



Serving the Future Policy Briefing:

Tackling in-work poverty in the hospitality sector

June 2025

This policy briefing presents key findings and policy implications on tackling in-work poverty in the hospitality and tourism sector for the UK and Scottish Governments. Serving the Future, a partnership project by the Fraser of Allander Institute (University of Strathclyde) and the Poverty Alliance, has worked with hospitality workers, employers and other industry key stakeholders to understand the drivers of in-work poverty and to explore what changes can be made.

Why hospitality matters

The hospitality and visitor experience industries are vital sectors for Scotland's economy, accounting for approximately 3% of Scotland's GDP and 8% of Scotland's jobs pre-pandemic.¹ A thriving hospitality industry has an enormous contribution to make to Scotland's economy, culture and wellbeing but the industry faces ongoing challenges which have been compounded by Brexit, post Covid and the cost of living crisis.

The effect of this is an industry which is struggling to fulfil its economic potential and an approximately 241,000 strong workforce² who face higher than average risks of experiencing in-work-poverty³. This is primarily caused by:

- **Low pay:** On average, the hospitality sector is the lowest paid industry in Scotland with a median hourly pay of £12 in 2023-24. The median pay of the workers in our research was less than this, bringing them below the low-pay threshold for Scotland of £11.58¹.
- **Insecurity:** In 2023, the accommodation and food services sector accounted for around 32.9% of all people on a zero hours contract (ZHC) in Scotland.⁴
- **Inequality:** Hospitality workers are more likely to be women and the workforce is on average younger. Both of these groups are disproportionately impacted by low pay across the economy³.

Strengthening our hospitality sector is therefore key to the Scottish Government's mission to build a fair work nation which, in turn is central to its wider mission to tackle poverty and Child Poverty.

¹ Key Themes for Businesses Briefing ([Serving the Future, 2023](#))

² As of March 2025, ([ONS 2025](#))

³ Briefing: Hospitality Statistics Q1 2024 ([Serving the Future, 2024](#))

⁴ Fair Work Convention Hospitality Inquiry Report ([Fair Work Convention, 2024](#))

Therefore, it is vital that policy makers better understand the experiences of hospitality sector employees, employers and the challenges of delivering fair work and achieving sustainability for the sector.

Context

Serving the Future shows a complicated picture in terms of the experience of fair work, both from the perspective of workers and employers. Some of the workers involved in the research reported having positive experiences with supportive and flexible employers. However, for others there were challenges.

At the same time, Serving the Future found that many hospitality employers in the research wanted to deliver fair work but felt constrained by factors beyond their control. At the heart of this were gaps in the provision of key public services, particularly transport and childcare. Employers told us that better, more reliable public transport and more flexible and affordable childcare would mean their workforce would face fewer barriers to work creating a more stable environment for businesses and workers.

More broadly, employers who participated in Serving the Future reported that the hospitality industry has been facing some of the most challenging times in recent memory due to the combination of Brexit, COVID-19, and high levels of inflation.⁵ These effects filtered down to workers' experiences over time too, with most of the workers in the research reporting the 'tightening of belts' by their employers. This negatively impacted employees' experiences, in some cases changing the way they felt about the industry, with some participants deciding to leave the industry. Many participants felt the impacts of efforts by their employers to cut costs or increase efficiency during the cost-of-living crisis and Covid recovery period through the loss of shifts, expectations to do "*more and more*" and loss of workplace morale.

Contracts, pay and working conditions

A recurring concern raised by workers was the lack of effective regulation and oversight of the hospitality industry. Many workers felt there was an absence of clear standards which allowed exploitation and unfair practices to persist, contributing to poor working conditions.

Zero hours contracts, which are used extensively in the industry, were highlighted as an area where workers felt there was a greater need for government intervention. A third of the workers in the research reported being on a zero hours contract or not having a contract. In the latest published statistics for January – March 2025, just under a third (29%) of workers in the accommodation/food services sector were on a zero-hour contract in the UK, higher than any other industry.⁶ Workers advocated for a legal requirement for minimum-hour contracts and told us that such measures would provide employees with a safety net to cover basic expenses while still allowing flexibility for busier periods.

The most frequently shared example of exploitation was working long hours without breaks. In addition, examples of experiences of unsafe working conditions and being underpaid were

⁵ Finding a Voice, Taking Action: Using Action Learning Sets to Support Change in the Scottish Hospitality Industry (Serving the Future, 2023)

⁶ People in employment on zero hours contracts, [ONS \(2025\)](#)

shared by a few participants. One participant, a refugee, who had experienced and witnessed labour exploitation in the industry in Scotland, stated: *"I've seen people getting paid under the minimum wage. There needs to be investigations into contracts and what people are actually being paid"* (Aram, wave one interview).

Likewise, unsustainable scheduling practices, such as "clopens" (closing late at night and opening early the next morning) were another common frustration that workers wanted government action on: *"Sometimes I could finish at twelve at night and be in at ten the next day... That's very common, as well, like 'clopens.' I think they shouldn't be legal"* (Jason, wave one interview).

It's important to note that there are clear standards and regulations in relation to working practices and, the fact that workers feel they don't exist, reflects a lack of adherence from some employers to existing standards. This supports a case for better enforcement of these standards.

At the same time, we found that employers involved in the research wanted to find ways to improve pay and conditions but felt constrained by unpredictable cash flow, increasing costs, and price pressures due to higher input prices and competition. Wage increases in particular were seen to be detrimental to competitiveness, since employers would likely need to raise prices for customers to pay for these. Employers therefore felt an ideal role for government(s) was to create a level playing field by raising the legal minimum wage, which would improve pay across the board without impacting competition.

Recruitment

Challenges in recruitment are a key factor contributing to difficult working conditions for existing staff and higher costs for employers. Issues around pay and conditions are a clear contributing factor to recruitment issues, but others, including accommodation (particularly in rural areas) are also presenting challenges. The lack of affordable housing in rural areas often means that employers need to provide housing to enable workers to live and work in the local area leading to additional costs for the business.

Several workers we interviewed reported having to deal with the consequences of staff shortages. This typically leads to these workers taking on extra hours and work, causing burnout, stress, and a worsening work-life balance for staff. There are fears that as the high vacancy rate persists, the consequences for those already working in the sector will become more pronounced.

Training

Workers and employers alike highlighted the need to improve access to training (including for managers), consider progression pathways and on-the-job development of staff and a desire for better signposting for employers to available training, particularly in rural areas.

Workers suggested measures such as mandatory HR training for managers to ensure better treatment of staff, stronger union representation to empower employees, and the development of clear policies for addressing grievances effectively. Some participants called for direct

government oversight to monitor workplace practices and ensure compliance with employment laws.

Employers expressed a desire for a better alignment of the skills and training offers available to the industry, along with improved financial support. If nothing else, employers discussed the challenges navigating the training and education system in Scotland, noting that it can be difficult to understand what opportunities may be available.

We heard from employees how crucial their relationships with managers can be, but managers do not always have the time, skills, confidence and knowledge required to provide the right support. Employers wanted a better understanding of existing support and had little awareness of charities that can provide external assistance, such as HIT Scotland and Hospitality Health.

Ultimately, workers stressed that improving conditions in the hospitality sector goes beyond implementing regulatory changes and improving training. They advocated for a cultural shift that places respect, dignity, and fairness at the forefront, with government playing a key role in facilitating this progression.

The broader context and drivers of poverty

Low pay and insecure hours are key drivers of in-work poverty but there are also many non-employment related drivers that the research highlighted. These factors were present in the lives of workers over time and were also issues raised by employers.⁷

Cost of living and financial insecurity: Monthly cycles of just managing to get by until the next pay day meant that saving was not possible for many of the workers in the research. The effects on workers are unsurprising: stress, experiences of struggling with mental health, tiredness and struggling to afford activities and childcare were key concerns. Costs of housing were also a key pressure for private renters and owner occupiers.

Social security: Serving the Future gave us an opportunity to explore the ways in which working in hospitality interacts with receiving social security. Experiences were varied and included positive interactions with benefits administered by Social Security Scotland. However, workers in this research did not have confidence in the ability of Universal Credit to meet their needs, particularly workers with seasonal fluctuations in hours or pay. Some reported confusion as to whether they would receive Universal Credit payments from month to month.

Public Services: Over the three waves of interviews, a lack of awareness of locally based services/organisations for single adults and families struggling on low incomes was a common theme. This extended to support around employability and training. When Anna was asked whether she had accessed any employment support, she replied: *“I didn’t know that was a thing...I kind of thought you just had to like figure it out myself”*.

Childcare: For families, high costs of childcare and costs of activities and items for children were causing financial stress for households involved in the research. Parents were paying large proportions of their incomes on childcare for one and two-year-olds. Managing childcare, particularly for children aged one and two, is a constant challenge for households where families are in work. Lack of affordable childcare has prevented women, who are

⁷ Understanding Experiences of Low-paid Work in the Hospitality Sector Over Time ([Serving the Future, 2025](#))

more likely to be primary caregivers and single parents, from returning to work, being able to consider new opportunities or extend their hours.

“The free childcare from three is really fantastic.... but I’m not sure that the scope is wide enough, because we’re a one and a half income household and we can’t afford childcare for us to make more money to become better off” (Katy, wave one).

Policy Implications

Our research with employers identified support for fair work and implementation of fair work policies and practice in some way. This research supports employers continuing to strive towards key fair work standards, such as the Living Wage and Living Hours to ensure they are providing the best foundation for their staff to avoid the trap of in-work poverty. Businesses who took part in the research recognised the need for strong action from the sector itself in areas such as investment in training and cross sector collaboration. However, we also found that hospitality businesses need further support to deliver fair work sustainably. Employers want to feel like they are being listened to by government and policymakers

Government action could help through:

- Promoting greater collaboration between the hospitality and tourism industry and government
- Investing in sustainable and community-led tourism
- Ensuring initiatives recognise that managers within hospitality are often time-poor
- Better and more consistent information for employers on best practice, training and development opportunities, legislation and policy changes
- Greater support for training and development

The Fair Work Convention Hospitality Inquiry⁸ contains recommendations which could make a difference based on our findings. Some of these policy options include:

- Making a development fund available for businesses to support the adoption of fair work practices
- Considering if fair work conditionality can be applied to tax incentives or reliefs for the hospitality industry
- Funding of two fair work coordinator posts working with employers and workers respectively
- Developing a network of Fair Work and Effective voice champions across the sector.
- Developing accredited Fair Work training to be undertaken by all Fair Work champions.

The UK Government’s Employment Rights Bill is another policy which could make a difference for hospitality employers and employees. Employees recommended better protection and strengthening of workers’ rights, and employers discussed the need for a level playing field so that those who are already taking positive action for their workers are not undercut. A higher minimum standard for all employers would ensure those taking positive action are not disadvantaged financially in the industry.

⁸ Fair Work Convention Hospitality Inquiry Report ([Fair Work Convention, 2024](#))

The Employment Rights Bill includes the following points which could make a difference based on our research findings:

- Provide a right to a contract with guaranteed hours, reflecting hours regularly worked.
- A right to reasonable notice of shifts (including a change or cancellation of shifts)
- Payments for cancelled shifts
- A new requirement for employers to consult with employee representatives before producing their written tipping and gratuity policy, as well as to review the policy every three years.
- The creation of a new single enforcement body (the Fair Work Agency) to have new powers to investigate and take action against businesses that do not comply with the law.

Employers and workers alike reported a lack of confidence in where to go to access information, advice, support and training – pointing towards a clear gap in this space and a need for targeted efforts. Serving the Future have worked collaboratively with Springboard and Skills Development Scotland, with support from the Tourism and Hospitality Industry Leadership Group to produce the online Tourism and Hospitality Toolkit⁹. The toolkit is designed to support employers and employees across Scotland's hospitality sector with practical resources, guidance, and tools to help them navigate the challenges and opportunities in the industry. We hope ministers and other Scottish Government colleagues will continue to support the toolkit's dissemination and evaluation.

More broadly, services and policies in key areas which we know are important to tackling poverty must be made in a way which reflects the experiences of hospitality workers if it is going to be effective in preventing in-work poverty for this group. In particular, flexible childcare, late night transport and affordable housing close to large hospitality employers (particularly in rural areas) would make a difference according to our research.

Improvements could also be made for seasonal workers by the UK Government at the level of Universal Credit, or the Scottish Government could consider a form of Scottish top-up which supports seasonal workers.

⁹ [Tourism & Hospitality Toolkit | Home](#)

About Serving the Future

Since 2022, the Serving the Future project has been working directly with employers (including small business owners, large chains and the industry leadership group) and people with experience of low-paid work in the hospitality sector to identify changes that could be made by both employers as well as policy and systems-wide changes to address in-work poverty in Scotland.

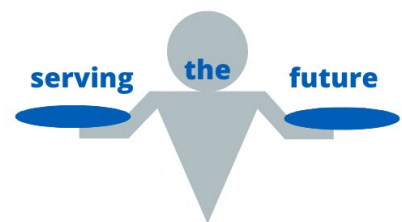
Serving the Future is funded by The Robertson Trust and is being delivered the Fraser of Allander Institute and the Hunter Centre for Entrepreneurship (University of Strathclyde) and the Poverty Alliance.

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[Tourism & Hospitality Toolkit](#) | [Home](#)



reducing and preventing in-work poverty in
Scotland's hospitality sector

