EU workers in the economy. As the end of Free Movement draws closer, and debates surrounding a potential No Deal Brexit escalate, the figures are coming under increasing scrutiny. As part of the ONS Transformation Programme to enhance population and migration statistics, their August 2019 Progress Report

announced the re-classification of migration statistics from National to Experimental Statistics Status.³⁸

This announcement was accompanied by a preliminary adjustment to the EU net migration figures for the period up to March 2016, indicating an underestimate in the originally published figures in the order of 16%. Although this figure is a measure of EU long-term international migration, rather than the more restricted category of labour migration, it provides a useful context from which to understand trends in EU migration before and after the EU referendum, with evidence of a broad downward trend in net migration rate following the referendum (see Figure 2). This provides a useful baseline for understanding the changes in the potential pool of EU workers.



Source: Office for National Statistics – Long-Term International Migration

38. ONS, 21 August 2019 'Understanding different migration data sources: August 2019 progress report'. Available at <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/articles/understandingdifferentmigrationdatasources/augustprogressreport>

37. <https://www.gov.uk/government/news/pm-announces-new-tourism-sector-deal>

Also, of significance from a wider UK economic perspective, ONS figures show that the distribution of EU workers across the UK is variable, with the highest concentrations of EU nationals in London (11.9%), followed by East of England (5.4%) and then West Midlands and East Midlands (5.3%) (Table 1).

When this data is disaggregated by type of EU national, a more varied picture emerges, with London and the South East showing the highest proportion of migrants from the EU15 member states, whilst EU8 migrants tend to show greater concentrations outside of London, and EU2 (Romanian and Bulgarian) migrants are predominantly to be found in the two metropolitan areas of the West Midlands and London (Figures 3-5).

The tourism and hospitality sector continues to report a higher than average reliance on EU workers when compared to the national average. Two key reports (ABTA/Cebr, 2019 and ONS, 15th Aug 2019) provide additional sectoral estimates of the reliance on EU workers, with the ABTA/Cebr analysis (2019) giving a 'rather conservative' figure of 13% reliance on non-UK nationals, of which 9% are EU, compared to 10% and 7% respectively for the UK as a whole.³⁹ Consistent with these estimates, the ONS statistical release for the 'Migrant labour force within the tourism industry,' drawing from a three-year pooled dataset (Jan 2016-Dec 2018), reports 16% non-British nationals within this period, 10% of these being EU nationals (ONS, 2019⁴⁰). The extent to which these blanket estimates mask the realities of many tourism and hospitality businesses will be a central thread within the current report.

Where the ONS report does add value is in its more detailed examination of the profile characteristics of EU nationals working within the sector. The EU worker profile emerges as:

- Relatively young, with 41% of EU nationals working within tourism being 25 to 34 years old;
- Concentrated in London, with 43% of EU nationals working in tourism working in London;
- Varying across sub-sectors and roles, with 20% of workers in accommodation, 12% of workers in the food and drink sub-sector, and 19% of chefs, being EU nationals;
- More likely to work in 'elementary occupations'⁴¹ than British and non-EU workers, ranging from kitchen and catering assistants, to waiters and waitresses, theme park attendants and cleaners, etc.

A wider review of estimated levels of reliance on EU nationals suggests that estimates based on broad sectoral averages, such as those referenced by the Cebr (2019) and ONS (2019) reports, mask significant variations in sub-sectoral, occupational and regional experiences. This will be taken up further in Section 6 of this report (Industry Insights), which presents the evidence from the online survey and in-depth interviews with businesses within the sector. Clearly, tourism and hospitality businesses, operating within different sub-sectors and in different regions of the country, experience widely variable conditions, and this is particularly problematic when faced with a one-size-fits-all national immigration policy. The following section (5.3) will delve deeper into the realities of the tourism and hospitality sector, to understand more fully the interplay of key defining characteristics of the sector with regional/sub-sectoral differences, and how these can impact on the ability of businesses to respond to changes arising from the end of Free Movement.

Table 1: Percentages of EU Nationals within the UK regions

Region	% EU Nationals (all persons 16 and over) within the regional workforce	Region	% EU Nationals (all persons 16 and over) within the regional workforce
London	11.9%	Yorkshire and Humberside	3.8%
East of England	5.4%	Northern Ireland	3.7%
East Midlands	5.3%	South West	3.5%
West Midlands	5.3%	North West	3.1%
South East	4.1%	Wales	2.3%
Scotland	3.9%	North East	1.7%
UK	5.1%		

Source: Data from Annual Population Survey- Sept 2018 – (ONS Crown Copyright Reserved [from Nomis on 12 March 2019])

Figure 3: EU 15 Nationals- % of regional workforce

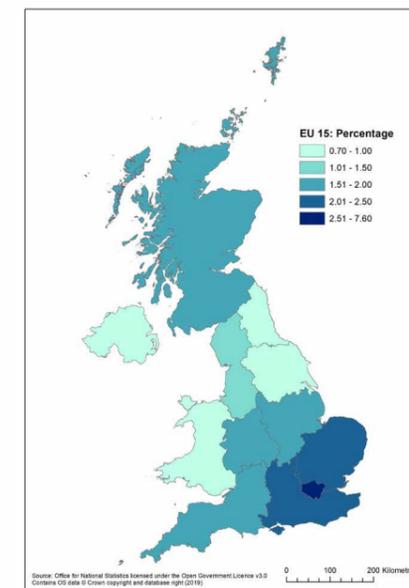


Figure 4: EU 8 Nationals- % of regional workforce

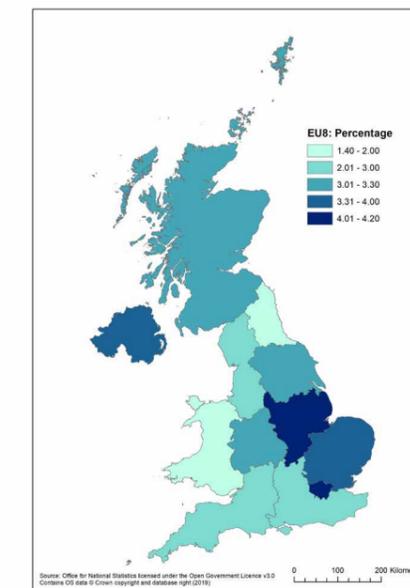
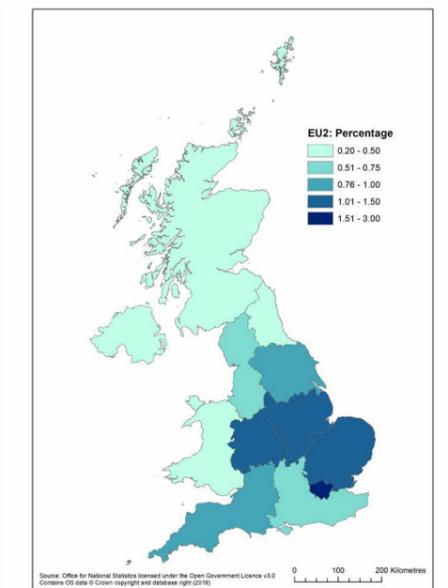


Figure 5: EU 2 Nationals- % of regional workforce



Source: Data from Annual Population Survey- Sept 2018 – (ONS Crown Copyright Reserved [from Nomis on 12 March 2019])
 EU 15 – The member countries of EU prior to accession of 10 countries in 2004, excluding the UK
 EU 8 – 2004 accession countries less Cyprus and Malta
 EU 2 – 2007 accession countries – Romania and Bulgaria

39. The report estimates a slightly higher proportion of EU workers employed by the inbound tourism sector, as opposed to outbound and domestic tourism.

40. The Cebr report draws from 2017 data, whereas the ONS (15th August) statistical release/article 'Migrant labour force within the tourism industry: August 2019', uses a three-year pooled dataset combining data from January 2016-December 2018 generated from the Annual Population Survey (APS) designed to provide a more robust analysis than a single-year APS data set.

41. The ONS report defines 'elementary occupations' in contrast to other major occupational categories such as 'managers, directors and senior officials', 'process, plant and machine operatives', and 'skilled trades occupations' (ONS 2019: 16).

5.3 Digging deeper – the realities of the tourism and hospitality sector labour market

The following section will draw on the most recent publications examining the tourism and hospitality workforce (Cebr 2019 and ONS 2019), together with additional bespoke analysis extrapolated from ONS sectoral workforce databases, to test some of the key assumptions underlying the Immigration White Paper against the realities faced by businesses operating within tourism and hospitality.

5.3.1 Wider business context/ structural characteristics:

When disaggregating data based on the structural characteristics of the businesses which make up the tourism and hospitality sectors, it is important to consider:

Size of businesses operating within the sector: The tourism industry comprises a higher than average proportion of small and medium sized enterprises (SMEs) and micro organisations.

The classification of tourism and hospitality businesses within workforce databases: Research into tourism and hospitality is beset with challenges linked to the industrial classification of the sector. The standard industrial classification (SIC) categories used by the ONS to collect economic and workforce data do not lend themselves to a neat identification of what businesses make up the tourism/hospitality sector. The visitor economy is part of a rich and diverse employment ecosystem and, as such, definitions/classifications of what constitutes the tourism sector show considerable variation. So far, this section of the report has largely drawn on the two most recent analyses of the tourism workforce (Cebr, 2019 and ONS, 2019). Each of these studies, however, has based its analysis on a broad, but slightly varying, classification of tourism activities.

For example, Cebr (2019) bases its analysis on a wide economic footprint for the tourism sector (Table 2), which is necessary for modelling the direct, indirect and induced impacts of the sector (ibid:4). Whilst the study does include some useful sub-sectoral analysis, statistics for the tourism sector as whole level out some of what is distinctive about the sector, and mask the experiences of those businesses which identify most closely and most exclusively with tourism/hospitality activities.

Similarly, the recent ONS analysis of ‘Migrant labour force with the tourism industry’ uses the United Nations World Tourism Organisation (UNWTO) aggregate definition of ‘total employment’ to obtain a measure of the tourism workforce, based on those whose main or second job is in the tourism industry, but which also includes ‘those who work in jobs that are in demand for both tourist and non-tourists.’⁴²

The current study uses a tighter and more nuanced definition of the tourism and hospitality sector to inform bespoke analysis of the ONS economic and workforce datasets, from which the next section will draw. Four sub-sectors were selected as indicators of the tourism/hospitality core offer, namely: accommodation; food and beverage; arts, culture, entertainment and visitor attractions; and travel agencies/tour operators. The analysis of these sub-sectors takes the SIC categories to the 4- and 5-digit levels to focus on those businesses most closely and exclusively connected to tourism and hospitality, as identified in Table 3.⁴³

By applying this more finely grained classification (Table 3), we can tease out the potential impact of the immigration policies on those businesses particularly closely aligned with tourism and hospitality, and identify how far national estimates of labour force characteristics, based on broad classifications of the tourism sector, mask regional and sub-sectoral differences, hiding particular areas where immigration policy and proposed salary thresholds could have a significant impact.

Regional variations in business activity: Current proposals within the Immigration White Paper are based on a national approach to immigration, with the 2018 MAC enquiry report explicitly not in favour of a regional policy on immigration (see discussion in section 3 of this report, above). The political and governance arguments surrounding this debate are complex, and beyond the scope of this current report,⁴⁴ nevertheless, there is no doubt that detailed evidence about sectoral and regional differences will gain increased importance in the evolving consultation process, influenced by the realignment of Government immigration priorities under the new Prime Minister Boris Johnson, with recently commissioned revised policy reviews flagging renewed attention to regional and sectoral dynamics.⁴⁵

The Cebr (2019) report provides an estimate for the regional distribution of tourism employment,⁴⁶ highlighting London (13%), South West (13%) and South East (12%) as having the greatest concentrations of employment in the sector. Our current study goes beyond the regional distribution of the aggregate tourism workforce to identify the spatial concentrations of employees within the study’s four sub-sectors (accommodation; food and beverage; arts, culture, entertainment and visitor attractions; and travel agencies/tour operators), using location quotients (LQs) to identify geographical concentrations of industries down to Local Authority District (LAD) and Unitary Authority level. A location quotient of more than 1 shows that the proportion of total employee jobs (both full time and part time) in those sectors exceeds the national average, and thus ‘indicates a relative concentration of the industry in the geographic area.’⁴⁷ This is a good indication of the relative importance of the tourism

Table 2: Definition of tourism sub-sectors used by Cebr (2019) analysis

Sub-sector Details	
Accommodation services	Includes hotels, holiday lets, youth hostels, camping grounds, recreational vehicle parks etc.
Food & beverage services	Includes restaurants, cafés, takeaways, mobile food vans, event catering and beverage serving activities in clubs, pubs and bars
Transport	Includes land, water and air transport and the rental of motor vehicles
Retail	Broad sector that includes the wholesale and retail of all tourism consumption goods
Travel agencies & other reservation services	Including travel agencies, tour operators, tourist guides and other reservation services
Cultural activities	Includes all cultural and creative art activities including performing arts and the operation of art facilities
Sport and recreation	Includes all activities related to sports facilities (e.g. football clubs) and amusement and recreation activities (e.g. theme parks)
Manufacturing	Broad sector referring to manufacturing activities association with tourism consumption goods
Other	Refers to all tourism consumption goods that don't fit into the above categories. Examples include postal and courier services and telecommunications.

Source: Cebr (2019:7)

Table 3: Four sub-sectors selected as key indicators of the tourism/hospitality sector (4-and 5-digit SIC levels):

Tourism and hospitality sub-sectors	5-digit classification (SIC 2007 classification)
Accommodation	Hotels and similar accommodation (55100); Youth hostels (55202), Recreational vehicle parks, trailer parks and camping grounds (55300); Holiday centres and villages (55201); other holiday and other collective accommodation (55209); other accommodation (55900)
Food and Beverage	Licensed restaurants (56101); unlicensed restaurants and cafés (56102); take-away food shops and mobile food stands (56103); event catering activities (56210); public houses and bars (56302)
Arts, culture, entertainment and visitor attractions	Operation of arts facilities (90040); Museums activities (91020); Operation of historical sites and buildings and similar visitor attractions (91030); Botanical and zoological gardens and nature reserves activities (91040) Activities of amusement parks and theme parks (93210)
Travel agencies/tour operators	Travel agency activities (7911); tour operator activities (7912) Activities of tourist guides (79901); Other reservation and related activities (79909)

Source: Tourism and Events Hub classification based on SIC 2007

42. For more details refer to Appendices 1 and 2: Tourism Industries as defined by the UN World Tourism Organisation and the Tourism Direct Employment (TDE) definition (ONS 2019)

43. This does not ignore the importance of other sub-sectors such as transport to the tourism/hospitality offer, but attempts to capture a set of organisations more tightly aligned to tourism/hospitality as an indicator of the sector.

44. For a summary of economic and political arguments in favour of, and against, regional visas view Table 1 in Migration Observatory (25th Oct) Location, Location, Location: Should Different parts of the UK have different immigration policies? Available from <https://migrationobservatory.ox.ac.uk/resources/reports/location-location-location-different-parts-uk-different-immigration-policies/>

45. See discussion in section 3, above.

46. Based on the wider tourism footprint across the SIC codes – outlined in Table 2, above.

47. ONS, March 2017 ‘The spatial distribution of industries in Great Britain: 2015. Available from: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/thespatialdistributionofindustriesingreatbritain/2015>

industry within sub-regional economies, and helps identify those areas where any impact arising from a policy change – in this case, access to EU workers – can be expected to have a disproportionate effect.⁴⁸

As the maps (Figures 6-9)⁴⁹ illustrate, the sub-regional concentrations of employees differ for each sub-sector:

- **Accommodation** – the spatial concentrations of workers employed in this sub-sector are varied, with particularly high concentrations in large parts of Scotland, Wales and the South West, particularly in rural locations. Drilling down even further from the accommodation sub-sector to focus on hotels and similar accommodation, the top ten LADs with the highest concentrations of employees include Perth and Kinross (3.14), Argyll and Bute (2.99), Isles of Scilly (2.88), North Warwickshire (2.84), and Eastbourne (2.59). In all of these LADs the proportion of the total workforce employed in hotels is over twice the national average for the sub-sector.
- **Food and Beverage** – variability in spatial concentration for this sub-sector is less marked, reflecting the more ubiquitous nature of hospitality supply across the UK.
- **Arts, entertainment and attractions** – this is more varied, reflecting the importance of locality to local labour market opportunities, with very high LQs identified for ‘operation of arts facilities’ in Conway (14.2); ‘museum activities’ scoring highly across Scotland and around London (e.g. Kensington 9.09); and ‘amusement parks/theme parks’ reflecting the location of the large theme parks (i.e. Staffordshire Moorlands (53.12)).
- **Travel agencies/tour operators** – Due to the nature of these business, the concentrations here do not necessarily indicate wider activity across the visitor economy, but they do show areas where the location of headquarters of tour operators etc can be a significant part of the total labour workforce of the area.

Figure 6: Spatial concentration of employment in accommodation

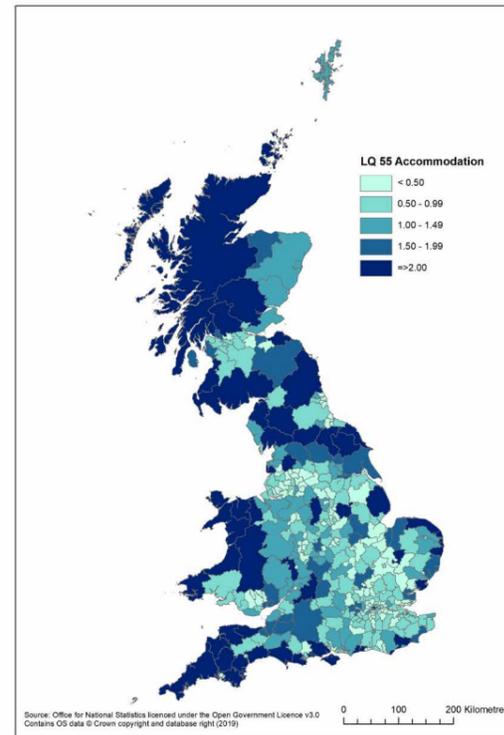


Figure 7: Spatial concentration of employment in food & beverage

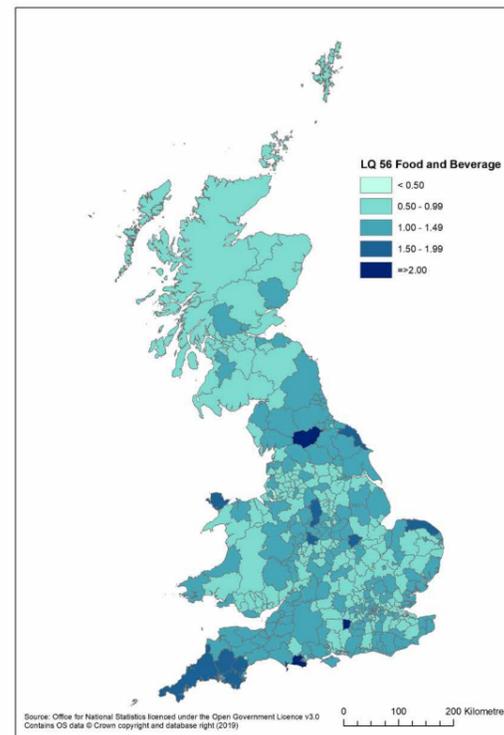


Figure 8: Spatial concentration of employment in arts, entertainment and attractions

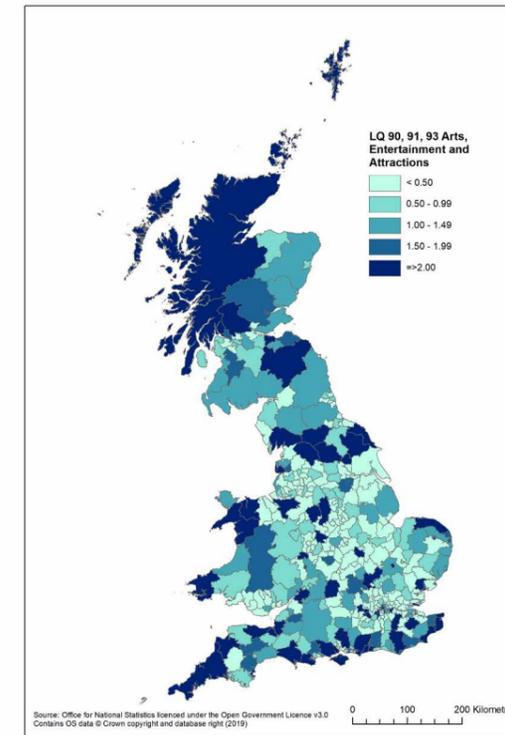


Figure 9: Spatial concentration of employment in travel agencies/tour operators

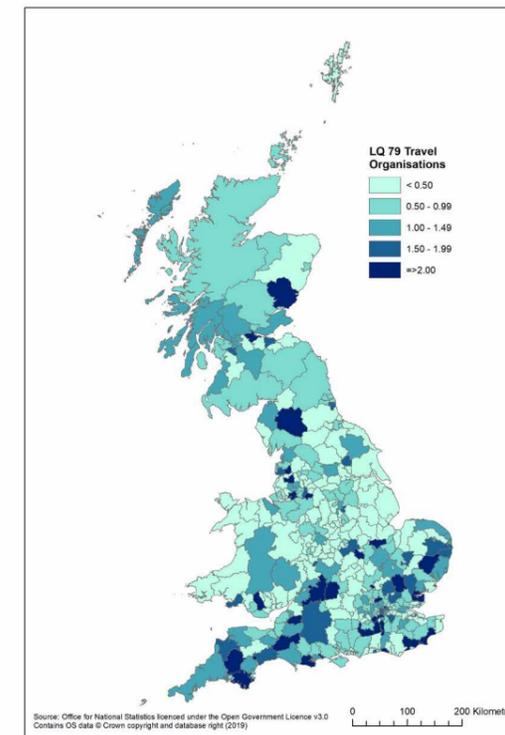
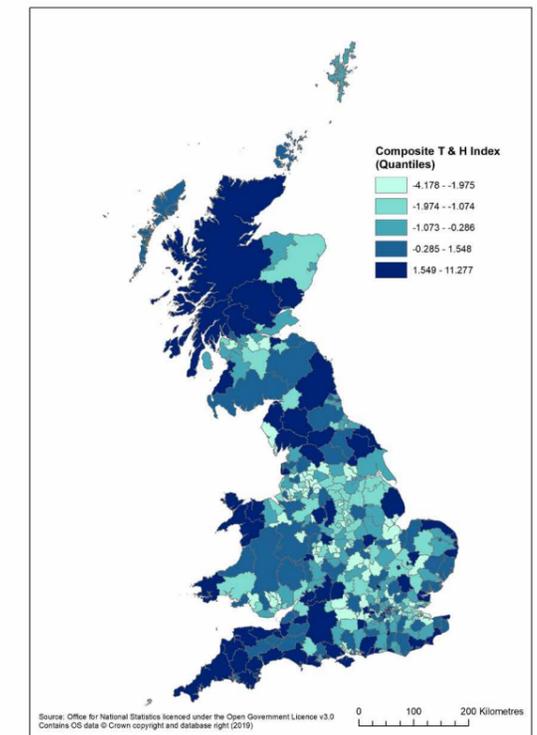


Figure 10 uses a composite score to illustrate sub-regional variations across the combined sub-sectors. Places with high composite scores show employment levels well above national average in all or most of the four tourism and hospitality-related sectors. In effect, the Composite Index highlights those places with high levels of employment in the tourism and hospitality-related sector relative to the rest of the local economy, and which thus may be most exposed to the impact of any changes in migration policies. Looking at the map of Britain, a striking pattern emerges of the clear preponderance of high scoring areas in many peripheral parts of the country, in particular, non-urban Scotland and Northern England, Wales, and the South West of England.

Restrictions on the free movement of EU nationals within the UK are likely to impact disproportionately on those parts of the country where the concentrations of tourism and hospitality businesses are highest. To fully understand this variable impact, it is also important to consider the workforce profile within the sector.

Figure 10: Composite Index of Tourism and Hospitality Employment

Concentrations of full and part-time employment across the four sub-sectors – accommodation; food & beverage; arts, entertainment and attractions; travel agencies/tour operators



Source (figures 6-9): Location Quotient's (LQ) calculated from British Employment Survey 2017 (BRES) accessed from NOMIS.
Note – Employee (full and part-time)

Source (figure 10): Index calculated from: Employee (full and part-time) data – British Employment Survey 2017 (BRES) accessed from NOMISNote

48. See Section 2 for further detail on the methodology.

49. The 5-digit SIC data for the tourism and hospitality sub-sectors was not available at the appropriate geographical scale for these calculations to be extended to Northern Ireland and the Channel Islands.

5.3.2 Workforce

Section 5.2 has already outlined the higher than average reliance on EU workers within the current tourism and hospitality workforce, and argued that they constitute a critical labour pool for the industry. A number of additional workforce characteristics compound the vulnerability of the sector to the loss of a significant labour force that is unlikely to meet the skills or salary thresholds proposed in the Immigration White Paper:

Employment structure: The sector shows a higher than average reliance on part-time workers (40% in tourism, in comparison to 22% in the wider economy) (Cebr 2019:13) and non-permanent workers (i.e. casual, fixed contract and seasonal) (Cebr 2019:43). The ONS pooled dataset analysis for 2016-2018 supports these findings, and goes further to reveal that a higher than average proportion of the sector's part-time workers are students who choose to work part-time, reflecting the younger demographic working in the sector.

Workforce demographics: The tourism workforce has a younger demographic, with 50% of tourism workers aged 16-34, compared with 38% in non-tourism industries (ONS 2019).

Average salaries: The average worker's salary in the tourism sector, defined by median wages for full and part-time workers,⁵⁰ is lower than the national average (approximately (£17,000 in tourism, compared to the UK average of £23,000), with significant sub-sectoral differences.⁵¹ When this is considered alongside regional variations in average incomes,⁵² a significant proportion of jobs within the tourism and hospitality sector fall below a £30,000 salary threshold. In a roundtable discussion co-hosted by UK Hospitality, industry employers estimated that the salary threshold would need to fall closer to £20,000 to cover most jobs in the sector, whilst Marley Morris, of the Institute for Public Policy Research, pointed out

that 'around 90% of jobs currently carried out by EU nationals in the sector would not be eligible for a skilled visa' under the conditions of the Immigration White Paper'.⁵³

Extrapolating from British Employment Survey 2017 data to estimate the regional distribution of EU migrants and their representation in the four tourism sub-sectors, and mapping this against the median and percentile of tourism employees in each region earning less than £30k, the current research reaches a conservative estimate of at least 100k EU migrants working in the tourism and hospitality related sectors earning less than the proposed £30k threshold.⁵⁴

Roles: According to the ONS pooled dataset for 2016-2018, 29% of workers across the sector worked in 'elementary' occupations – i.e. kitchen and catering assistants, waiters and waitresses, and cleaners (ONS 2019), with EU workers more likely to be carrying out these roles (39% EU compared with 28% of British workers worked in 'elementary' occupations). As has been argued in section 4 (above), the conventional perception of tourism and hospitality as a 'low skill' industry oversimplifies the complex nature of 'skill' and the character and intractability of the skills gaps and shortages besetting the industry. Moreover, data collected both from the evidence review and the industry interviews (see section 6, below) regarding employers' efforts to address skills shortages and grow the tourism talent pool, point to the importance of the wider jobs ecosystem and progression between roles in promoting skills and professional development within the sector. It is evident that, whilst a significant proportion of the existing workers would struggle to reach the salary thresholds currently being consulted on, cutting off the talent pipeline from the wider jobs ecosystem would also be a significant setback in the industry's attempts to build skills and professional capacity for the future.

06 • INDUSTRY INSIGHTS: RESPONSES TO THE WHITE PAPER AND POTENTIAL SALARY THRESHOLDS

This section will present a review of the tourism and hospitality industry responses to the Immigration White Paper, with a focus on the high-skilled immigration agenda and the proposed salary threshold. To provide context to the primary research findings (from the online survey (6.2) and the case study interviews (6.3)) which have been designed to capture the 'industry voice', Section 6.1 will explore the emerging tourism and hospitality industry published responses to the immigration debate. As Section 3.2 highlighted, since the publication of the Immigration White Paper, there has been continued uncertainty over the Brexit negotiations with an evolving raft of ministerial announcements such as those calling for a review of the salary threshold, the Australian Points System and the debates over the potential implications of a No-Deal Brexit on the end of free movement. In late June (2019) the then Home Secretary had commissioned the MAC to undertake an additional review of the salary threshold, and early September brought with it supplementary terms of reference under the new Prime Minister. Whilst this latest commission seems to indicate more openness to build in more flexibility, and a willingness to consider a wider range of options, the focus on skills and salary thresholds is still very evident. It is against this ebb and flow of the immigration debate that industry leaders and trade associations have been trying to pitch the needs of their members within an increasingly complex immigration consultation.

6.1 Sectoral responses to the Immigration White Paper and the potential salary thresholds

A detailed review of sectoral responses to all aspects of the Immigration White Paper is beyond the scope of this report. This section, however, focuses on the emerging tourism and hospitality published responses to the Immigration White Paper, with specific reference to the focus on 'high-skilled' and 'skilled' workers and the potential £30k threshold limitation, and its perceived impact on the availability of a sufficiently skilled workforce post-Brexit. Reports and commentaries published in the period from the launch of the Immigration White Paper (Dec 2018) to the end of July 2019⁵⁵ were reviewed to reflect on the body of evidence and opinion being put forward by the tourism and hospitality sector in response to the Immigration White Paper.⁵⁶

Trade associations, such as UKinbound and the British Beer and Pub Association (BBPA), generally welcomed some aspects of the MAC enquiry recommendations and the White Paper, linked to the recommendations that there should be fewer restrictions on highly skilled migrant workers and reduced administrative burdens.⁵⁷ However, a key point of contention has continued to be the focus on high skilled workers and the level of the proposed salary threshold.

6.1.1 Reactions to the proposed focus on high-skilled workers and associated salary thresholds

From across tourism and hospitality, trade associations and membership bodies were quick to issue concerns about the focus on a high-skilled immigration approach and the implications of cutting off the supply of lower-skilled migrants to the sector:

“The central plank of Government's immigration policy, to cut off lower-skilled migration with a salary threshold, is fundamentally flawed and will damage the hospitality sector and the wider UK economy. It also does little to build bridges with our European friends” (UKHospitality Chief Executive, Kate Nicholls).⁵⁸

“Over a third of staff in the inbound tourism industry are from the EU and their language and customer service skills are vital when meeting and working with our inbound visitors and negotiating with overseas operators. However, many of these staff earn under £30k and restricting this pipeline of workers could see tourism businesses start to suffer and fail. We urge the Government to re-think the salary cap for our industry, which in 2017 generated over £24.5 billion for the UK economy” (UKinbound CEO, Joss Croft).⁵⁹

“The UK Government's measures on immigration published in today's white paper could have potentially devastating effects on Scotland's tourism industry, in particular, a £30,000 minimum salary threshold were this to be passed by legislation following a consultation. There is no doubt that the

50. Median wages are regarded as more reflective of 'typical' wages as they are less skewed by small numbers of high earners, see Cebr (May 2019) for further analysis.

51. Average salaries reported by Cebr (2019: 36) for full-time workers in 2017 ranged from approximately £33,400 for cultural activities, and £25,600 for travel agencies and reservation services, to £18,900 in accommodation.

52. As raised in the MAC Report – see discussion at section 3.1 of this report, above.

53. Rolfe H March 2019) 'Menu of post-Brexit visas unpalatable to hospitality employers' Available at <https://www.niesr.ac.uk/blog/menu-post-brexit-visas-unpalatable-hospitality-employers>

54. The assumption is made that EU workers' representation across tourism and hospitality-related sectors matches that of British employees more widely. As evidence suggests a greater proportion of EU workers in the tourism and hospitality sector, estimates of impact and estimates of EU workers in the tourism and hospitality-related sectors are likely to be very conservative.

55. although given lengthy run up to publication of the Immigration White Paper, some responses to the MAC enquiry have also been considered, along with a few sources published in August 2019 during the write up of this report.

56. It must be acknowledged that throughout this time period there has been a rapidly shifting political landscape.

57. For example - Migration Advisory Committee publishes final EEA Migration Report (19th Sept 2018) <https://www.ukinbound.org/industry-news/migration-advisory-committee-publishes-final-eea-migration-report/>; BBPA (19 Dec 2018) BBPA welcomes Immigration White Paper as "positive step forward." (<https://beerandpub.com/2018/12/19/bbpa-welcomes-immigration-white-paper-as-positive-step-forward/>)

58. UKHospitality (19th Dec 2018) UKHospitality reaction to migration White Paper. Available at <https://www.ukhospitality.org.uk/news/news.asp?id=431220&hhSearchTerms=%22Immigration+and+White+and+Paper%220>

59. UKinbound, UKinbound Responds to Immigration White Paper. Available at <https://www.ukinbound.org/featured/immigration-white-paper/>

Government's plans will exacerbate the existing recruitment crisis considerably, placing our tourism industry and what is one of the most important economic drivers for Scotland in severe jeopardy” (Scottish Tourism Alliance Chief Executive, Marc Crothall).⁶⁰

A Briefing Paper by UKHospitality⁶¹ on the White Paper recognises the challenges the Government faces in negotiating the final immigration policy to replace the end of the EU Freedom of Movement, but notes that ‘there was widespread criticism of the MAC’s conclusion that there be no clear immigration pathway for ‘unskilled or low skilled’ migrants’; stating that ‘this was seen as ‘elitist’, ‘naïve’, ‘unworkable’ and damaging to the economy’. It goes further to state that ‘defining skills on the basis of education qualifications and a salary threshold nearly 90% above the National Living Wage cuts through our sector very sharply’ (ibid: 2-4) – making an explicit recommendation to lower the £30,000 salary threshold.

This is echoed by ABTA at the launch of their Cebr report (June, 2019) stating that the restriction of EU nationals via a skilled immigration policy and salary threshold was ‘particularly problematic’; welcoming Sajid Javid’s request to the MAC to review the salary threshold; quoting Mark Tanzer (Chief Executive of ABTA):

“Now is the time that the industry needs to be very clear with Government what the UK travel and tourism sector needs from a future skills and jobs approach in order to ensure the industry can continue to grow and thrive.

“It is important the Government truly understands the UK travel and tourism labour market in order to ensure it develops the right long-term approach to immigration and skills development.”

6.1.2 Transitional arrangements

Various transitional arrangements have been highlighted as a way for the industry to plug the shortfall in low-skilled workers following the end of Free Movement; namely the ‘transitional visas’ and the Youth Mobility Scheme. These solutions have been questioned in terms of their limited ability to develop a productive, upwardly mobile workforce with clear pathways for progression. As Madeleine Sumption, Director of the Migration Observatory at the University of Oxford stated in response to the White Paper:

“Probably the most significant proposal is the plan to rely heavily on short-term migration. Under the current system, EU migrants at all skill levels have been able to settle permanently in the UK and become citizens if they want to. The proposed policies would put an end to that, with employers relying on a rotating pool of newly arriving workers to fill low-paid positions⁶².”[emphasis added]

Commentaries on the applicability of these transitional arrangements from a tourism and hospitality sector only reinforce the arguments that for a sector which already suffers from significant ‘churn’/labour turnover (Tourism Sector Deal, 2019⁶³), this would only exacerbate the situation and lessen the motivation of industry to invest in people – where actually the ability to upskill is seen as a strength of the hospitality and tourism labour market. Thus, having a significant impact on the sector’s ability to meet the ambitions for increased productivity at the centre of the Tourism Sector Deal. National Institute of Economic and Social Research (NIESR) who have continued to track the hospitality sector’s response to the immigration proposals, reported on an industry round table, co-hosted with UKHospitality, stating that:

‘Employers were adamant that these would not meet the sector’s needs: costs incurred through in-house training would not be re-cooped, employers wouldn’t be unable to progress individuals to supervisory and management posts and the costs of continual recruitment would soar. Employers also feared the visas would create a two-tier workforce and make integrated teams more difficult to achieve.’⁶⁴ [emphasis added]

In response to the Youth Mobility Scheme, whilst the extension of the scheme (beyond the existing eight countries) is broadly welcomed, the employers at the NIESR round table highlighted it as short-term provision, and would not meet ‘longer-term needs, unless visa holders could transfer to other routes without having to leave the country and reapply’.⁶⁵

The UKHospitality July 2019 Briefing Paper⁶⁶ questions the justifications made by the MAC that there was already a supply of unskilled EU migrants in the UK to fill short-term gaps and raises concerns that falls in EU net migration (see Figure 2 – Section 5.2) will progressively tighten labour markets.

6.1.3 Regional responses

Reliance on EU nationals varies at both a regional and sub-sectoral level. This report has further evidenced significant regional and sub-regional variations in the tourism and hospitality sub-sectors in terms of salary-levels, concentrations of business activity, reliance of regions on the sub-sectors together with access to skills and labour markets. Reflecting this, some of the industry responses are regionally specific. For example, in the case of London, where the concentration and reliance on EU workers is widely documented, the launch of the #FullStrength campaign by London First (drawing together a consortium of trade, business and industry bodies)⁶⁷ has highlighted hospitality as a key sector facing acute labour shortages. Following the launch of the Campaign, Jasmine Whitbread, Chief Executive at London First stated:

“It is vital that the Government does all it can to keep the country at full strength at a time of great uncertainty. The thousands of businesses we represent are clear that without a bold move now on immigration reform, the skills shortages many companies face risk becoming even more acute... As the UK prepares to leave the EU in the near future, it is imperative that the Government puts in place measures that will avoid employers facing a cliff-edge in recruitment, and works towards building a successful economy that is open and attractive.”⁶⁸

Sadiq Khan, the Mayor of London has called for the threshold to be lowered to the equivalent of the London Living Wage (£21,000) and has gone further to suggest that the city should be given rights to offer its own “fast-track” visas to ensure that it could access the labour and skills needed.⁶⁹

A contrasting locality, with high concentrations of tourism but, facing challenges linked to the access of home-grown labour due in part to its peripherality is the Lake District, has also been actively lobbying Westminster. The Lake District Hotels Association (LDHA) stated in advance of a meeting with the minister of State Immigration, all three representatives were to ‘express their deep concerns about the proposed post-Brexit migrant salary controls and the effects these tight restrictions will have on the region.’⁷⁰ Even the reduction to the lower salary threshold level of £22,000 being lobbied for by UKHospitality was felt to be too high for the labour market conditions in the Lake District. As Joe Cobb, chairman of the LDHA argues:

“59% of our staff are EU Nationals, we will be left with a gaping hole with nobody to fill the gap”. South Lakeland’s unemployment figures are below the national average at 0.9%,

and with Cumbria’s working-age population projected to fall, this already small pool of local labour is set to shrink further. Thus, the departure of migrant workers certainly has potential for major repercussions⁷¹.

Reflecting the previous section of the report which demonstrated that the impacts of reducing the talent pipeline to essential EU workers has the potential to have a significant impact on the wider regional economy when the locality exhibits high concentrations of tourism and hospitality activity, the LDHA’s lobbying went further to say that:

The 3 billion pound tourism industry is fundamental in keeping the Lake District’s economy afloat. Hospitality and tourism sectors currently support around 15,000 jobs in Westmorland and Lonsdale and are massively dependent upon migrants to make up their workforce.⁷²

These cases reiterate the difficulties in applying a national one-size fits all immigration policy to a sector where locality is often fundamental in explaining access to a sufficiently sizeable and appropriately skilled labour market and where some areas have high concentrations of key sub-sectors which rely on EU workers- making them more vulnerable to changes linked to the proposed salary threshold and skills-led immigration policy.

6.1.4 Summary

The Tourism Sector Deal sets out the ambitions of the new Hospitality and Tourism Skills Board, seeking to ‘attract, train and retain a more skilled workforce’ (Tourism Sector Deal, 2019:11) through ‘an ambitious programme to revolutionise the pipeline of talent that joins the sector’ (Tourism sector Deal, 2019:26). Whilst these commitments are significant, and vital to the growth of home-grown talent, the Sector Deal recognises that they ‘will not easily be achieved’ (2019:27). It is also vital to note that the ambitions of the Sector Deal will not solve the immediate skills gaps or help the industry to address any potential shortfall in industry needs following the end of Free Movement. Any successes to result from the Tourism Sector Deal will take time to impact on the availability of a sufficiently skilled and sizable home-grown talent pool. The tourism and hospitality sector has been, and continues to be, on a substantial growth trajectory, and additional workers will be needed to sustain growth in the sector. Subsequently, if the aim of the Tourism Sector Deal to increase productivity by 1% is to be achieved, delivering an additional £12bn to the UK economy, a further 70,000 jobs will be created (Tourism Sector Deal, 2019);

60. Gates P Dec 2018 ‘Business groups slam UK Government’s immigration plans’ Available from <https://www.insider.co.uk/news/immigration-white-paper-business-scotland-13754918>

61. Guthrie, July 2019 UKHospitality Briefing Paper on the Government’s Immigration White Paper. Available at <https://www.londonfirst.co.uk/campaigns/campaigning-to-keep-the-uk-at-fullstrength>

62. Migration Observatory Dec 2019 Immigration White Paper response from the Migration Observatory at the University of Oxford. Available from <https://migrationobservatory.ox.ac.uk/press/immigration-white-paper-response-from-the-migration-observatory-at-the-university-of-oxford>

63. The Tourism Sector Deal estimates that annual churn (gross labour turnover) is around 30% in hospitality and 75% for pub operators.

64. Rolfe H (8th March 2019) ‘Menu of post-Brexit visas unpalatable to hospitality employers’ Available at <https://www.niesr.ac.uk/blog/menu-post-brexit-visas-unpalatable-hospitality-employers>

65. ibid

66. Guthrie 2019, UKHospitality Briefing Paper on the Government’s Immigration White Paper. Available at <https://www.londonfirst.co.uk/campaigns/campaigning-to-keep-the-uk-at-fullstrength>

67. London First, ‘Campaigning to keep the UK at #FullStrength. Available at <https://www.londonfirst.co.uk/campaigns/campaigning-to-keep-the-uk-at-fullstrength>

68. BBC (17th July) Brexit: Bosses seek cut to immigrant salary threshold. Available from <https://www.bbc.co.uk/news/business-49007700>

69. Kentish B, July 2019 ‘Government plan to cut immigration after Brexit would have ‘devastating consequences’, Sadiq Khan warns Boris Johnson. Available from <https://www.independent.co.uk/news/uk/politics/brexit-immigration-cuts-boris-johnson-sadiq-khan-london-latest-visas-a9025856.html>

70. Lake District Hotels Association (June 2019) LDHA Members set to discuss employment concerns at Westminster. Available from <https://blog.ldhavoice.co.uk/articles/ldha-members-set-to-discuss-employment-concerns-at-westminster>

71. ibid

72. ibid

placing a growing pressure on the home-grown talent pool, where labour markets are already tight and where access to EU workers is significantly reduced.

Based on an understanding of these debates and the responses published by the tourism and hospitality sectors, primary research was conducted on behalf of UKinbound to access evidence from its membership and wider stakeholder associations concerning the response to the White Paper. This was essential to ensuring that the 'industry voice' regarding skills gaps, labour shortages, reliance on EU workers and responses to the Immigration White Paper could be fed into the continuing consultation process. The following two sections (6.2 and 6.3) will present the results of that research.

6.2. Online survey – Headline findings

The online survey was administered⁷³ to the membership of UKinbound, together with members drawn from several tourism/hospitality trade associations⁷⁴. The focus of the survey was to capture detailed evidence from businesses on salary and skill levels in the tourism workforce to understand the current reliance on EU nationals, salary and skills distribution and reactions to the Immigration White Paper, focusing on the proposed salary threshold, in terms of how businesses feel this will impact on their ability to meet labour market needs post-Brexit.

6.2.1 Sample characteristics

190 organisations completed the survey⁷⁵. Respondents are members of various tourism and hospitality associations, representing the membership of UKinbound and a cross-section of businesses directly involved in the UK tourism and hospitality sector. The sample profile characteristics reflect a range of organisations in terms of:

- Sub-sector – with members drawn from a range of tourism and hospitality associations and a varied mix of sub-sectors (Figure 11);
- Size - a broad mix of organisational sizes, with 60% drawn from organisations with over 50 employees;
- Geographical spread - a high proportion of organisations from England (81%), but with other nations represented (Scotland- 18%, Northern Ireland (13%) and Wales (8%).

The data was analysed for the whole sample and by sub-group to identify if any variations existed across sub-sector, scale and location.

Although the survey measured organisational size in broad categories (Figure 12), a conservative estimate based on the number of responses within micro, small, medium and large organisations suggests that the survey represents the views of businesses employing at least 20,000 employees across the sector.

6.2.2 Reliance on EU nationals

The online survey responses support the arguments made earlier in the report that the national average of EU workers employed by businesses within the more broadly defined tourism sector (approx. 10%) are extremely conservative and mask the realities of many of the organisations who are members of UKinbound and related associations – with 29% of the total businesses replying that EU workers make up more than half their workforce. There are clear regional variations in the reliance on EU workers, with London a hotspot (47% of London businesses who responded relied on EU nationals for more than half of their workforce), followed by the North West and South East (27% and 24% respectively relying on EU workers for half their staff).

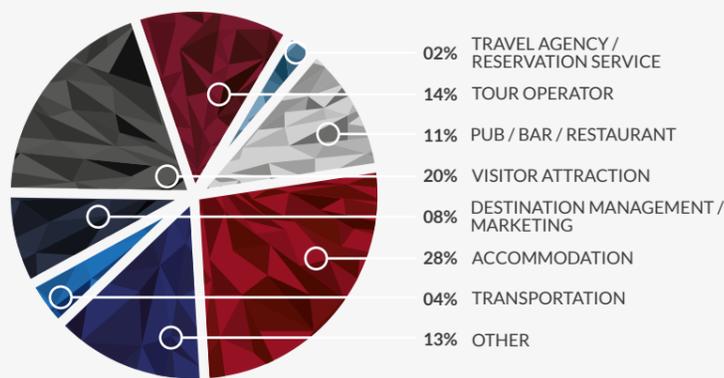
It is also worth noting that whilst the South West has previously been identified as an area with particularly high concentrations of tourism and hospitality businesses and employees, reliance on EU workers is not as strong in this area of the UK and thus, they will not be as vulnerable to changes in the workforce following the end of Free Movement. As one respondent noted, however, significant changes in the talent pipeline of areas which do currently place high reliance on EU nationals could have a knock-on effect in areas such as the South West due to the tight labour market conditions.

When the percentage of organisations who are reliant on EU nationals for more than half of their workforce is disaggregated by UK region this seems to indicate a stronger presence of EU nationals within organisations in Scotland (where 40% of the Scottish respondents employ over half their workforce as EU nationals) and England (31%), compared to Wales (20%) and Northern Ireland (13%).

In terms of sub-sectoral differences, a higher proportion of accommodation businesses (46%) and tour operators (41%) rely on EU nationals for more than half of their workforce, in comparison to visitor attractions (5%). In terms of organisational size, the businesses with 10-49 employees were more likely to have over half of their workforce as EU nationals (40%) when compared with the largest organisations (17%), indicating an additional area of vulnerability for smaller organisations (which dominate across the sector) in terms of their workforce structure and reliance on EU nationals.

Figure 11: Sub-sectors represented in the sample

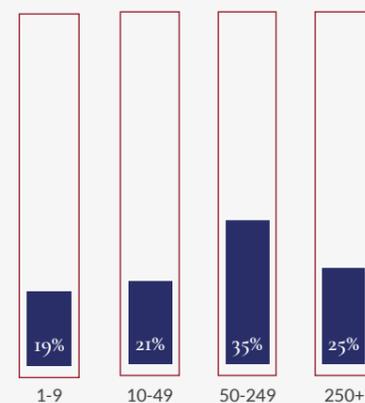
Varied mix of sectors & organisations took part



Q2. Which of the following BEST describes your organisation? Base: 190

Figure 12: Organisational size

Broad mix of organisation sizes, with just over 1/2 medium sized



Q4. How many employees do you have in your organisation? Base: 190

73. The survey was administered and headline findings were delivered by Q2 Research Ltd. using questions developed by the research team at CCCU.

74. UKHospitality, Association of Leading Visitor Attractions (ALVA), European Operators Association (ETOA), Tourism Alliance, NI Hotel Federation, Scottish Tourism Alliance, British Beer and Pub Association (BBPA), Hospitality Ulster, Northern Ireland Tourism Alliance, Cruise Britain, British Educational Travel association (BETA), Wales Tourism Alliance and Airlines UK.

75. responses were quality checked & analysed using Askia software by Q2.



WORKFORCE - THE ENGINE OF THE SECTOR

EU nationals are a critical labour pool for tourism and hospitality

- The online survey indicates a significant reliance on EU nationals within the tourism and hospitality workforce.
- Whilst national average indicates around 10% reliance on EU nationals within a broadly defined tourism sector, nearly 60% of the organisations who responded rely on EU nationals for more than 10% of their workforce, with 29% of the businesses replying that EU workers make up more than half their workforce.
- London is a clear hotspot in terms of reliance on EU workers, with 47% of the businesses who responded from London indicating that over half of their workforce are EU nationals.



EU NATIONALS: SKILLS AND TALENT CRITICAL TO THE SECTOR

Key reasons for recruitment of EU nationals:

Limited domestic labour markets
Skill shortages
Negative perceptions of sector



High levels - customer service skills
Language skills

- Reflecting the findings of other reports many organisations stated that they do not seek out EU nationals in particular. As one travel agency stated 'we employ the best person for the job regardless of race, creed or nationality.'
- Both geographically and across the sub-sectors a consistently strong set of reasons emerged related to the rationale for recruiting EU nationals linked to:
 - Limited/constrained labour markets
 - The core strengths that EU workers bring to the talent pipeline.

LIMITED/CONSTRAINED LABOUR MARKETS:

68% of respondent organisations agreed that they employed EU workers due to limited domestic labour markets. This reason was particularly strong within the accommodation sub-sector, with 87% agreeing to this statement.

“A large amount of our EU nationals work within the accommodation services department of the hotel. Applications for these roles from the domestic labour market are limited.” (Accommodation provider)

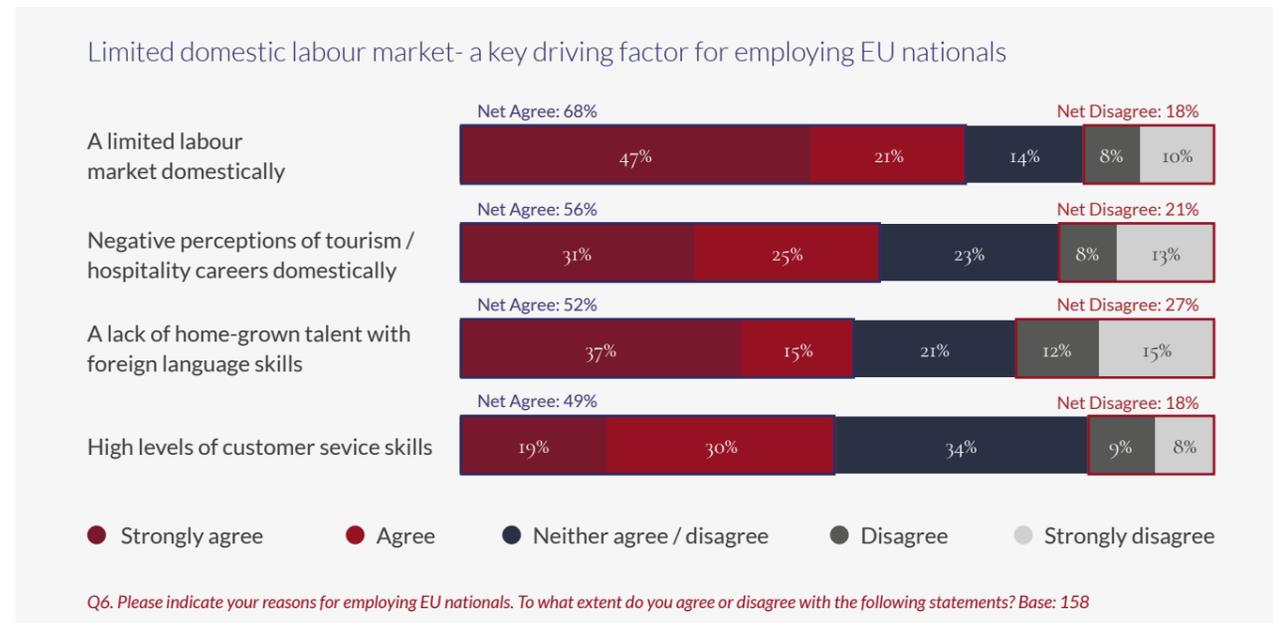
On a country level, limited domestic labour markets were also indicated strongly by 79% of respondents from Northern Ireland (79%) and Scotland (70%).

Supporting the findings from the UKinbound (2018) Breaking the Language Barrier Report, skills shortages linked to language skills were also noted as a reason to employ EU nationals. Collectively, 52% of respondent organisations (37% strongly

agreed and 15% agreed) claim that a lack of home-grown talent with foreign language skills is a driving factor for employing EU nationals. However, for tour operators and destination management organisations this skills gap was particularly strong (78% and 82% respectively).

The poor image of the sector as a career of choice has been consistently identified as a barrier to the growth of the domestic talent pipeline by a variety of reports and work in this area is central to the 'People' element of the Tourism Sector Deal. Many organisations indicated that the need to recruit EU nationals is driven by negative perceptions of tourism careers domestically. 56% of respondents (31% strongly agreed and 25% agreed) agreed that negative this is a significant reason as to why they recruit EU nationals. When examining the findings by country and sub-sector, in England this figure sits at 53%, rising to 58% in Northern Ireland. In the 'Accommodation' sub-sector this perception is particularly strong (80% agreeing they employ EU nationals due to negative perceptions of the sector).

Figure 13: Reasons for employing EU nationals



CORE STRENGTHS OF EU WORKERS:

The picture is more complicated than just a constrained labour market domestically. There is a perception that EU nationals come with core skills and talent that is well suited to meet the needs of the tourism and hospitality businesses. It has previously been noted that a key driver for recruiting EU nationals is the lack of foreign language skills domestically. In terms of core strengths, the foreign language skills of EU nationals are regarded highly. Added to this is the international perspectives that they bring to the workforce which is not just reflected in their linguistic capabilities but their cultural awareness. As one tour operator stated 'we deal with more than 90 countries. We value not just linguistic but cultural alignment and understanding'. An accommodation provider went further to state that 'we are a global organisation that welcomes a diverse workforce that is representative of our customers.'

EU nationals are also perceived to bring with them high levels of customer service skills; with 49% of all respondent organisations agreeing that this is a driver for recruitment. Across the various sub-sectors this proportion varies with 78% and 73% of 'Tour Operators' and 'Destination Management' organisations employing EU nationals for these core skills. Micro organisations (1-9 employees) are more likely than any other sized business to employ EU nationals due to their 'high level of customer service' (76%).

“UK workforce lack commitment to good customer service and whilst some will go the extra mile, we find EU nationals to have a much bigger pride in what they do. Very generalist but after 30 years of operation it is getting worse not better with UK employees.” (Tour Operator)

Additional open responses provided by the respondents also highlighted the high work ethic and flexibility, together with their experience and a 'can-do attitude to work.'

6.2.3 Labour shortages and skills gaps

The previous section has already started to indicate a tight/limited domestic labour force as a driver to recruit EU workers. The tourism and hospitality sectors are widely reported as sectors with acute labour shortages and skills gaps. The online survey supports this further with 58% of respondent organisations having unfilled vacancies which they are struggling to fill; with the hospitality sector particularly vulnerable (pubs/bars/restaurants – 67% and accommodation providers 94% having unfilled vacancies which are difficult to fill). Across all the organisations the average number of hard-to-fill vacancies was 12 and there are significant shortages across hospitality focused roles such as chefs, housekeeping and front of house staff.

To exacerbate the situation, 77% of these organisations with difficult-to-fill vacancies have found recruitment is generally more difficult since the EU referendum. Breaking this down into sub-sectors: all of the tour operators; 84% of the accommodation providers and 54% of the pubs/bars/restaurants (with hard-to-fill vacancies) reported that it has been more difficult to recruit since the referendum. When these results are disaggregated according to business size -from those with unfilled vacancies - it is the smaller organisations (1-9 employees 73%) who seem to be finding it more difficult to recruit than the medium-sized (50-249 workers – 61%) and larger organisations (250+ workers – 31%). Some businesses additionally reported that they are already losing long-term members of staff since the referendum:

“We have experienced the loss of some very good staff since the referendum (the best always leave first)” (Visitor Attraction)

“A number of long stay employees have already gone home, and it is certainly becoming much harder to attract replacements.” (Accommodation provider)



INDUSTRY VOICE

“EU citizens as part of our teams are crucial, especially when working with over 60 source markets. Our clients expect to be serviced in their native language”

Access to workforce
Salary levels and skills gaps

Key to understanding the potential impact on tourism and hospitality businesses at the time of the survey was the proportion of the workforce who earn under £30,000 per year; the level of the salary threshold proposed by the White Paper. Whilst a range of possible salary thresholds have been proposed by industry groups lobbying Westminster, and the Home Office commissioned review from the MAC, now to report back in January 2020, are now considering other proposals around potential salary thresholds, the online survey responses related to this salary threshold are still important benchmarks for the impact on business.



6.2.4 Perceived impact on business

As stated previously the tourism and hospitality sectors have lower than average salaries compared to the broader UK economy. This is reflected in the high proportion of the workforce earning under £30,000 p.a. and thus, indicates a higher degree of vulnerability under a proposed £30k salary threshold limitation for EU workers.

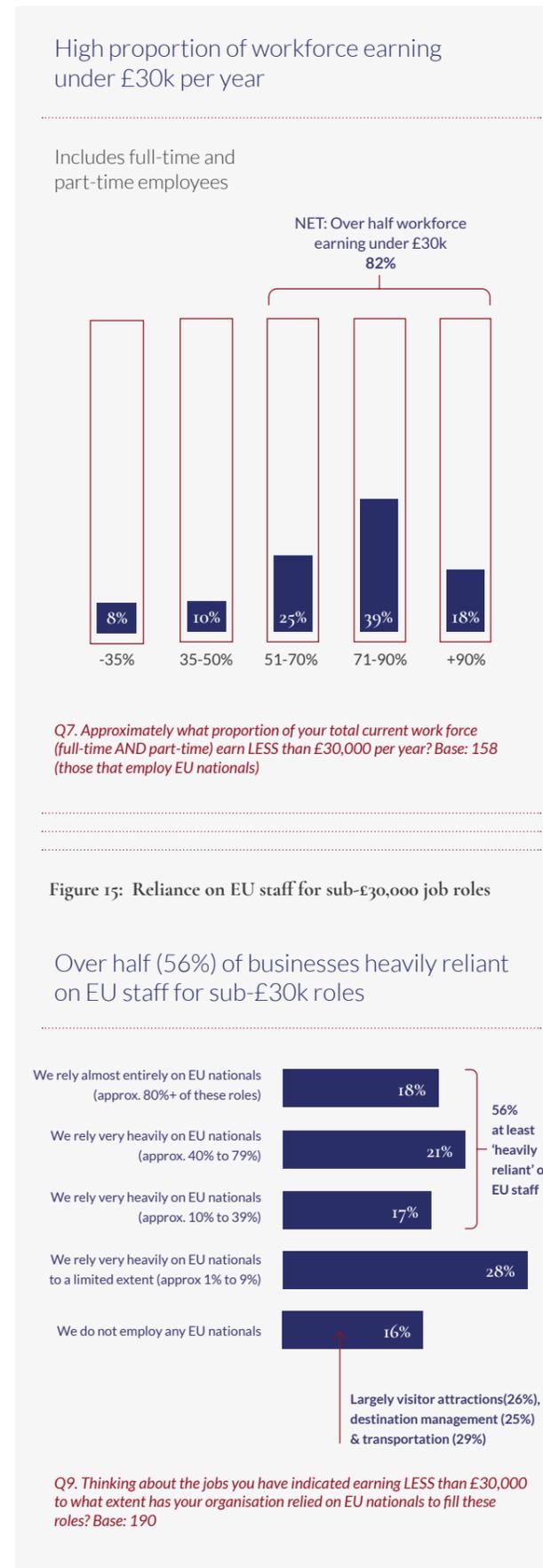
Based on the sample of organisations who employ EU workers, 82% of them have more than half their workforce earning less than £30K p.a. The proportions of organisations with over 90% of their current workforce earning less than £30,000 was found to be particularly pronounced for the more hospitality-related organisations, with around a quarter of accommodation and pubs/bars/restaurants indicating that more than 90% of their workforce would fall below this salary threshold.

This reliance on EU staff for job roles paying less than the £30k threshold level, is further supported by Figure 15, with over half the organisations heavily reliant on EU workers for job roles falling below the threshold. Again, it is the accommodation providers which show a strong reliance, with 70% of the accommodation respondents relying almost entirely/very heavily on EU workers. Similarly, the tour operators demonstrated a strong reliance, with 33% of them relying heavily on EU nationals for these sub-£30,000 roles. In contrast, the sub-sectors indicating less/no reliance on an EU workforce were drawn from visitor attractions, destination management organisations and transportation.

Regional variations exist, where London has the highest proportion of organisations who rely almost entirely on EU nationals to fill their sub-£30,000 roles (34%). When the sub-group analysis focuses on the four nations, the proportions of organisations where they rely heavily, very heavily or almost entirely on EU nationals to fill sub £30k posts are: England (53%), Wales (53%) Scotland (72%), Northern Ireland (79%).

The typical types of job roles which attract salaries under £30,000 from across all the respondents, and those at most risk from a shrinking talent pool if the salary threshold was applied for EU workers are drawn from roles such as office admin, front of house (receptionists), kitchen staff and chefs, housekeeping, but also marketing and sales staff.

Figure 14: Proportion of workforce earning under £30,000 p.a.

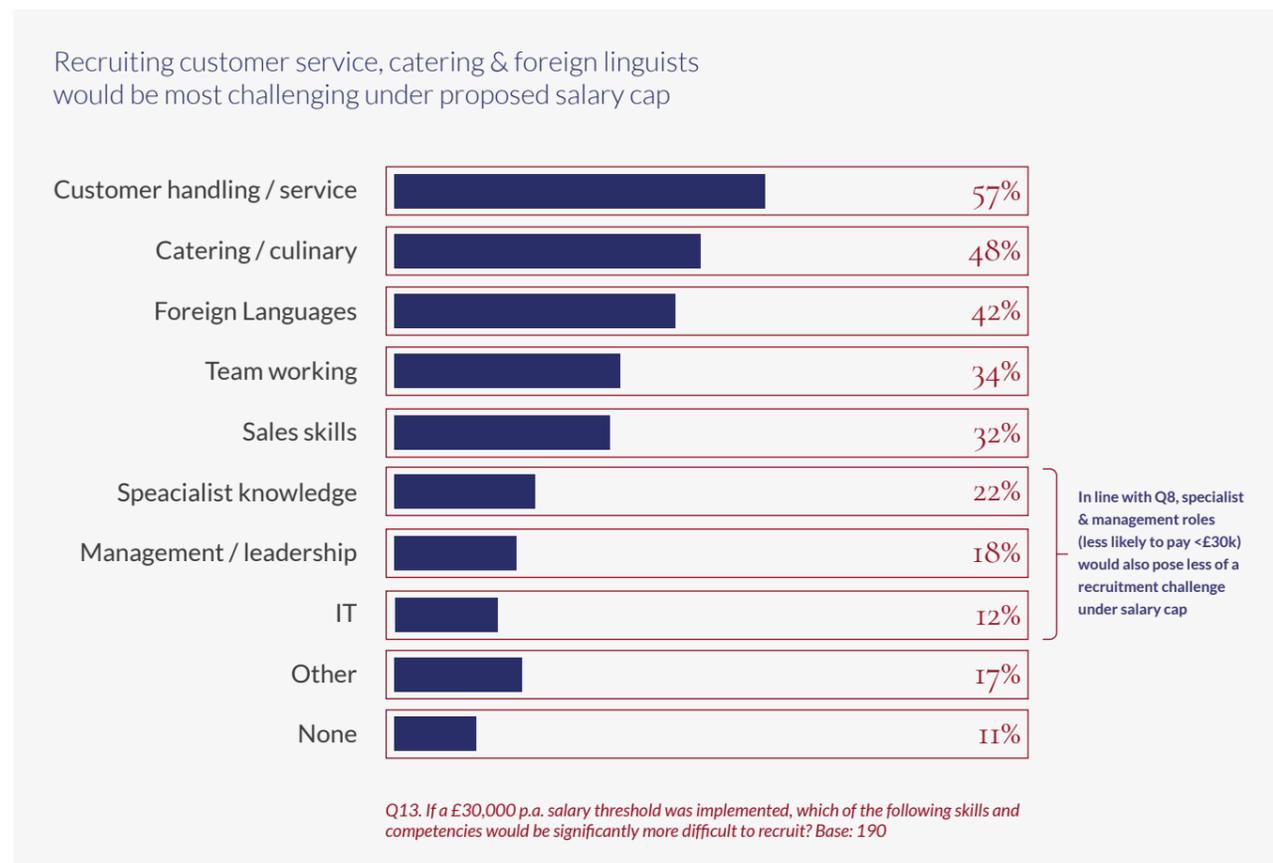


Thus, the online survey results suggest that there will be skills shortages if the proposed £30,000 salary threshold was implemented as part of the immigration policy and that organisations expect this to impact on various business functions and roles. As Figure 16 highlights, recruiting a workforce with sufficient customer service, catering and language skills is perceived to be challenging to a substantial proportion of the industry respondents. When this is seen at the level of the various sub-sectors, 87% of accommodation providers and 70% of pubs/bars/restaurants say they will find it significantly more difficult to recruit those with catering/culinary skills. 75% of destination management organisations say they will find it more difficult to access people with foreign language and sales skills.

By region, London operating businesses are significantly more likely than other regions to expect problems recruiting 'customer service' (66%) and 'foreign language' (55%) skills.

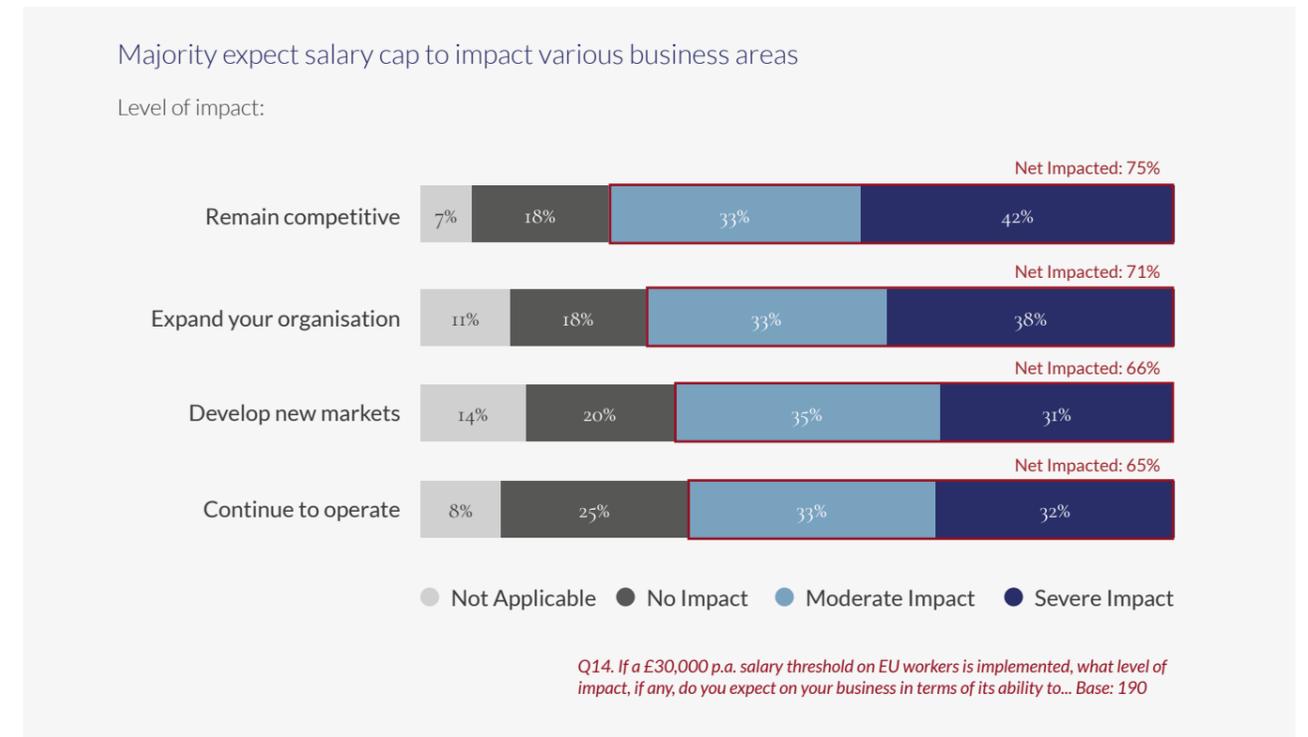
"The £30k threshold will be disastrous for small and medium sized DMCs. It will make it impossible to recruit graduates from the EU that come with bags of enthusiasm and unrivalled language skills. As long as the UK is unable to produce home grown travel professionals with language skills, we have to keep on recruiting from overseas. If that is stopped we're doomed..." (Destination Management organisation)

Figure 16: Impact of salary threshold on ability to recruit workers with key skills



Challenge to business	To understand more fully the perceived impacts of the proposed salary threshold, organisations were questioned in terms of how such a policy change would impact on their organisation in terms of competitiveness, ability to expand, develop new markets and continue to operate. To test the widely expressed concern that changes to the immigration policy will be exacerbated by the ability of the industry to cope with the demands of a new immigration system organisations were also questioned about their capacity to cope with any additional administration.
-----------------------	---

Figure 17: Perceived impact on business



A reduction in access to EU workers via an immigration system incorporating a salary threshold limitation is of real concern to a substantial proportion of the tourism and hospitality business respondents (Figure 17):

- 75% believe that the proposed cap will impact on their ability to remain competitive;
- 71% stated it will impact on their ability to expand;
- 66% indicated it will impact on their ability to develop new markets; and
- 65% believe it will impact on their ability to continue to operate.

Overall, 82% of London operating businesses expect to be impacted in some way by the reduction in access to EU workers through this level of salary threshold limitations.

From a sub-sectoral perspective, organisations from within the accommodation (83%) and tour operator (78%) sector are significantly more likely than visitor attractions (53%) to indicate that they will be negatively impacted upon by the salary threshold. This reflects sub-sectoral variations captured by the rest of the online survey results.

"Cutting off supply of EU workers to Hospitality Industry would have a detrimental effect to our industry". (Accommodation provider)

"...It is going to become impossible to recruit which will affect the customer service levels and in turn will affect the business overall where we will have to reduce our headcount to have to pay higher salaries." (Accommodation provider)

In terms of regional variations some areas do contain a higher proportion of businesses who perceive that this salary threshold will have more impact than others. For example, London operating businesses appear most concerned about the potential impact of the salary cap - 82% of businesses expect to be impacted. However, the figure is much lower for the South West, with 53% of businesses expecting to be impacted.

Although various sectoral responses to the Immigration White Paper and the recommendations of the MAC have in the past welcomed the view that there should be reduced administrative burdens (Section 6), any change in immigration policy - brought about by the end of Free Movement - will bring with it change in processes and administration. Based on the assumption that 'under current proposals, the end of Free Movement will mean that accessing the EU labour pool will be subject to tighter controls, 65% of respondent organisations stated they would be unable to cope with tighter controls (Figure 18).

From the 65% of organisations who felt they would be unable to cope with tighter controls to access the EU labour pool, 47% felt that they would require additional resources. These views related to their preparedness to deal with the additional burdens of administration were consistently stated across the sub-sectors. Interestingly, larger organisations (250+ employees - 65%; 50-249 employees - 52%) were more likely than the micro and smaller organisations to require additional resources to cope with any additional burden (1-9 employees - 30% and 10-49 employees - 33%). This could be explained by the differing degrees of scale related to human resources and recruitment amongst the different sizes of organisations.

As discussed throughout the report various transitional arrangements have been suggested as ways in which industry could plug the shortfall in low-skilled workers following the end to free movement.

The online survey explored industry responses to the proposed extension of the existing Youth Mobility Scheme (through which internationals aged 18-30 could spend two years in the UK working without an income threshold) (Figure 19). When asked if such an arrangement would enable them to meet any potential shortfall in labour requirements rising from the £30K income threshold a mixed opinion resulted. Only 24% thought it to be useful as a long-term solution, whereas 43% thought it was useful as a short-term transitional measure. Thus, whilst two-thirds of organisations felt this could be useful, it was largely felt to be useful as a short-term transitional measure.

The results of this survey demonstrate a deep concern about the potential immigration salary threshold and the implications it could have on a sector which employs a significant number of EU nationals. EU nationals are employed due to both domestic labour market shortages and their possession of core valuable skills linked to language competence and customer service. Front-of-house, hospitality, sales and administration roles are the most likely to be under the £30K salary threshold, and some businesses say that all roles in their organisations fall below the £30K salary threshold.

"We do not agree with the 30K threshold. Our members are strongly opposed to the proposal. It makes no sense and is not good for tourism...and will simply add more difficulty in trying to solve labour shortages." (Trade Membership Organisation).

Different sub-sectors would struggle to recruit different types of skills under the proposed £30K. For example, tour operators' and destination management organisations would struggle most with language and sales skills. Whereas, accommodation and pubs/bars/restaurants would struggle more with catering/ culinary skills.

Extending the Youth Mobility Scheme was a potential solution, but only as a short-term temporary one. At present capacity, a substantial proportion of businesses surveyed felt that they would not be able to cope with any additional burdens related to the tightening of controls to accessing EU workers as a result of the end of free movement.

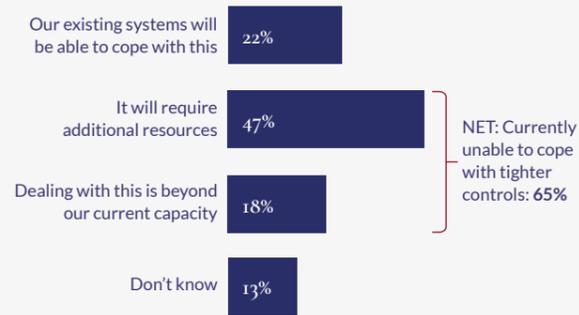
Overall, current labour shortages in the industry, combined with a reliance for many on EU staff to fill domestically 'unpopular' or EU specific skilled posts, means that many in the tourism industry are concerned and opposed to a £30K salary cap on EU immigration,

"...will seriously impact on the ability of the hospitality industry to operate efficiently throughout the UK and will severely destabilise the tourism business which is a major income source for the country" (Accommodation provider).

Figure 18: Extent to which organisations felt they would be able to cope with tighter controls to access the EU labour pool.

Two-thirds of organisations will be unable to cope (at present capacity) with tighter controls accessing EU labour pool

Under current proposals, the end of free movement will mean that accessing EU labour pool will be subject to tighter controls

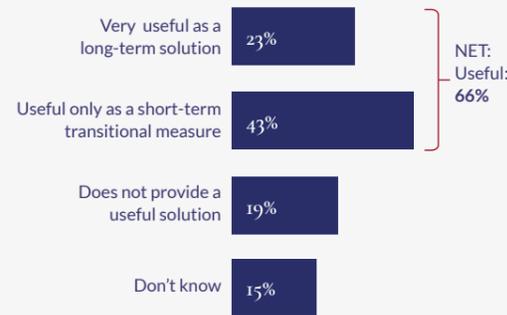


Q16. In your view, will your organisations be ready and able to handle any potential additional administration related to this? Base: 190

Figure 19: Organisational responses to the usefulness of the proposal to extend the Youth Mobility Scheme

Mixed opinion on extending Youth Mobility Scheme to EU: 2/3 would find it useful, but largely only as a short-term transitional measure

Your Mobility Scheme: internationals aged 18-30 can spend two years in the UK working without an income threshold. The Immigration White Paper proposes extending this scheme to cover EU countries



Q15. How useful do you think such arrangement would be in enabling your organisation to meet any potential shortfall in your skill and labour requirements arising from the £30,000 income threshold? Base: 190

Figure 20: Online survey headline findings

INDUSTRY INSIGHTS

Responses to the Immigration White Paper & potential salary thresholds

Data collected from 190 UK businesses within the tourism & hospitality sector: 2019

| Accommodation | Pubs | Bars | Restaurants | Travel Agencies | Tour Operators | Visitor Attractions | Transportation | Destination Management / Marketing |

WORKFORCE - THE ENGINE OF THE SECTOR:

There is a **significant reliance** on **EU Nationals** within the tourism & hospitality workforce.

57% of organisations rely on EU nationals for **more than 10%** of their workforce.

29% claim EU workers make up **more than half their workforce.**

EU WORKFORCE - A CRITICAL LABOUR POOL LIMITED DOMESTIC LABOUR MARKET:

68% of respondent organisations cited the limited domestic labour market as a key reason for reliance on EU Nationals.

"The unemployment rate is close to an all time low, hence the need for immigration to fulfil the growing job market."

"Lack of labour in the area where we operate."

"Lack of suitably trained local workers."

EU WORKERS' SKILLS AND TALENT ARE CRITICAL TO THE SECTOR:

52% of organisations cited a **lack of home-grown talent with foreign language skills** as a driving factor for employing EU nationals. Within the Tour Operators and Destination Management sub-sectors this figure is closer to **80%**.

49% of organisations cite **high levels of customer service skills** as a driver for the reliance on EU nationals.

RECRUITMENT IS HARDER SINCE THE REFERENDUM

Percentage of organisations by nation that have found recruitment more difficult since the referendum:

"We have experienced the loss of some very good staff since the referendum (the best always leave first)"

58% of all organisations have **hard-to-fill vacancies**

94% of accommodation providers have **hard-to-fill vacancies**

HIGH PROPORTION OF THE WORKFORCE EARN LESS THAN THE £30K THRESHOLD

56% of businesses are at least **heavily reliant** on EU Nationals for **sub-£30k** roles.

Within the Accommodation Sector, this rises to **70%**

34% of businesses in the London region rely **'almost entirely'** on EU nationals to fill sub-£30k roles

£30K SALARY THRESHOLD WOULD IMPACT BUSINESS OPERATION

Businesses are likely to experience a significant skill shortage because of the proposed £30k threshold and the reliance of the industry on EU nationals for staff.

87% of the Accommodation Sector **say** they would **struggle significantly** to recruit a workforce with sufficient catering / culinary skills, with

70% of the **Pubs / Bars / Restaurants sub-sector** stating there would be a gap in this area.

82% of London operating businesses expect they would be impacted as a result of a £30k salary threshold.

WHAT WILL THE £30K THRESHOLD PREVENT YOUR ORGANISATION FROM DOING?:



*"It will **seriously impact** on the ability of the hospitality industry to operate efficiently throughout the UK and will **severely disable** the tourism business which is a major income source for the country."*



6.3 Case study interviews

In addition to the online survey, seven establishments were interviewed at length to elicit information about the nature of their reliance on EU national workers, and the potential impact on their businesses of the proposed changes to the immigration system, including the imposition of a £30,000 salary threshold. The interviews encapsulate seven case studies, and give voice to diverse industry experiences and concerns. The sample was drawn from the UKinbound membership and organisations interviewed cover a range of tourism and hospitality sub-sectors and regional locations, to ensure a UK-wide picture is presented. The main headline findings of these interviews are summarised below, and these are followed by the more detailed individual case studies.

6.3.1 Key themes to emerge from the interviews

There is an informal network of recruitment: Many establishments employing kitchen or bar staff have a large and unmeasured informal, word-of-mouth recruitment system. People (generally young EU nationals) travelling or moving on will recruit their friends, flatmates or partners, and recommend the establishment as a good place to work. A place with a good reputation may recruit much of their bar and kitchen staff in this way. C2, for example, reported that, at times, their kitchen staff may be made up almost exclusively of Bulgarians, Italians, or some other such group, recruited by employees from amongst friends and family. There is concern that this way of recruiting staff, which, potentially, is on quite a significant scale, is generally unrecognised, and not measured in a formal way. Crucially, many businesses are already finding it harder to recruit this way, because of the negativity affecting such networks in anticipation of Brexit.

Additionally, at least one business (C1) reported that the current worry around Brexit and ‘feeling unwelcome’ is affecting other (non-EU) nationalities in their establishment, with numbers of staff, for example, from Turkey and New Zealand, recently returning to their home countries, and citing Brexit (amongst other factors) as the reason.

There are fewer applicants since the referendum: Most of the businesses interviewed reported that they are already receiving fewer applicants for each role. Regardless of the size of operation and type of business, all but one organisation agreed that the available ‘pool of talent’ is dwindling. This concurs with the results of the online survey, which established that respondent organisations are already finding it harder to recruit since the Brexit referendum.

In some parts of the country where unemployment levels are very low, EU nationals have plugged the tourism and hospitality employment gap, and real worry was expressed about sources of future recruitment (C3).

EU nationals come with skills and languages: Overwhelmingly, businesses reported that EU nationals come with good quality ‘soft skills’ and can deliver a high level of customer service. They also provide valuable language skills. All businesses

reported that they value attitude, hospitality, friendliness and a desire to look after others (C2), and that EU nationals are ready and willing to provide these (C6).

Organisations are employing their 3rd or 4th choice of staff: As one respondent business said, ‘the psychology of recruitment is being affected’ (C1). Businesses increasingly employ their 3rd or 4th choice of staff, with potential knock-on effects for their service levels and brands. It means that businesses are finding they need to provide more training to establish good customer service standards, and this takes up precious time and money.

Many of the establishments interviewed (for example, C6) believe that an improving situation within some EU countries has meant that EU workers are happier to go home, where they can now earn a comparable wage, taking with them valuable customer service and language skills and, thus, adding to the recruitment crisis. This supports the findings of the online survey, which also suggest that businesses are already losing long-term experienced staff.

UK job applicants are not coming forward: All establishments reported a significant and worrying lack of home-grown talent and respect for careers in the tourism and hospitality industries. Interviewees believed that jobs in these industries are perceived by UK youngsters and workers to be transient and linked to ‘failure of exams’ (C4). This concurs strongly with the findings of the online survey, which concludes that the lack of a domestic labour supply is a significant worry for the future.

Some respondent businesses had taken positive steps to try to actively employ UK workers (C5), but had received a minimal number of applicants. Other businesses had attempted to engage school leavers and local FE colleges, in an effort to improve the image and perceived worth of careers in the industries (C6), but felt that this was a tiny ‘drop in the ocean’. The online survey also found that all businesses and sub-sectors had tried and failed to recruit home-grown talent.

Importantly, all the case-study businesses stated that they did not go out of their way to recruit EU nationals, but that these are the people who are applying for their jobs. For example, C3, based in the North-West of England, reported that EU nationals plug the employment gap in the area.

To exacerbate this situation, UK workers are less likely to apply for minimum wage positions in more affluent parts of the country (for example, Surrey, as reported by C2), and again, EU nationals plug the employment gap in such areas.

All the case study businesses emphasised the need to put in place a sustained, long-term strategy to lift the profile and worth of careers in the tourism and hospitality industry in the eyes of UK nationals.

Temporary measures may not be helpful: Most, but not all, of the business interviewees knew about the Youth Mobility Scheme (YMS). The Immigration White Paper proposes extending this scheme to cover EU countries, enabling 18-30-year olds to spend up to two years working in the UK, regardless of the income threshold. Opinions concerning this scheme were mixed, mirroring the responses to the online survey. For example, C2, a large national organisation, believed they

have the administrative infrastructure in place to meet the additional bureaucratic demands of such a scheme, and that the YMS could offer a solution in the short-term. However, the other organisations (C1, C3, C4, C5, C6 and C7) considered the proposal an ill-advised short-term measure, designed by someone who ‘does not understand the industry’, and envisaged either reassigning or extending the duties of remaining staff, potentially making some working conditions unsustainable. As the online survey and interview findings suggest, most businesses would not be able to resource the additional administrative burden that the proposed immigration changes would bring.

A forgotten human story: Most of the businesses interviewed were very keen to stress that the human side of the proposed immigration changes is being forgotten. ALL wanted to provide their employees with progression routes and meaningful careers, where they can gather experience and move within their organisations or between sub-sectors. There is concern over what will happen to them. For example, C6 asks, ‘Where will they go? Where will they live?’ One organisation, C1, was concerned at an emerging trend in their nightly management reports, suggesting a rise in negative comments from customers telling their non-UK staff from inside and outside the EU to ‘go home’.

All the case study businesses were passionate about their EU employees, stressing that the tourist and hospitality industries, and the wider national economy, have thrived off their work – a fact that the Government needs to remember.

Other industries gather bigger headlines: There is concern that other sectors, such as the NHS and farming, are receiving more attention and concern over the proposed pay threshold. Respondents believed there is too little acknowledgment of the contribution tourism and hospitality make to the national economy, and argued that the industry needs to have a bigger voice to be able to respond robustly.

Impact on businesses will be ‘devastating’: The final, but significant headline finding of the interviews, is that organisations are extremely worried about the proposed salary threshold and its impact on their ability to function as a business. Although one business (C5) was philosophical about how companies need to adapt and change, all the interviewees believed that their business will be ‘hard-hit’ in the short term, and most were seriously worried about the impact of the proposed salary threshold in the longer term too, with even C2, a large national chain, suggesting that ‘doors may need to be closed’. C3 expressed concern about their continued ability to operate as a hotel, envisaging that they may be ‘closed for business’, whilst C6 worried that it may be ‘impossible to function’ in the future. The strength of the language and of the views expressed in the interviews conveyed a tangible sense of the ‘devastating’ impact on business anticipated from the proposed salary threshold.

CASE STUDY ONE (C1): Visitor Attraction/London

Interview with the Director of Business Operations of a visitor attraction incorporating bar and restaurant. This independent business, located in Central London, has been in operation for 15 years, and receives approximately 200,000 customers per year, of which half are estimated to come from London, whilst international visitors to London make up a substantial proportion of the rest. The business employs 50 staff, from full-time senior management to kitchen porters and bar staff. More than 80% of the staff, across the range of occupations and positions, are non-British, and the vast majority of these are EU nationals.

The business uses two different recruitment routes to meet its staffing needs. In addition to posting vacancies on the organisation's web pages, senior management positions, such as Head of Marketing, are filled using a recruitment agency or advertised in national newspaper job pages, whilst bar staff and waiters are recruited largely through informal networks and word of mouth:

Young people, going travelling, might recruit their flat mates, friends, or someone they are dating. There are a lot of informal networks around 'it is good working there', 'the team is nice', and this has nothing to do with where anyone is from, but this is how we recruit. [C1: Director of Business Operations]

This mode of recruitment has a number of advantages for the business – it creates a good atmosphere, keeps transaction costs low, enables flexibility and permits a fast response to changing requirements in the workplace: 'Our networks are informal, we can have someone start today or tomorrow, take that away from us and it won't work for us' (ibid). Since these networks are built largely around a young, internationally mobile population, it is the business's reliance on this mode of recruitment, rather than deliberate policy, that has led to the high proportion of EU nationals employed: 'We do not generally get applications from British people, even in this current recruitment crisis, it is generally not work they want to do' (ibid).

The nature of the attraction means that visitor satisfaction and the quality of the experience are heavily dependent on the quality of the staff and the service they provide:

We are creating an experience, so we need people who understand that, who want to be part of that in an amazing city. These are soft skills that we are looking for. For management, there might be experience or academic qualifications needed, but they all need customer service skills [ibid].

For this reason, this organisation does not differentiate between 'high' and 'low level' skills: 'In this industry ALL skills have equal importance, and we don't view them as low, etc'

(ibid). The issue of access to an appropriately skilled workforce has become particularly urgent since, in the view of the Director of Business Operations, severe skills shortages exist across London and the hospitality industry more generally. This has been made worse as the pool of people accessible to the business's informal networks has started to shrink, reflecting a growing sense of negativity within those networks about their future in the UK. The experience of this business is that perceptions about Brexit are affecting recruitment and retention not only from within the EU, but beyond, with staff from New Zealand and Turkey recently leaving the country, and citing Brexit as one of their reasons for going.

We are increasingly employing our third or fourth choice of person. This affects our brand and service levels and the time it takes to train someone to our standard. The challenges of recruitment are already changing the quality of employee we have [ibid].

This is a state of affairs that the proposed salary threshold is likely to exacerbate, rather than relieve, as the under-30 labour market, in particular, comprises many highly skilled and highly qualified individuals, who still will not be earning enough to meet the threshold requirement. For this business, it is hard to make plans beyond the immediate future:

Short-term, we can focus on our business, on our bottom line, on the team that we do have, that kind of thing. We can ensure that we work our hardest to ensure that the product we offer is up to scratch ... [ibid].

Maintaining quality is, therefore, seen as a key strategic goal ... but as a strategy it relies on overcoming the challenging recruitment environment to maintain the quality of service and the visitor experience.

CASE STUDY TWO (C2): Restaurant Group/UK wide

Interview with the HR Director of a restaurant group with two major High Street brands, in 275 restaurant locations across the UK. The group has a total staff of 6,100, of which the majority (60% and 52% for the two brands respectively) are EU nationals, whilst the rest are non-EU, including British. Of the staff who are EU nationals, more than half (approximately 59%) are from EU8 countries⁷⁶, whilst 14% are from EU2,⁷⁷ and the remainder from EU14 countries.⁷⁸

EU workers are integrated at all levels of the business, from minimum wage entry level, to General Managers. In the case of one of the two restaurant brands, 11% of the total workforce are in General Manager or Deputy General Manager positions, with 27% (28) of the General Manager positions filled by EU nationals, compared with 49% (68) of the Deputy Manager roles. In many cases, the senior positions are filled by people who have worked their way up through the organisation:

You can work from being a waitress or waiter to become the General Manager or even Area Manager – it is running a business, and you can grow in that business [HR Director].

Elsewhere in the organisation, approximately 42% of the front of house staff are EU nationals, but this rises to 65% of chefs.

Whilst the business relies heavily on EU staff, this reflects the lack of availability of UK nationals, rather than a recruitment preference. With the exception of chef positions, the skills sought by the company tend to be 'soft', transferable skills:

We look for attitude ... for a type of person, personality, hospitality, friendliness, a desire to look after others, interpersonal skills. We look for customer service and, maybe some experience [ibid].

Informal networks play a small but significant role in recruitment:

[I]t would not be unusual to find a whole kitchen from Bulgaria, say, where everyone knows each other back home. They recruit each other as a good place to work [ibid].

At the same time, when it comes to online recruitment, which is how most of the organisation's vacancies are filled, UK applicants are in the minority, with a difference in the order of 80:20 EU to UK. For the company's HR Director, the question of how to attract UK employees into the industry is an intractable problem – not helped by the generally high levels of employment in the

country, together with the generally low levels of pay in the industry, particularly in entry level roles:

It is always hard to recruit, we have really low unemployment rates in the UK, and that is causing a harder recruitment situation. It's not just Brexit, though this makes it harder. We generally pay the national minimum wage – if we are in affluent areas like Surrey, we are not going to get the applications. London is difficult because London is expensive to live and travel [ibid].

Whilst EU workers tend to understand that it is possible to grow within the organisation and progress from low-paid entry level work to higher paid specialist and managerial positions, in the experience of the company, UK workers tend to view the jobs differently. Deterred, in part, by the reputation of the industry for being physically demanding, they do not see hospitality as a 'career', but:

... more of a student type job, or a job until I get a 'proper' job. I don't know what is going to change to get British people to view the industry differently. It is a great industry because of what it can offer [ibid].

As the economies of the E8 and E2 countries expand, flattening wage differentials across the EU, and some of the company's EU employees start to return home, staffing shortages have begun to reach critical levels, affecting the business's ability to function in the short term:

Well, it is already hard to recruit chefs up and down the country – worst case scenario, restaurants can't trade and serve our customers if we don't have enough chefs and that can happen [ibid].

The proposed salary threshold for all migrant workers is expected only to exacerbate the entrenched recruitment difficulties facing the industry, since it does not reflect the pay levels current in the sector:

Only the top General Managers in the busiest restaurants are likely to earn over £30,000. Head Chefs working 48-hour weeks will earn £29,000. Supervisory level staff would earn £21,000. Everyone else is below this. The £30,000 threshold would be disastrous, and the £22,500 one would also be very hard [ibid].

76. EU8 refers to eight of the ten countries (excluding Cyprus and Malta) that joined the EU in 2004, and comprises: Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia

77. EU2 countries, comprising Romania and Bulgaria, became members of the EU in 2007, but until 2014 still required a work permit to work legally in the UK

78. EU14 refers to the countries (excluding the UK) which were members of the EU before 2004

For this large organisation, the additional paperwork of visa applications is not expected to present a significant burden, and the potential to tap into other labour markets, such as Australia, through the proposed 'temporary work' and enhanced 'youth mobility schemes', could offer solutions in the medium to long term. In the short term, however, the changes are expected to create 'massive problems' for the company:

We anticipate this [being forced to close a restaurant early] more, or a member of staff might have to have multiple roles – we can do this in the short term, but, long-term, it might affect some restaurants' ability to open at all. I would like to find another way, but, at the moment, we don't know what it is ... It is very quick for a restaurant to go downhill, and very hard to come back from. We might have to shut some doors in the worst-case scenario [ibid].



CASE STUDY THREE (C₃): Accommodation/North West- Lake District

Interview with the Executive Commercial Manager of a group of three country house hotels located in the Lake District of north west England. Tourism is a keystone of the Lake District economy, but like other hospitality businesses in the region, the group relies heavily on staff from the EU, principally Poland, Romania and Spain, and employs them at all levels of the operation, from the most basic, to senior, roles, including hotel manager and assistant manager.

According to the group's Executive Commercial Manager (ECM) the main skills and qualities EU employees bring to their work are their attitude, work ethic, and customer service skills: People skills, physical work skills, interpersonal skills, are incredibly important. Knowledge of European languages is not so important, as the group's clientele is predominantly Asian, from China, Japan and India (and the group has one English employee who can speak Japanese). Whilst experience in the hotel trade is desirable, it is not as important as the right attitude, and the company will provide training from scratch. However, the key recruitment challenge is the lack of a local workforce. With a local unemployment rate of 0.9%, and net migration out of Cumbria standing at 2,000 a year, the Lake District's tourism industry faces a sizeable skill shortage, which it relies on employees from the EU to fill. According to research carried out by the Lake District Hotel Association, 59% of workers in the Lake District are from within the EU, whilst 4% are foreign nationals from outside the EU.

Since the announcement of Brexit, the ECM estimates that the number of international applicants for jobs has dropped by about 70%:

Prior to the Brexit announcement we were getting far more choice, whilst now we are getting far fewer through the door, and we're taking pretty much what we can. Sadly, standards are not as high [ECM].

There has been no compensating increase in British applicants. The ECM acknowledges that some of the recruitment difficulties they face may be due to their location, as the Lake District is an expensive place to live. The company provides subsidised accommodation for its employees, nevertheless, as the ECM observes, that's only part of it, and I know this isn't only a county wide problem, it's a countrywide problem.

The company expects the impact on their business to be 'incredibly detrimental', to the extent that it may affect their ability to be able to function at all:

I'm not scared of the ability to entice people to the Lake District, but if you can't operate as a hotel, because you haven't got the people to deliver the work, then it's going to have a profound effect ... [and] I think it's going to be worse in the long term, because, if it's very much a case of us being 'closed for business', then there'll be far fewer applicants for future roles.

In terms of preparing for future contingencies, the company has been trying to build relationships with recruitment agencies in Spain specialising in temporary and short-term placements, on the understanding that 12-month temporary work visa arrangements with 'trusted countries' is one transitional mechanism proposed in the Immigration White Paper. The company is also exploring partnerships with colleges and universities abroad, as well as working hard to retain its existing staff. The enhanced Youth Mobility Scheme, which has also been proposed, could be of use to them, since most of the EU workers they employ are under 30.

The Lake District Hotel Association has been actively lobbying on behalf of the local tourism and hospitality industry regarding future arrangements. However, the ECM is disappointed by the lack of industry insight displayed by the Government and the Migration Advisory Committee. For example, the recent talk of a 'points-based' immigration is regarded as unhelpful to the industry:

It's a nonsense, and the points-based system itself is devised by people who don't understand our industry.

This is symptomatic of a wider failure to give tourism and hospitality the priority it deserves:

If you look at our industry, it's a really bizarre industry in a sense that it's the third or fourth biggest employer in the UK, however, we don't have an individual minister, which is incredible. There's an individual Minister for Loneliness, but there isn't an individual Minister for Tourism, which is just quite staggering.

The views of this hotel business echo those of other hospitality providers in the sample regarding the importance of the industry to UK's tourism success:

... I believe our industry has prospered on international labour, so to shut that down and expect the economy to grow is naïve.

CASE STUDY FOUR (C4): Destination Management Company/Scotland and London/Manchester

Interview with the Director of a Destination Management Company, working B2B for the past twelve years with the inbound market to the UK and Ireland. This is a small business, with 27 employees split over offices in Edinburgh (main office), London and Manchester, plus a small satellite office in Sofia, Bulgaria, that employs three to four people. 80% of the company's employees (22 out of 27) are from the EU. One of the two company directors is Polish, and EU employees – Eastern European, French, Norwegian, Italian and Spanish – are to be found at all levels of the organisation.

It is very hard to find any British staff with knowledge of languages. Language skills are the main asset EU employees bring to the company. However, attitude is more important than prior experience or formally acquired skills, especially since the millennial generation, from whom the company's employees are primarily drawn, tend to be computer and IT literate, and comfortable on the phone.

Employees are recruited in a number of different ways: via the company's website, through UKinbound, and informal networks and personal referrals, with agencies used for more senior appointments. Their EU employees tend to be educationally well qualified, and come to the company from other lower-skilled, lower-paid jobs, primarily in hospitality:

We tend to employ people after they've come here, so a lot of the staff we have will have been working in rather menial jobs, but they'll be qualified ... once they've got a good grasp of English they'll start looking around for something better than bar work or cleaning, or whatever they're doing, and a lot of the staff we have, have come from that route. So they've been hotel receptionists, or worked in bars. A lot of them are very able, they've been educated, been to university, but that's a kind of route into the industry. That's very common. We get a lot of our staff from hotels. They know of us through that, and are looking for something a bit higher paid and with more responsibility [Company Director].

Since the company is not an entry-level employer, the Company Director is fairly relaxed about the proposed £30,000 salary threshold, and argues:

Maybe [£30,000] won't seem a low salary once it comes in, you know. I'm already paying about 30% more in London than I pay in Edinburgh. And that's just the price of doing business I guess [ibid].

On the other hand, it will have the affect of closing down the pool of talent from lower paid jobs on which the company has been drawing.

Although the company's EU employees are settled in the country and staff turnover has not increased since the referendum, the Director has made a point of trying to increase the proportion of British staff employed.

I tried about three years ago to positively discriminate for British people, Scots in particular, so I actually said, OK, you don't need so many languages, and we didn't get many applicants frankly, and that was a problem. So it wasn't the fact that we weren't trying, it was just that we weren't getting the people coming through. I felt very sorry for these Scottish kids that were competing with the ones from Lithuania who speak five languages.

However, despite the usefulness of language knowledge, the Director anticipates a future in which technology will reduce the need for language skills, and also render the physical location of staff less important:

For example, on our booking site, it doesn't matter – we have every language under the sun now, and it's pretty good translation, so what you'd need is a pretty small number of people who can talk to [clients] ... you don't need to have everybody speaking the language, though it helps. It's not such a big deal because you can have a French person doing an Italian quote and vice versa, and it doesn't matter [ibid].

Technology is expected to produce productivity gains for the company, with routine work handled by technology, freeing employees to focus on the more skilled work. According to the Company Director, if people leave, I suspect we won't be replacing them.

The Director sees the proposed temporary work visa and Youth Mobility Scheme as positive opportunities. At the same time, the company now has a global network of former interns, all trained by the company, and able to work from anywhere in the world:

I don't really care if they're sitting at the desk in front of me or in the US, or Canada, or wherever. So because of all the technology, you can have zoom calls now, at a very high level, so one of the things I'm investing in is a proper conferencing room in the office, so that we can have meetings that work very smoothly. So instead of having the chat within the office, you can have it in the conference room, it doesn't matter.

The nature of this company's business means that the Director feels able to adapt to and ride out any future shocks and changes:

The industry is changing and has been changing for the last 15 years really, since the arrival of the Internet. And I think business needs to stop thinking about these things in terms of 'where will I find my staff?' and maybe think more, 'OK, how can we work smarter with fewer staff maybe?' or 'how can we adapt to the change?'

The key, according to this Company Director, is in preparation and adaptability:

Somebody said, industry is just like the weather – you put on your clothes according to the weather.

CASE STUDY FIVE (C5) Tour Operator/ London and Scotland

Interview with the Managing Director of an inbound tour operator specialising in the British Isles, working with a worldwide overseas market and covering all aspects of their travel arrangements. The firm classes itself as a mid-sized organisation, with an annual turnover of about £13m, and a staff of approximately 45, located in two offices (London and Edinburgh).

Around 80% of this company's staff are EU nationals, of 19 different nationalities, including the Benelux countries, Spain, Portugal, Greece, Romania, Bulgaria and Croatia. For a long time, the firm recruited via its work placement arrangements with universities teaching tourism and hospitality. Students who completed successful work placements are offered part-time work during the continuation of their studies, with the option of a full-time contract on graduation. However, more recently, the universities have been drying up as a recruitment source, and the firm has been using recruitment agencies. Whilst the company has not experienced an exodus of its EU nationals, recruitment is becoming more of a struggle, and their recruitment agency partner also reports increasing difficulties. This is affecting the quality of the available workforce, and the Managing Director reports: We just have the ads out on permanent, and if the right person comes along, we'll grab them. The problems of recruitment are certainly a major factor in the growth of the company, and a planned expansion of their Edinburgh office.

Although language skills are an important advantage of their multinational staff, the firm does not set out to recruit EU nationals, or even specific languages, but has found: We get very few CVs from Brits ... I really struggle to get [British] people in and to keep them. The MD believes that this may be because the service industry is more respected on the continent:

It's regarded as a proper profession. Whereas here you say 'I'm going into hospitality and catering', and people just assume you didn't do very well in your exams. Which is the wrong approach to have. That stigma is slowly changing, but I think that could be half the battle [MD].

The salary expectations of British graduates – typically of a managerial position and a starting salary of £27K-28K – have also been experienced as an obstacle to UK recruitment.

Whilst the company does not seek specific technical skills, people and service skills are the key attribute EU staff bring to the job:

Service skills. Knowing how to deliver. We're talking about people's holidays, we're not a corporate agency, we're a leisure agency. People skills, speaking to people on the phone, being able to make them feel comfortable. It goes back to the whole culture of hospitality in other countries, where it just comes much more naturally ... it's not similar to the UK, where it's a struggle [ibid].

From the MD's perspective, these attributes seem to be linked to EU workers' own experience of travel, and of having to make things work in a foreign country, which gives them more confidence and enhanced interpersonal skills.

Wherever possible, the company promotes from within. As a result, they have a very well-established group of people, more than half of whom have been with the firm for five years or more, and a core of those upwards of ten. A lot of them have started via student placements, and have gone up through the ranks, so that's what we try and do.

Until recently, the MD had only some vague knowledge about the proposals for a post-Brexit immigration system, and had not given it much thought until the potential impacts for the business were highlighted at some UKinbound and ETOA events. The salary threshold is expected to be a big issue:

A lead-in salary for someone with no experience specifically in the tourist industry, no language required, they'd start on £18-19k before tax. Language specific roles for groups for example, with one year's experience with another London operator, could have salary expectations of £23k+. So you can see, even people with languages, they're going in considerably lower than the £30k [threshold] ... The £22,500 option would certainly make it less difficult. We'd have a smaller range of employees to find locally. The £30k would make it practically impossible [ibid].

However, even the £22,500 figure would require a minimum of two to three years' experience, and would not solve the problem of accessing entry-level staff who could grow with the company. Although this presents a problem for a mid-sized firm such as theirs, the MD observed that this would be considerably magnified for a big inbound tourism operator with 'hundreds of people on the shop floor'.

Like most of the other companies interviewed, this firm has made it their responsibility to keep staff informed about the Right to Remain process, and has offered to pay any administrative expenses for their employees. They have no contingency plans in place, but the MD has been giving the future some thought:



My first port of call will probably be targeting school leavers, or something like this, to try and get people involved in the industry, maybe some kind of apprenticeship, although we're not big enough to commit to X number of apprenticeships a year ... Getting people into interviews and starting them on a career path, because that's the only way to do it, you know, a small company like us, we want people to fall in love with what we do and stay with us for a few years [ibid].

Proposals for alternative arrangements, such as the 'temporary work' visa and Youth Mobility Scheme, seem inadequate to the challenges that small companies in particular will face:

It's very much just plugging the gap isn't it. It's putting your finger in the hole, and then you just recycle people every two years. You wouldn't even get two years out of them because by the time they come, settle, etc, it's kind of pointless really. That could suit the bigger companies where there's shop floors with hundreds of them, where they just have to fill the numbers, but it really wouldn't be something that would work for us [ibid].

In the view of the MD, solutions to the industry's problems are possible only in the medium to long term, and require a major culture change in the UK in favour of the service and hospitality sector. In the short term, she fears a lack of Government understanding of the issues facing tourism and hospitality will have damaging consequences for the industry, and the wider economy:

I'm worried that the NHS is on everyone's mind, the farmers are on everyone's mind, you hear about it all the time and the Government will say, OK we'll make exceptions for these industries. But because the tourist industry is so resilient to everything, we always bounce back, the UK's such a fantastic product, but there's a danger that they forget we do need help in this respect as well. I think we're going to get overlooked, and that's the huge worry [ibid].

CASE STUDY SIX (C6): Accommodation/ West Midlands

Interview with the General Manager of a medium-sized hotel in a tourism hot-spot in the West Midlands, the hotel is also part of a larger group with premises in locations throughout England and Scotland. With 104 bedrooms and 13 meeting rooms, the hotel can cater for up to 750 people per day, and employs 70 full-time staff, some of whom live-in at the hotel, which has accommodation facilities for 24 members of staff.

About half of the 70 employees are British, and the other half are EU nationals. Jobs are advertised on national websites, but in addition, 'when we are really struggling', the hotel has used agencies, based on the European continent, which specialise in recruiting European workers for the UK hospitality industry. When Spain was going through its economic crisis, there was a high level of demand for work in the UK from Spanish workers. In addition, the hotel employs people from Poland, Latvia and Bulgaria. There is now quite a large Eastern European community living in the area, and many of their Eastern European employees have found their jobs through the hotel's website.

Recruitment to the hotel's workforce is generally at entry level, for both UK and EU nationals. For most of the roles there is no requirement for previous industry experience, and training for both UK and EU staff is provided from a very basic level, although many of the EU staff are actually overqualified in terms of their academic credentials, but lack proficiency in English. The potential loss of foreign language skills is not seen as presenting a problem for the hotel – rather, attitude and potential are regarded as the key attributes in their staff:

In the main, I find that a high percentage of our staff are hardworking and have good people skills. They want to come and meet new people, so that's good for customer service [General Manager].

Staff turnover is high, and whilst there has been no noticeable change in staff retention since the Brexit referendum, this has been largely due to the efforts of the hotel's HR department, and its work keeping staff informed and reassured, offering them help and support to complete any paperwork and administration, and reassuring them about processes and time frames. The current uncertainty has exacted a human cost, which has not been widely acknowledged:

My hotel is home to almost 30 people, who live and work here. What will happen to them? Do they stay? Do they go? Will they be homeless? This is their bread and butter and where they live, and I think that that's really important ... [ibid].

The volume of applications from EU workers has reduced substantially, without any compensating increase from UK applicants. According to the hotel's General Manager, the

effects have been clearly felt in the quality of job applicants. The impact of the proposed salary threshold is expected to be crippling for the hospitality industry in the provinces. Whilst none of the hotel's four senior managers are EU nationals, a number of the EU staff work at supervisory or departmental/assistant manager level – however pay levels are generally below those envisaged by the proposed threshold levels:

There's only the senior management in this hotel who earn more than £30k. There's four of us. And then in the £20k bracket, there may be ten at most, out of 70 employees. We may be able to still recruit chefs from abroad which is good, within the EU. But waitresses, housekeeping, receptionists, cleaners, they're all on lower than that....I don't really know how to articulate the severity of it [ibid].

The hotel General Manager anticipates that the wider Group will have no problem picking up any additional administrative burden associated with a new visa regime. However, the overriding problem remains the lack of interest from the home-grown labour market in hospitality employment:

I think it will be almost be impossible to function. I can't really see in the short term there being significant enough change in our culture that the service industry becomes a viable option for people leaving school [ibid].

This General Manager has been making individual efforts to try and address this issue by becoming involved with local schools as their 'industry advisor':

I've been doing work in the community, in education to try and promote the hospitality industry to our home-grown kids, to let them know what fun they can have. Because I travelled when I was younger and worked abroad, and so to try and attract people into the industry as either a temporary measure, when they go to university and study, or as an infill while they're waiting for the next big thing, or as a career, because you'll never be out of a job ... those are the sorts of things I think we can do that will make a difference [ibid].

Although this is part of a Government initiative to promote partnerships between schools and industry, in the experience of the General Manager the hospitality industry is barely acknowledged. However, a number of small independent networks in the West Midlands have recently started to work together to create events promoting the industry, such as My Hospitality World Week, modelled on a scheme in London, which had over 200 local children coming into hotels for hospitality-based activities. More coordinated actions like this are what is needed to build up the hospitality industry: 'It's more empowering when pulling together'.

CASE STUDY SEVEN (C7): B2B Inbound tour operator/London

Interview with the HR Director of a B2B inbound tour operator specialising in the European market. The company is located in outer London, with a staff of 120-140, approximately 60% of whom are EU nationals.

The principal skill EU staff bring to the organisation is a combination of tourism knowledge with advanced language skills, incorporating the ability to prepare travel itineraries and liaise with travel businesses in their key markets of France, Belgium, the Netherlands Italy, and in particular the German speaking countries of continental Europe, which make up 70% of the company's business. With the decline in language learning in the UK primarily affecting the very languages targeted by the business – and especially German – the company has come to rely on students and graduates in travel and tourism from the technical universities of continental Europe, where language learning and work placements of one semester to one year form a mandatory part of the degree course. The EU's Erasmus programme, which facilitates study exchanges between countries of the European Union, has played a vital role in enabling the company to access skilled interns for six to twelve months at a time, and many of their current staff are former interns who return to the company in full-time employment roles. This system enables the company to access skilled staff at entry-level positions, whilst employees are able to build their CVs and gain valuable first-job experience, which helps them later in the job market when they eventually return home. As the eventual return home is part of the career plan of most of the EU nationals working for the company, there is a constant element of churn in the workforce. Nevertheless, a number of people have been with the company for six or seven years, before returning to establish themselves back home in their thirties.

The referendum on Britain's membership of the EU, and the recent setting of deadlines for leaving, possibly without an agreement, have had a noticeable impact on the company's ability to recruit, and have accelerated their staff turnover. For the past two years, the company has been unable to recruit from its usual sources, and has had recourse to recruitment

agencies – although these too report growing difficulties, and a diminishing pool of suitable candidates. Many partner universities in the EU, nervous because of uncertainty about the future of the Erasmus programme, have stepped back from their internship arrangements in the UK; and this uncertainty also extends to established employees, who are unsure what rights they will have under a post-Brexit EU Settlement Scheme. According to the Head of HR, much of her time is taken up trying to provide reassurance, and answer the Brexit questions of both existing employees, and the universities about to send out students on internship with the company, but in many cases information about detailed arrangements and the practicalities affecting people's lives is not to be found.

Uncertainty is, therefore, having a major effect on the business's ability to access necessary skills in the short term. With regard to the suggested salary thresholds under current proposals for Tier 2 visas, £22,500 would be in line with existing entry salaries, and, in the estimation of the Head of HR, should not cause a problem – however, a £30k threshold would be 'devastating', representing the salary of a team leader, or manager in certain departments, with a minimum of four to five years' experience. For this company, as for others in our sample, the ability to access staff with the requisite skills at entry level, and to grow and develop them in the job, is crucial to business success.

As part of its contingency planning, the company has started to look at the reorganisation of work roles to reduce the reliance on language skills. This will involve reassigning tasks within each country team to create non-linguist administrative roles, thus permitting a decrease in the number of jobs requiring language skills. The company is also looking at repositioning its business away from a reliance on Europe to long-haul markets such as South America and the USA, which are not so affected by Brexit.

In the absence of the Erasmus programme, the temporary work visa and enhanced Youth Mobility Scheme suggested under current proposals may work as a replacement for their student internships. However, the classification of skills and the link to salaries under future visa arrangements needs to be opened up. As the Head of HR observes of the tourism and language specialists: 'All of them have a degree, and are highly skilled, even though they are not earning £30,000'.

07 • REFERENCES

- BTA 2017 The Tourism Sector Deal Bid October 2017.
https://www.visitbritain.org/sites/default/files/vb-corporate/Documents-Library/documents/industrial_strategy_-_sector_deal_bid_submission.pdf
- Bulat, A. (2019) "High-skilled good, low-skilled bad?" British, Polish and Romanian attitudes towards low-skilled EU migration' National Institute Economic Review 248 (1): R49-R57.
- Cebr (May 2019) Understanding the travel and tourism labour market. ABTA.
- DBEIS & DDCMS 2019 Tourism Sector Deal Department for Business, Energy & Industrial Strategy/Department for Digital, Culture, Media & Sport (28 June 2019)
<https://www.gov.uk/government/publications/tourism-sector-deal/tourism-sector-deal> [Accessed 12 September 2019]
- Department for Education 2018 Employer Skills Survey 2017 Research Report August 2018.
- Home Department 2018 The UK's future skills-based immigration system (Immigration White Paper).
- House of Commons Digital, Culture, Media and Sport Committee The potential impact of Brexit on the creative industries, tourism and the digital single market Second Report of Session 2017-19.
- KPMG 2017 Labour Migration in the Hospitality Sector A KPMG Report for the British Hospitality Association March 2017.
- Lucas, R. And Mansfield, S. (2008) Staff shortages and immigration in the hospitality sector, report to the Migration Advisory Committee.
- MAC 2009 Analysis of the Points Based System: Tier 2 and Dependents. Migration Advisory Committee August 2019.
- MAC 2018 EEA migration in the UK: Final Report Migration Advisory Committee September 2018.
- MAC 2019 Full Review of the Shortage Occupation List Migration Advisory Committee May 2019
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/806331/28_05_2019_Full_Review_SOL_Final_Report_1159.pdf
- ONS 2019 Migration Statistics Quarterly Report August 2019.
<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/articles/understandingdifferentmigrationdatasources/augustprogressreport>
- People 1st 2017 Migrant workers in the hospitality and tourism sector and the potential impact of labour restrictions, April.
- Rolfe, H. 2019 'Challenges for Immigration Policy in Post-Brexit Britain: Introduction' National Institute Economic Review 248 (1): R1-R4.
- Rolfe, H. and Hudson-Sharp, N. (2016), The Impact of Free Movement on the Labour Market: Case Studies of Hospitality, Food Processing and Construction, London: NIESR.
- Ruhs, M. (2016), 'The rights of migrant workers: economics, politics and ethics', International Labour Review, 21 September.
- Skills Development Scotland 2016 Skills Investment Plan for Scotland's Tourism Sector.
<https://www.skillsdevelopmentscotland.co.uk/media/42345/tourism-digital-skills-investment-plan.pdf>
- STA 2019 'The Scottish Tourism Alliance Skills Group Response to the MAC Report'
<https://scottishtourismalliance.co.uk/skills/>
- Thomas, K. Scott J. Stuart-Hoyle M. and Thomas L. 2018 Breaking the Language Barrier UKInbound.
https://www.ukinbound.org/wp-content/uploads/2018/06/Breaking-the-Language-Barrier_Full-Report-June-2018.pdf
- UKInbound (2017) 'Internal membership survey', September. UKInbound

ACRONYMS	
British Employment Survey	BRES
Employer Skills Survey 2017	ESS
Federation of Small Business	FSB
Institute for Public Policy Research	IPPR
Local Administrative Districts	LAD
Location quotient	LQ
Migration Advisory Committee	MAC
Office of National Statistics	ONS
Regulated Qualification Framework	RQF
Shortage Occupation List	SOL
Standard Occupational Classifications	SOC
Small/medium sized enterprise	SME

A Perfect Storm? The end of Free Movement and its impact on the UK tourism workforce has been undertaken by the Tourism and Events Hub, Canterbury Christ Church University, for UKinbound

October 2019

The Tourism and Events Hub at Canterbury Christ Church University aims to provide a clearly defined research and knowledge exchange offer to the visitor economy. It brings together a team of researchers with areas of expertise ranging from tourism, culture and the arts, stakeholder analysis, UK policy, destination management and education/training provision to collaborate on research and consultancy projects.

Email: tourismhub@canterbury.ac.uk

Website: www.canterbury.ac.uk/tourismhub

Contact: Dr Karen Thomas, Director of the Tourism and Events Hub

UKinbound was established in 1977. We are the only trade association that represents the interests of the UK's inbound tourism sector and ensure it is recognised as a leading economic and employment driver in the UK. We help our diverse membership of over 400 businesses all across the country to grow and develop via a programme of events designed to connect buyers and suppliers in the travel trade. We also provide marketing opportunities, market seminars, and access to the latest industry insights. In addition, we lobby Government on behalf of our members on key industry issues such as taxation, Visas and Brexit and engage with the media to raise the profile of inbound tourism and highlight its importance to the UK economy.

Email: info@ukinbound.org

Website: www.ukinbound.org

Contact: Antonia Stratford, Head of Public Affairs



Senior Researchers:

Dr Karen Thomas
 Dr Julie Scott
 Dr Jim Butcher
 Dr Daniel O'Donoghue
 Dr Lorna Thomas

Mapping Technician:

John Hills

Research Assistant:

Simon Bradshaw

In partnership with:

ABTA

Association of Leading Visitor Attractions

Airlines UK

British Beer and Pub Association

British Educational Travel Association

Cruise Britain

European Tour Operators Association

Hospitality Ulster

NI Hotel Federation

Northern Ireland Tourism Alliance

Scottish Tourism Alliance

The Tourism Alliance

UKHospitality

Wales Tourism Alliance

