

## Employer Panel Quarterly Survey

January – March 2008

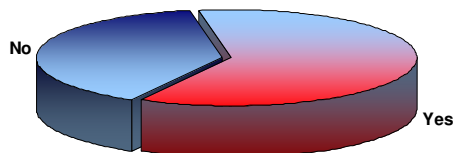
In this quarter's Employer Panel Survey we focused mainly on the Credit Crunch. Whilst a number of you have definitely been feeling the pinch, there are potentially some positives to be taken from the current economic climate.

The second topic in this quarter's survey is food safety training. The results suggest that the government's withdrawal of funding for food safety courses has had little impact on staff training in this area. However, further research is needed before any firm conclusions can be drawn.

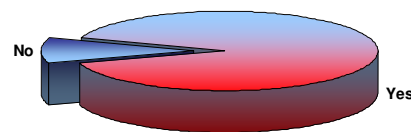
### The Credit Crunch

Almost two thirds of you have already experienced some effects of the credit crunch with an even larger proportion (about 90 percent) believing that business will be affected in the future.

Already experienced effects of the credit crunch?



Expect business to be affected in the future?



Unfortunately it therefore appears that many of you have experienced a downturn in trade. The main reason given for this centre around the fact that both individual and corporate customers are becoming more cautious in their spending.

These difficulties seem to apply across all the industries covered by the People 1<sup>st</sup> footprint:

*"The main reasons for (customers) eating less and eating out less frequently are due to long term uncertainty with their own finances"*  
Restaurant Manager

*"Guests are no longer booking for full weeks"*  
Proprietor, self catering accommodation

*(this has been the) "quietest first quarter for five years"*  
Hotel manager

If similar economic conditions continue, a number of you feel that things will get worse:

*"As money becomes tighter, money usually spent in our sector will be diverted to pay for necessities"*  
Pub owner

Worryingly, every person that responded to the survey found that costs had been increasing lately.

There was mixed opinion over how to deal with this. Clearly, raising prices is one option to offset the balance but, in the current climate where

visitors/customers may have already decreased, raising prices could deter them even further.

At present then, cutting costs internally has been the most common strategy. Some of you have even been forced to operate at a loss lately as the price hikes required to break even would drive custom away.

Other strategies mentioned to cope with offsetting decreased turnover have included stockpiling and training staff on minimising wastage of food wherever possible.

In addition, regarding the skills and qualifications of staff, many of you emphasised the importance of skilled workers and how they could become more in demand as the credit crunch progresses:

*“Due to possible cut backs, the remaining staff will need to be more qualified and multi-skilled”*

Managers, Travel Organisation

Recent news reports claim that the number of migrant workers who have been so important to the industry in

the last few years are steadily decreasing as they leave the UK to return to their home countries. This is partly due to the falling value of the Pound.

Around two thirds of you employ migrant workers with a similar proportion employing roughly the same as you did last year. On the basis of your responses then, the trends reported in the news do not appear to have affected your businesses.

So, it's not all doom and gloom then! In the accommodation sector, it was even felt by some that the credit crunch may have a positive impact for UK businesses:

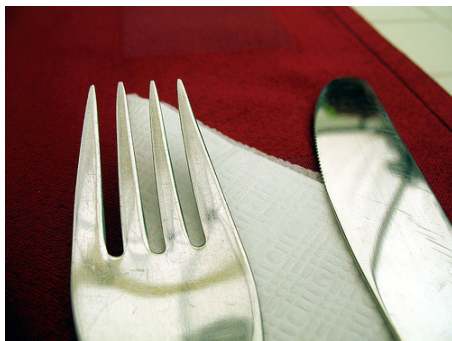
*“We feel we will have an upturn in business as people can't afford to go abroad for their holidays and companies will stop paying high hotel bills for their workforce and look for a cheaper alternative”*

Proprietor, Bed & Breakfast Accommodation

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## Food Safety Training

In August 2006 the government withdrew its funding of food safety courses. Over a year and a half later we wondered if the effects of this had been felt throughout the sector.



For those of you involved with food preparation, it was encouraging to see that the withdrawal of funding appears

to have made little difference. Indeed, only about 1 in 10 of you felt that the withdrawal of funding had a bearing on whether or not your staff would be trained in this area.

Unsurprisingly then, it was felt that this had not had much of an effect on the industry overall although several of you felt that it might encourage some companies to sidestep the training.

For a number of you, ensuring that employees are trained in food safety has meant that their training in other areas may have had to be withdrawn:

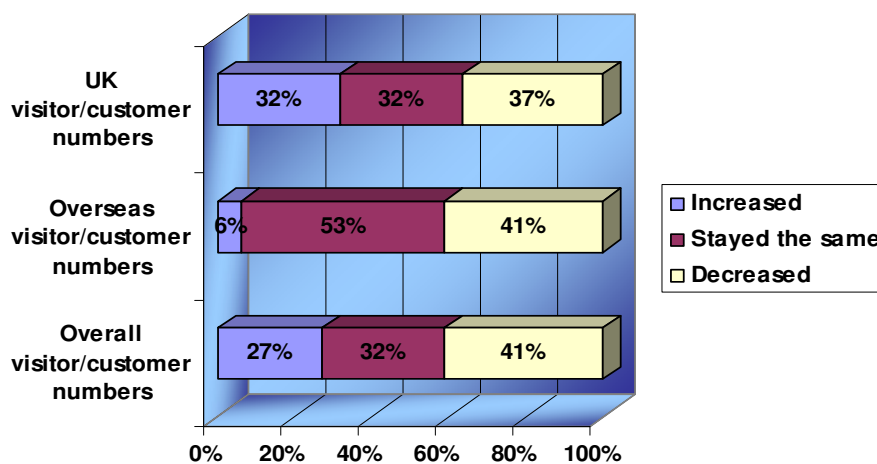
*“As food safety is paramount in the hotel business, we have maintained the same levels of training in this*

regard. However, this has had an impact on the offering of non-mandatory and developmental based training that we offer to staff”  
Hotel manager

So, whilst food safety training continues to be provided, it is sometimes to the detriment of other forms of training.

## Trends over the past three months

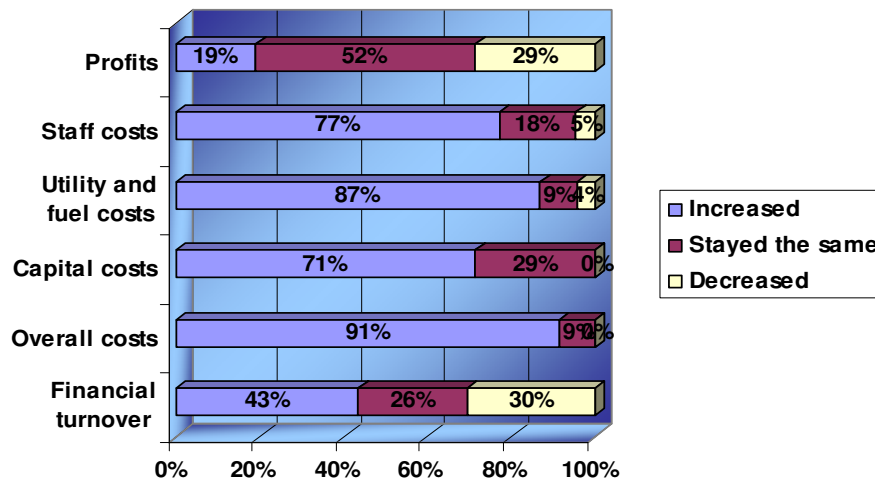
### Number of customers/visitors



The number of UK visitors, overseas visitors and overall visitors is more likely to have either increased or stayed the same than decreased. Having said that, the proportion of you reporting that numbers have decreased is much higher than in the previous three months. In the last report therefore, 20 percent of you felt overall numbers had decreased whilst this figure now stands at 41 percent. This reflects recent news reports which suggest fewer tourists are expected to visit the UK in 2008.

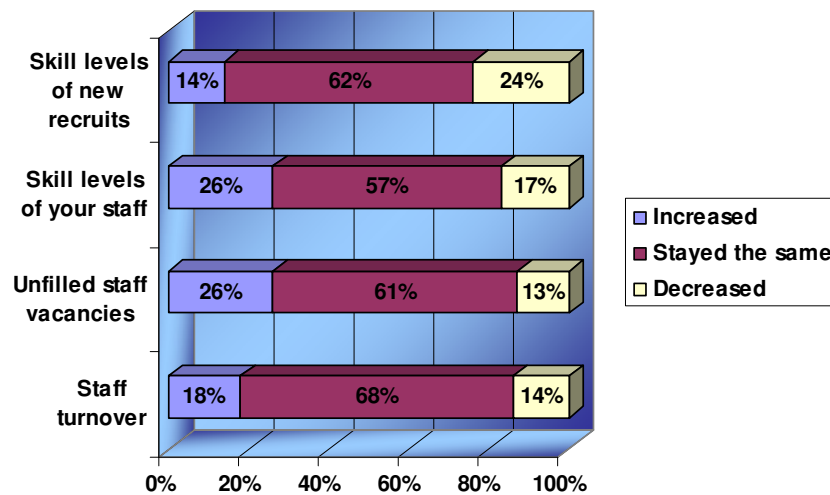
### Costs, turnover and profits

Most of you have experienced increases in costs recently with 91 percent of you seeing overall costs increase over the past few months (see overleaf).



### Staff turnover and skills

In the majority of cases, the skill levels of both existing and new recruits has stayed roughly the same. Similarly, unfilled staff vacancies and staff turnover have remained about the same as before.



The top 5 positions which you have tried to recruit for in the past 3 months have been:

1. Skilled chefs (52 percent of respondents to the survey had tried to recruit for this position)
2. Waiting staff (43 percent)
3. Kitchen and catering assistants (9 percent)
4. Senior managers (35 percent)
5. Other chefs and cooks (30 percent).

## About the panel ...

We very much appreciate you all taking the time out of your busy days to complete our surveys. The findings allow us to gather vital information about the sector and some of you have asked what we do with this information. We are therefore in the process of putting together a short report explaining how the results are used and showing how they have filtered through to policy development. We hope to get this report to you in a couple of weeks' time.

If you are an owner, an operational , HR or training manager in the sector and would like to join the panel, please email your name, job title and company to Alastair Galbraith – [alastair.galbraith@people1st.co.uk](mailto:alastair.galbraith@people1st.co.uk)

### And the winner is ...!!

Congratulations from all at People 1<sup>st</sup> to this quarter's prize draw winner – Gemma Stubbs of Mulan Restaurant and Bar who wins £50 worth of Debenhams' vouchers.