



Migration Advisory Committee – Call for Evidence – McDonald's UK response

Executive summary

McDonald's UK is proud to employ over 115,000 people, from the UK and around the world, who make an important contribution to the food and hospitality sector.

Our employees are the lifeblood of our restaurants, and it is thanks to them that the business has experienced 46 consecutive quarters of growth in the UK. Since we opened our doors in the UK in 1974, we have contributed over £41 billion to the UK economy.

We offer a range of jobs in our restaurants, from crew member, to restaurant manager, to franchisee. Our employees choose to work at McDonald's for a variety of reasons. Some join us for a flexible job to fit around studies or childcare, or to get their first taste of work post-education. Many others choose to build a career at McDonald's. These include our franchisees, who are the face of our business at a local level, and invest heavily in their people and their communities, including in our football programme, litter picks and charity fundraising events. They represent approximately 170 small business owners in the UK. Whatever our people's priorities, we do everything we can to help them develop, investing approximately £40m annually in training and development programmes.

Over 80% of our employees are UK nationals. Most of the remainder (approx. 12%) are EU nationals – as is typical across our sector. It is very challenging for us to fill the roles held by EU nationals with UK nationals. In many parts of the UK we are effectively experiencing 'full employment'. We forecast that this situation will worsen in the next five years due to an increase in retirees from, and a decrease of new entrants to, the labour market. We are an ambitious business and plan to grow significantly over the next decade. Furthermore the overnight nature of our business – our restaurants are increasingly open 24 hours – means we need several workers per role, increasing headcount. This increases our hiring pressures and underlines the need for a consistent supply of workers.

We will continue to do all we can to hire, grow and train UK nationals, but based on current forecasts this alone will not be sufficient to allow us to grow our business at the current rate.

EEA Migration Trends

Please provide evidence on the characteristics (e.g. types of jobs migrants perform; skill levels, etc.) of EEA migrants in your particular sector/local area/ region. How do these differ from UK workers? And from non-EEA workers?

12% of McDonald's workforce are EEA workers, performing a range of jobs across the business, nationwide. The roles filled by EEA workers do not differ from those filled by UK workers or non-EEA workers.

Although a slightly higher percentage of EEA workers are crew members (69%) than their UK peers (67%), the rate of EEA workers progressing to management positions is very similar. Our EEA workers do not disproportionately carry out entry-level roles.

To what extent are EEA migrants seasonal; part-time; agency-workers; temporary; short-term assignments; intra-company transfers; self-employed? What information do you have on their skill levels? To what extent do these differ from UK workers and non-EEA workers?

EEA employees do not differ from UK or non-EEA employees in their roles at McDonald's UK. All of our UK workforce are employed on permanent contracts, the majority of which are flexible in their nature regarding the number of hours worked. By the end of 2017 we will have rolled out the option for all employees to have the choice between a flexible contract and a fixed contract with a minimum number of guaranteed hours.



We do not require specific qualifications to join our business, we hire on attitude and aptitude. It is not uncommon for our restaurant teams to be comprised of university graduates, undergraduates alongside those who may have struggled at school but are working well in the labour market.

Are there any relevant sources of evidence, beyond the usual range of official statistics that would allow the MAC to get a more detailed view of the current patterns of EEA migration, especially over the last year?

No response

Have the patterns of EEA migration changed over time? What evidence do you have showing your employment of EEA migrants since 2000? And after the Brexit referendum? Are these trends different for UK workers and non-EEA workers?

Since January 2016, the percentage of EEA nationals in our UK workforce has increased from 10.5% to 12%. We have not seen a noticeable change in that share since the EU Referendum.

We have identified two particular challenges in the labour market in the coming years:

- ***Shrinking pool of UK labour:*** The UK workforce is shrinking, because of too many older workers leaving the labour market and too few young people entering it. The number of people in employment is currently growing at 1.2% per year. However, the growth rate of the working age population, including migration, is just 0.26%. As a result, the pool of available labour is shrinking rapidly, reflected in the fact that employment rates are at their highest since comparable records began in 1971.

If these rates of employment and working age population growth are maintained, our projections show that the workforce supply and demand curves intersect around mid-2022, at which point the economy will effectively 'run out of labour' to fuel further economic growth. (Figures based on ONS data, September 2017).

- ***Full employment in certain parts of the UK:*** The equilibrium jobless rate is the point where an economy is effectively at full employment. The Bank of England's 'rule of thumb' had been that the UK equilibrium jobless rate was when unemployment fell below 5%. In January 2017, Michael Saunders, an external member of the Bank's Monetary Policy Committee, suggested that the UK equilibrium jobless rate could be as low as 4% – although he stressed the uncertainty around this figure.

The overall UK unemployment rate currently stands at 4.3%, with six regions at or below the BoE's lower 4% equilibrium jobless rate estimate: North West (4.0%); East Midlands (3.9%); Scotland (3.8%); East (3.8%); South West (3.7%); South East (3.2%). This makes recruitment in these areas extremely challenging. (ONS data, September 2017).

The combination of these two challenges mean that we are reliant on non-UK labour to meet our business needs. As a result, 12% of our workforce come from the EEA, and 5.3% from the rest of the world (figures from end of August 2017). Some restaurants have a greater proportion of non-UK nationals, particularly in the South East, and London. Our restaurants in these regions are staffed by a greater proportion of EEA workers. This is at its most acute in London, where 35.8% of our employees are from the EEA.

Have you conducted any analysis on the future trends of EEA migration, in particular in the absence of immigration controls?

No response



Have you made any assessment of the impact of a possible reduction in the availability of EEA migrants (whether occurring naturally or through policy) as part of your workforce? What impact would a reduction in EEA migration have on your sector/local area/region? How will your business/sector/area/region cope? Would the impacts be different if reductions in migration took place amongst non-EEA migrants? Have you made any contingency plans?

Reduced access to overseas labour would present a challenge for our business. It would have a detrimental impact on our ability to grow. It would also have a negative impact on the wider sector, and on the UK economy as a result. A recent BHA / KPMG report (Labour migration in the hospitality sector, March 2017) found that in a scenario where there is no new migration in the hospitality sector from 2019, where existing EU nationals are not required to leave, and the recruitment of UK and ROW workers remains constant, the hospitality sector would face a recruitment shortfall of upwards of 60,000 workers per annum from 2019. This would have a significant detrimental impact on the sector's ability to generate growth.

The report suggested that over the long term it may be possible to recruit some more currently unemployed or inactive workers into the hospitality sector, to reduce the impact. We would argue it will be challenging for us to go much further on this. We have invested a huge amount in growing our UK workforce, through schemes to support more groups to enter the labour market, and offering high quality training and development to all our employees. Our biggest initiatives have included:

- Our apprenticeship scheme, which helps young workers get their foot on the ladder at McDonald's. Over 17,000 of our people have completed an apprenticeship with McDonald's.
- Our Backing Soft Skills campaign (www.backingsoftskills.co.uk), where we promoted the value of the "soft skills" that the hospitality sector relies on. We worked with other UK businesses and trade associations to highlight this and find practical ways to develop these skills within our workforces
- We work with several different organisations to support people from a range of backgrounds into the workforce, including Remploy, Mencap, ForceSelect and JCP.
- Finally, we provide flexible, high quality jobs, which allow employees to balance work alongside their lives. Many of our people are parents or students, and McDonald's provides good jobs with real opportunities for training and development, while also allowing them to meet other commitments. We have invested in our jobs to make them as attractive as we can for our people and offering all employees the opportunity to choose between a flexible or fixed hours contract.

Recruitment Practices, Training & Skills

Please provide evidence on the methods of recruitment used to employ EEA migrants. Do these methods differ from those used to employ UK and non-EEA workers? What impact does this have on UK workers? Have these methods changed following the Brexit referendum?

We recruit in the same way for UK, EEA, and non-EEA workers. This is primarily through advertising in our restaurants and online.

Do recruitment practices differ by skill-type and occupation?

McDonald's follows the same recruitment process for all employees.

What are the advantages and disadvantages of employing EEA workers? Have these changed following the Brexit referendum result?



EEA and non-EEA workers are important to fill labour supply shortfalls in the UK market. As a result of the labour market challenges we have already outlined, we do not see this need changing.

To what extent has EEA and non-EEA migration affected the skills and training of the UK workers?

We have not seen an impact of this nature. At McDonald's, we invest approximately £40 million annually on developing our workforce, helping all of our employees improve their skills and their employability. We do not plan to change this.

How involved are universities and training providers in ensuring that the UK workforce has the skills needed to fill key roles/roles in high demand in your sector? Do you have plans to increase this involvement in the future?

In addition to our apprenticeship programme, we also work with Manchester Metropolitan University to develop our people through their BA (Hons) Business Management Professional (Retail) degree, to help our people develop their skills.

How well aware are you of current UK migration policies for non-EEA migrants? If new immigration policies restrict the numbers of low-skilled migrants who can come to work in the UK, which forms of migration into low-skilled work should be prioritised? For example, the current shortage occupation list applies to high skilled occupations; do you think this should be expanded to cover lower skill levels?

As we have outlined, our sector faces significant challenges in terms of labour recruitment over the coming years. Failing to meet these challenges by further restricting the supply of labour could have a significant impact on our ability to grow as well as on the wider sector.

In some cases, we do have people working for us who come from outside the EEA and we are concerned that any new migration system might reproduce the difficulties we already experience. Our franchisees already experience significant delays in the processing of visa applications. We have had workers unable to start employment due to delays in the visa process or who end up claiming for loss of earnings due to Home Office errors. We are concerned about this worsening after Brexit. One South East franchisee is considering hiring a full time employee simply to manage the visa process post-Brexit, which adds significant cost to his business.

In addition, depending on the final immigration system adopted, Government will need to ensure it is equipped to resource and deliver a smooth application and approval process which does not add delay to the current hiring process.

Economic, Social and Fiscal Impacts

What are the economic, social and fiscal costs and benefits of EEA migration to the UK economy? What are the impacts of EEA migrants on the labour market, prices, public services, net fiscal impacts (e.g. taxes paid by migrants; benefits they receive), productivity, investment, innovation and general competitiveness of UK industry?

No response

Do these differ from the impact of non-EEA migrants?

No response

Do these impacts differ at national, regional or local level?



No response

Do these impacts vary by sector and occupation?

No response

Do these impacts vary by skill level (high-skilled, medium-skilled, and low-skilled workers)?

No response

Contact information

Allison Bartlett
Head of External Affairs

McDonald's UK
11-59 High Road
East Finchley
London N2 8AW

Tel: 0203 892 0364

E-mail: Allison.Bartlett@uk.mcd.com