

Badenoch & Strathspey Business Housing Needs Survey

Final report



9th December 2021



The April to June 2021 Cairngorms Business Barometer found that almost four in five business (78%) anticipated problems recruiting or retaining staff during the next 12 months. A lack of affordable housing for staff to live in was the most frequently provided cause. For almost a third of businesses (29%) this was predicted to be a major problem, with the recruitment and retention of certain vital roles such as cleaning and housekeeping staff, chefs and other kitchen staff of greatest concern.

While this survey illustrated the general scale of the problem, Cairngorms Business Partnership (CBP) and their partners Highland Council (HC) identified the need to undertake further research to better understand and measure the impact of this problem for businesses in Badenoch and Strathspey, currently and into the future.

To obtain this insight 56 Degree Insight was commissioned to undertake a survey of business during October and November 2021.

This research sought to provide information on the following areas:

- The scale of the issue currently, how this compares with previously and expectations for for the short/ medium term future.
- Details on the types of workers/roles for whom this issue is most prevalent e.g. roles, salary grades, life stage (e.g. pre-family/ family).
- Views on the types of property most needed to address the issue (e.g. size, quality)
- Views on the tenure of property most needed (e.g. renting, purchasing, renting to buy).

This report provides a summary of the key findings from this survey.

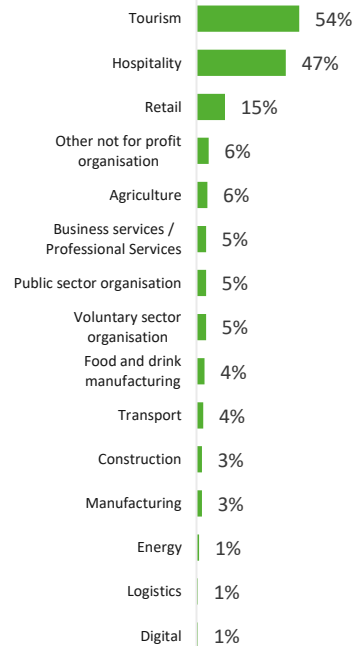
Affordable housing in Granttown on Spey



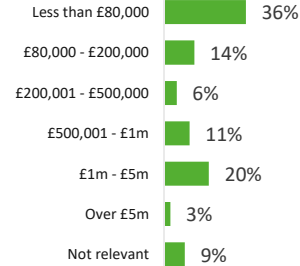
A robust online approach providing a representative sample of local businesses

- Survey fieldwork took place between 8th October and 10th November 2021.
- Invites were sent to a total of 636 businesses in Badenoch and Strathspey with a total of 141 responding by the final deadline (a response rate of 22%).
- As illustrated on the right, a range of types of business in different sectors and of different sizes responded. As such the findings can be taken as a robust, representative view of the Badenoch and Strathspey business community.

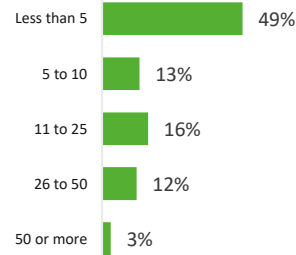
BUSINESS SECTOR:



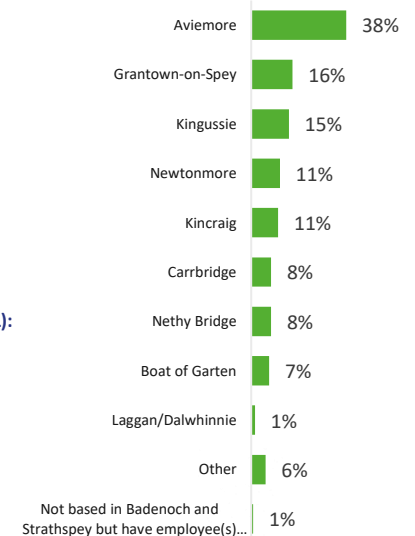
GROSS ANNUAL TURNOVER:



NUMBER OF STAFF (INCLUDING PART TIME & SEASONAL):



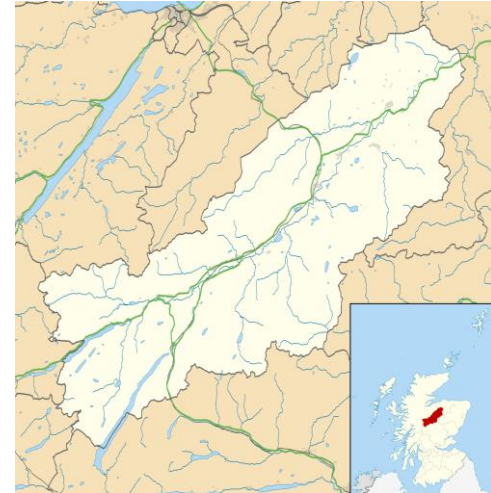
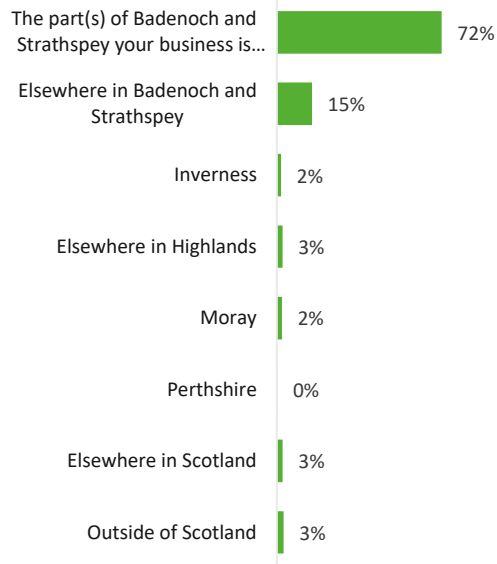
WHERE BUSINESS/ORGANISATION IS BASED:



Around 1 in 8 employed in businesses in the area live outside of Badenoch and Strathspey

- Businesses were asked to estimate the percentages of their current employees living within Badenoch and Strathspey or elsewhere.
- Across the business that provided these details, on average 87% of employees were reported as living within Badenoch and Strathspey while around 1 in 8 (13%) travelled to work from outwith the area.

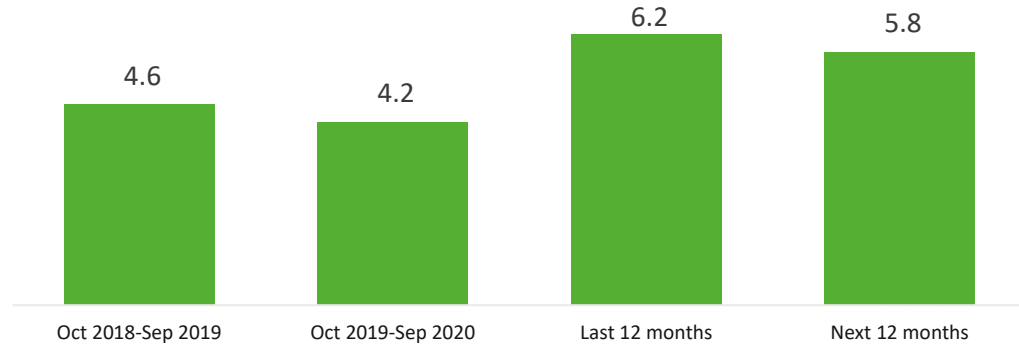
ESTIMATES OF WHERE EMPLOYEES OF BADENOCH AND STRATHSPEY BUSINESSES LIVE:



On average businesses sought to fill 46% more posts during the last 12 months than during the previous year

- On average businesses have sought to recruit staff for 6.2 positions during the last 12 months (note this includes all positions including full and parttime, permanent or temporary).
- It is notable that this average number of positions is higher than the number reported for the previous 12 month period (i.e. Oct 2019 to September 2020) or the number recruited in the 12 months prior to that (i.e. Oct 2019 to Sep 2019).
- Looking forward to the next 12 months, on average businesses expect to need to recruit staff for 5.8 positions.

AVERAGE POSTS ORGANISATIONS SOUGHT TO FILL DURING LAST 3 YEARS AND EXPECT TO NEED TO FILL IN NEXT 12 MONTHS

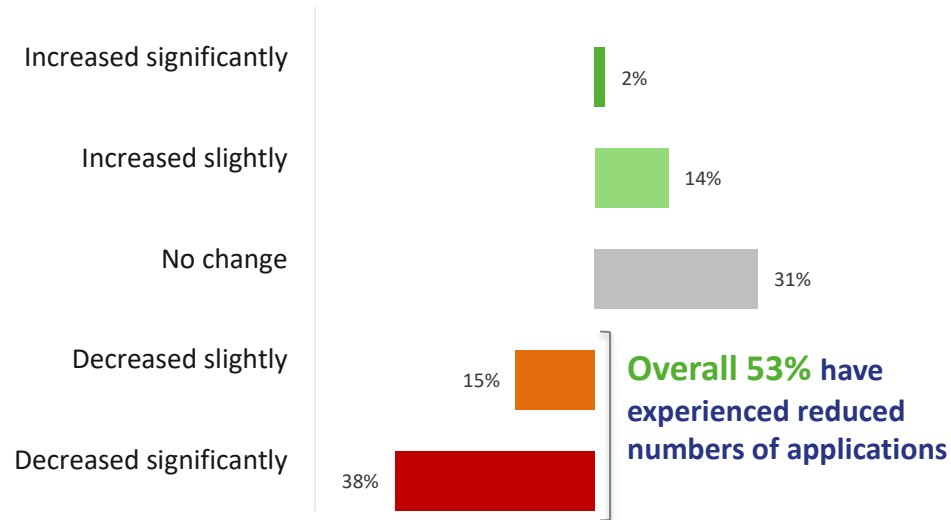


*How many posts, if any, has your business/organisation sought to fill during each of the following 12 month periods?
How many posts, if any, do you expect your business/organisation to need to fill during the next 12 months?*

Most businesses report a decrease in the number of applications received for vacancies

- While, on average, the number of positions businesses have sought to recruit has increased during the last three years (see previous page), as shown on the right most businesses have received a decreased number of applications for vacancies.
- Businesses most likely to report a decrease included those in the retail and hospitality sector.
- The most common methods used to promote vacancies were as follows:
 - Word of mouth (66%)
 - LinkedIn/ Social Media (49%)
 - Recruitment websites (28%)
 - Advertising in local press (25%)

TRENDS IN NUMBERS OF APPLICATIONS RECEIVED FOR VACANT POSITIONS DURING LAST 3 YEARS



Q17 What are the trends, if any, in the numbers of applications received by your business for vacancies over the last 3 years or so? (excludes Don't Know responses)

A lack of housing is the most common reason given by applicants who turn down a job offer

- On finding suitable individuals for positions many businesses have further issues with 56% indicating that during the last 3 years a candidate accepting a position has ultimately not been able to take it.
- On average businesses who have experienced this problem, indicated that around a third (35%) of candidates offered positions ultimately did not take up the offer.
- 12 of the 21 responding businesses who recorded the reasons given by individuals who ultimately did not take job offers stated that this was related to difficulties finding housing in the local area and/or a lack of transport options.



"Lack of accommodation in Aviemore resulted in 2 applicants who had accepted posts having to withdraw"

"For the majority of applicants who are offered jobs live outside of the Badenoch and Strathspey area they usually accept the position with the intent of finding accommodation in the area. This has, for most, ended in having to reject the offer due to lack of availability of accommodation both in rental and to buy."

"The cost of accommodation or actually the lack of available accommodation."

"Can't find anywhere to live and it's too expensive - they can't make ends meet."

56% of businesses have offered a job to an individual who has decided not to take the role



On average, 1 in 3 people offered roles do not take up the offer



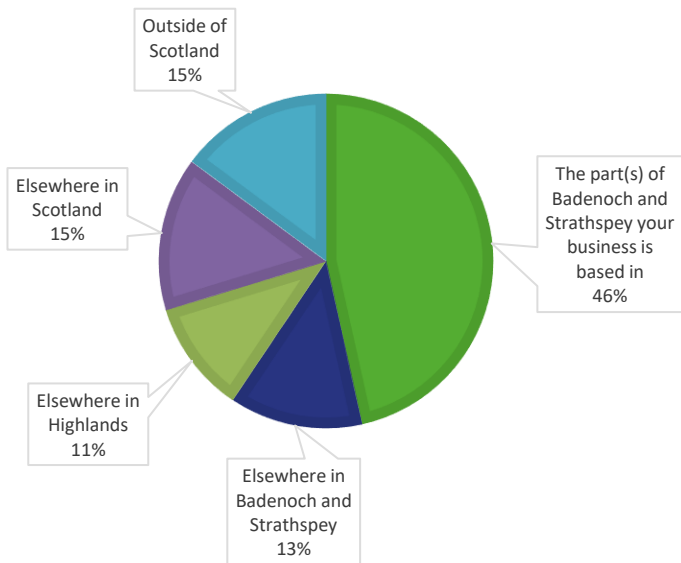
A lack of accommodation in the area and/or transport from the place they live is the most commonly recorded reason

Recruitment during the last three years

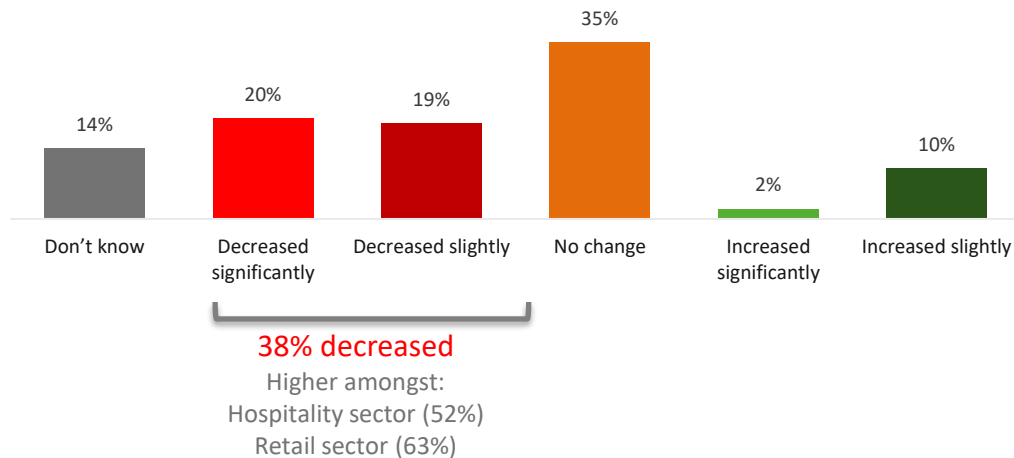
Around 3 in 5 applicants for vacancies already live in the area. Just over a third have experienced a decreased number of local applicants

- While on average around 3 in 5 applicants for vacancies live in Badenoch and Strathspey, it is notable that almost two-fifths (38%) of businesses have noticed a decreased number of local applicants for positions over the last 3 years. This was particularly likely to be the case amongst businesses in the hospitality and retail sector.

PLACE OF RESIDENCE OF APPLICANTS (LAST 12 MONTHS):



TRENDS IN NUMBERS OF APPLICANTS WHO LIVE IN BADENOCH AND STRATHSPEY OVER LAST 3 YEARS OR SO:

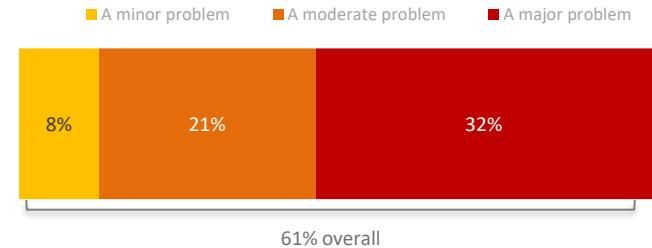


Three in five businesses have experienced problems recruiting staff during the last year

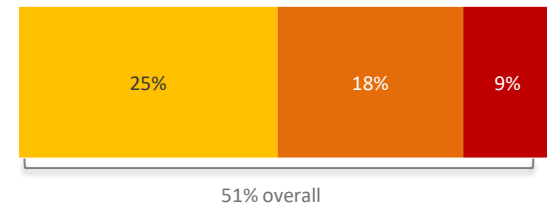
- As shown on the right, three in five businesses (61%) stated that they had experienced problems with staff recruitment. For around a third (32%) these issues could be described as a 'major' problem.
- A smaller percentage had experienced problems retaining existing staff during the last 12 months (51%) with the largest proportion indicating that this was a minor problem (25%).

PERCENTAGES OF BUSINESSES EXPERIENCING STAFF RECRUITMENT OR RETENTION PROBLEMS DURING THE LAST 12 MONTHS

61% of businesses have experienced problems recruiting new staff



51% have experienced problems retaining existing staff



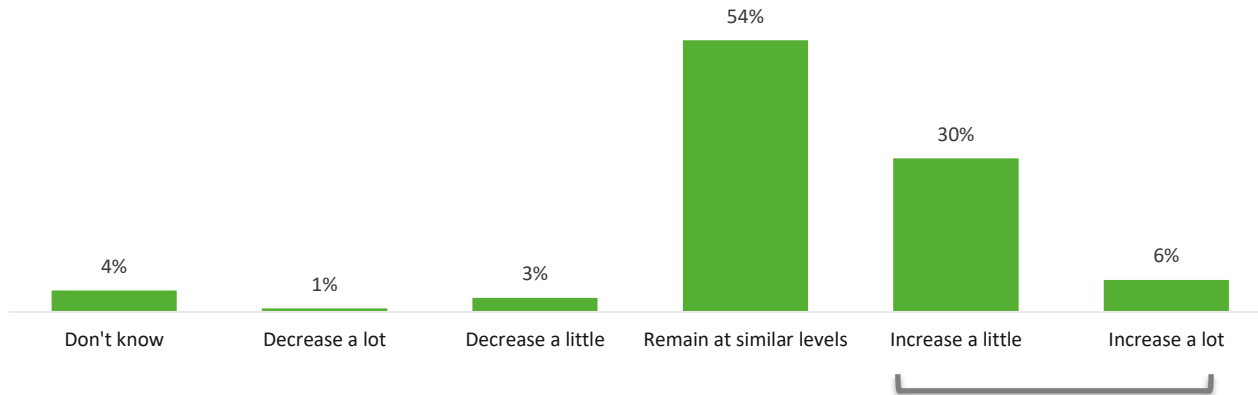
Q26a To what extent, if any, has your business/organisation had any problems recruiting staff during the last 12 months?

Q26b To what extent, if any, has your business/organisation had any problems retaining existing staff during the last 12 months?

Over a third of businesses expect to need to increase the number of staff they recruit during the next 5 years

- While just over half of businesses expect the number of posts they will need to fill over the next 5 years to remain at a similar level to currently (54%), over a third expect to need to recruit for more positions (36%).
- In general the largest businesses were the most likely to expect to increase their levels of recruitment over this period.

EXPECTATION ON NUMBER OF POSTS WILL NEED TO FILL IN FUTURE – NEXT 5 YEARS vs CURRENT SITUATION:



36% expect an increase
Higher amongst:
Businesses with over £0.5m turnover (54%)
Businesses with 50+ employees (54%)

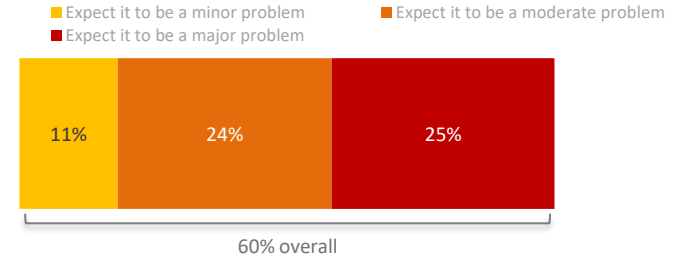
Q24 Looking further to the future, do you expect the number of posts you will need to fill each year over the next 5 years or so to increase, remain similar or decrease?

Two-thirds expect recruitment or retention to be a problem over the next 5 years

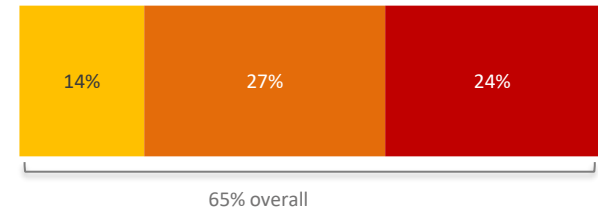
- Looking to the future, 60% of businesses expect staff recruitment or retention problems during the next 12 months and 65% expect these issues during the next 5 years.
- During both periods a quarter of businesses expected these issues to be a 'major problem',

PERCENTAGES OF BUSINESSES EXPECTING RECRUITMENT OR RETENTION PROBLEMS IN FUTURE:

60% of businesses expect recruitment or retention problems during the next 12 months



65% expect recruitment or retention problems during the next 5 years

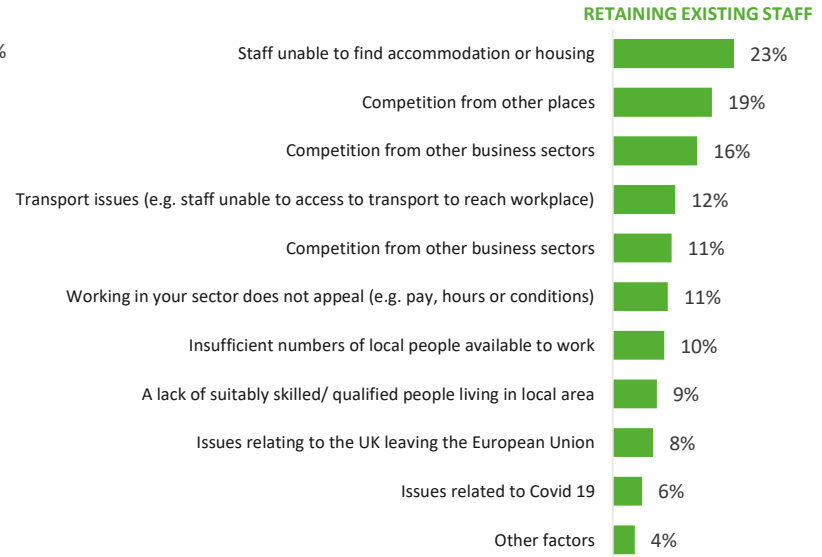


Q27 Thinking about the next 12 months, to what extent, do you expect that the recruitment of new staff or retention of existing staff will be a problem for your business/organisation?
Q28 Now thinking further to the future, to what extent do you expect the recruitment of new staff or retention of existing staff to be a problem for your business/organisation during the next 5 years or so?

A lack of accommodation is seen as the main cause of both staff recruitment and retention issues

- Respondents were shown a list of potential reasons and asked to specify which of these, if any were contributing towards recruitment or retention issues. As shown below, a lack of accommodation was the most common factor when recruiting new staff (49%), followed by insufficient numbers of local people and a lack of suitably skilled/ qualified local people.

- A lack of suitable accommodation for staff was also the the most commonly selected reason for difficulties retaining existing staff (23%).



Q29 In your opinion which of the following, if any, have contributed to problems recruiting new staff and/or retaining existing staff?

Over two-thirds state that the lack of accommodation is having an impact on their business

- Survey respondents were next presented with the following statement and question:
- *“Businesses in Badenoch and Strathspey have told us that shortage of housing/accommodation that staff can afford to rent or buy is a barrier to either recruiting new staff or retaining existing employees.*

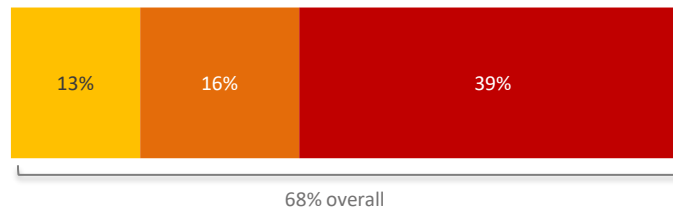
To what extent if any, do you feel that this issue has impacted on your business/organisation’s efforts to recruit new staff and/or retain existing members of staff?”

- Presented with this question, 68% of businesses indicated that the housing shortage has affected their recruitment efforts to some extent. Most notably almost 2 in 5 (39%) indicated that it was having a ‘major impact’.

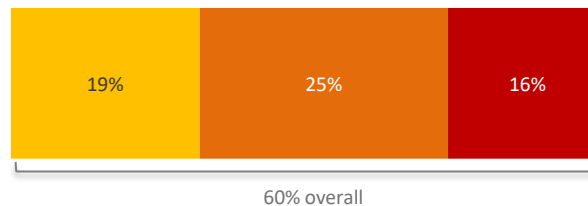
PERCENTAGES OF BUSINESSES EXPECTING PROBLEMS DUE TO SHORTAGE OF AFFORDABLE HOUSING FOR STAFF:

■ A minor impact ■ A moderate impact ■ A major impact

68% feel that a shortage of housing/ accommodation is impacting on their efforts to recruit staff



60% feel that a shortage of housing/ accommodation is impacting on their efforts to retain staff



Q30a To what extent if any, do you feel that this issue has impacted on your business/organisation’s efforts to recruit new staff?

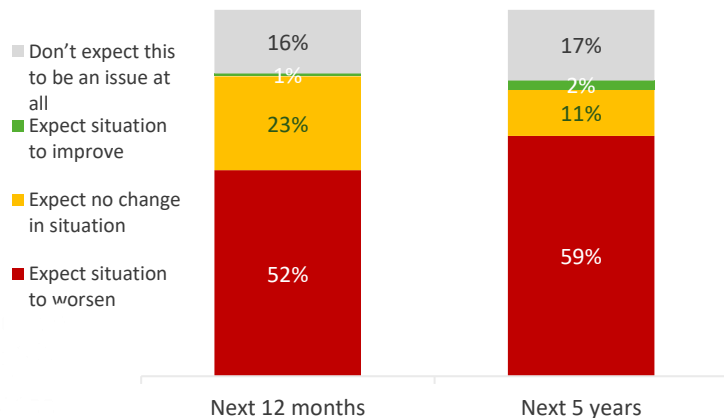
Q30b To what extent if any, do you feel that this issue has impacted on your business/organisation’s efforts to retain existing members of staff?

The majority expect staff recruitment and retention issues caused by the accommodation shortage to worsen in future if no action is taken

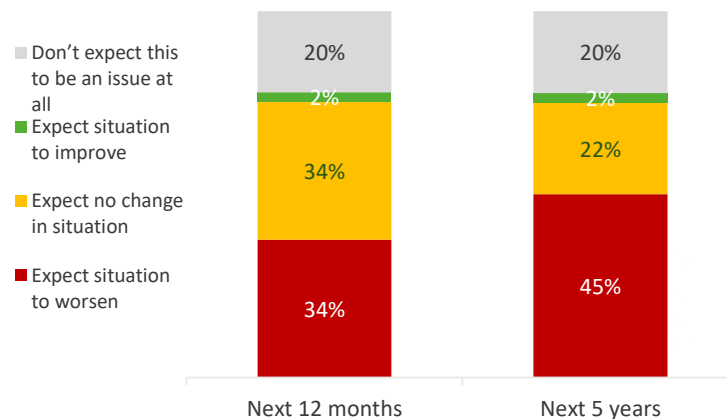
- When probed on expectations for the future if no actions is taken, in relation to recruiting new staff 52% expect things to worsen for their business during the next 12 months and 59% expect them to worsen over the next 5 years.
- While fewer businesses anticipated worsening issues in relation to retaining existing staff during the next 12 months (34%), 45% percentage expected these issues to get worse during the next 5 years if no action was taken.

EXPECTATIONS FOR FUTURE IF NO ACTION IS TAKEN:

RECRUITING NEW STAFF



RETAINING EXISTING STAFF



Q31a Thinking ahead to the next 12 months, if no action is taken, do you expect issues caused by staff not being able to find housing/accommodation to worsen, improve or not change for your business/ organisation?

Q31b Thinking ahead to the next 12 months, if no action is taken, do you expect issues caused by staff not being able to find housing/accommodation to worsen, improve or not change for your business/ organisation?

Data on the total number and size of businesses in Badenoch and Strathspey allows us to produce estimates of total demand

- 2019 Scottish Government data indicated that there is a total of 820 business units in Badenoch and Strathspey.
- As shown on the right, by applying the results of the survey it is possible to estimate the total number of people employed by these businesses – note this include both part time and seasonal employees and is based on the peak levels of employment reported (in August).
- Survey responses relating to the numbers of vacancies businesses have sought to recruit over the last 12 months, positions expect to have to fill in the next 12 months and proportion of these positions which will be difficult to fill due to housing issues allows us to estimate the scale of this issue.
- Overall, an estimate if around 500 positions will be difficult for Badenoch and Strathspey businesses to fill during the next 12 months.
- Approximately a quarter of these are temporary position (25%), 56% are permanent full time positions and 19% are permanent part time positions.

Note: Data on number of businesses in Badenoch and Stathspey is based on 2019 Scottish Government statistics with weighting on size of businesses from HIE applied ensure representivity.



820 businesses units in Badenoch and Strathspey



c.5,500 employed by these businesses



c.1,700 vacant positions over last 12 months

c.1,700 vacant positions expect to need to fill during next 12 months

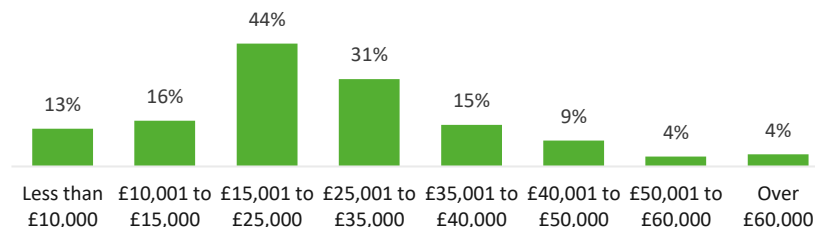
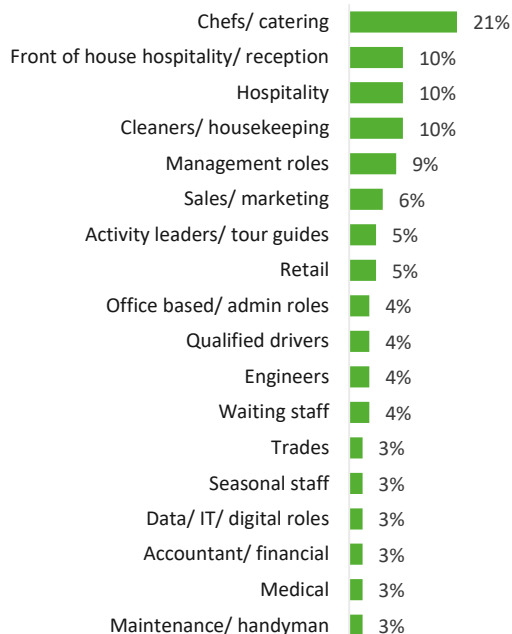


c.500 of these positions will be difficult to fill due to housing/accommodation issues – 30% of the total

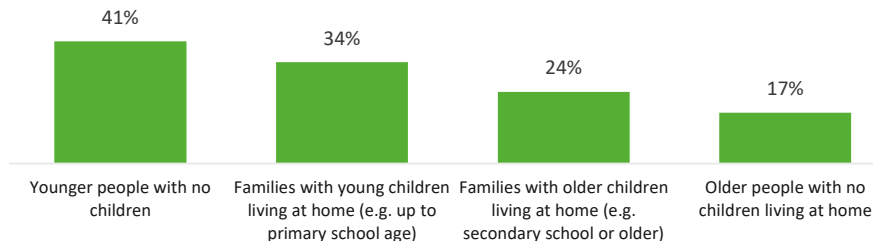
Impacted positions are predominantly in hospitality and tourism roles, middle income bands and typically undertaken by younger people

ROLES/ SECTORS AFFECTED BY HOUSING/ACCOMMODATION SHORTAGE:

- Those businesses which expected to have issues recruiting staff due to a lack of housing were asked to provide some further details on the nature of the position affected.
- As shown on the right, the issue impacts a wide range of types of role and a fairly broad spectrum of salary bands.



Please tick the appropriate boxes below to indicate the salary levels most impacted by staffing issues caused by difficulties finding housing/accommodation (per annum, pre tax)



From your experience, are the types of staff needed for the roles which you are having issues recruiting for and/or retaining staff for because difficulties finding housing/ accommodation more likely to be in any of the following groups?

Please type in details of the types of job most impacted by these issues (e.g. particular roles, skill requirements, departments, etc.)

Just over half of businesses say the issue impacts them in other ways beyond their own recruitment and retention efforts

- Just over half of businesses indicated that their businesses had encountered issues caused by the lack of housing/ accommodation in Badenoch and Strathspey, beyond recruiting and retaining staff.
- An open ended question invited respondents to type in details on the nature of these issues.
- Common themes recorded included difficulties caused by hospitality and retail businesses being closed or having reduced hours, problems finding tradespeople and issues around contractors finding it difficult to house their staff.

Apart from any difficulties your own business/organisation has had recruiting or retaining staff, have you encountered any other business or operational issues due to people having difficulties finding housing/ accommodation in your local area?

54% of businesses have encountered issues other than direct staff recruitment/ retention problems



“No time served joiners, electricians, builders. Locals not taking up apprenticeships in local area and moving away from the area. Heating engineers non existent. Very difficult to run an effective business without this skilled backup.”

“Local restaurants having to shorten their working week, or closing early due to shortage of waiting staff.”

“Every food outlet in Aviemore and surrounding area seems to be struggling to fill staff vacancies which has affected opening times and capacity, with the massive rise in demand due to staycation increases this has caused demand to outstrip supply significantly, if our guests had not booked a restaurant before arrival most times they had to settle for a takeaway or supermarket food.”

“It has become increasing difficult and expensive to find accommodation for third party contractors who may be working on a project for a number of weeks. This has therefore become a an additional cost and sometimes barrier to the development of new attractions.”

Beyond the hard business impacts, recruitment impacts have an effect on the wellbeing of staff and the wider community

Finally, please provide more details on how, if at all, people having difficulties finding housing/ accommodation in the local area is having an impact on your business. Please provide as much detail as possible to help us to understand your concerns and hopes and fears for the future

"I have had numerous staff accept posts at XXX but then they can't find affordable accommodation in Badenoch & Strathspey to live. Similarly when staff live and travel from Inverness they tend to leave when a similar job comes up close to home as they don't have the travel time or costs. Many of these staff would like to live in Badenoch & Strathspey but it's too expensive compared to Inverness. "

"It is incredibly stressful as the business owner. There is a lot of guilt about asking existing staff to continually do more and fear they will leave their jobs. In the short term they are straggling to maintain service levels, due to their own tiredness/stress. This is a vicious circle eating away at the standards of our business. We are now closing 1.5 days per week, representing a reduction in turnover of approximately 20%. Even when open, we are not able to accept previous levels of demand, constantly turning away business."

"I am spending far too much of my time trying to house my staff. Time which should be spent on the critical path the business needs to take to get us all through the mess that is Covid. However this isn't a new problem. SG has opened the flood gates to retirees coming up to the Cairngorms and buying up properties, as these people are expecting to take advantage of the free social care that doesn't exist in other parts of UK."

"It has a knock on effect to the appeal of the area for young people and to move here and business owners to continue operating. We need a thriving local community to support the level of tourists that are coming and keep that tourist experience a positive one."

"I have staff who don't stay very long as they are "sofa surfing" and overstay their welcome before being able to find permanent accommodation. One member of staff was sleeping in their car."

Full list of verbatim responses regarding wider impacts of housing shortage on business

We have had to open an office in Glasgow to enable us to recruit for some jobs. We would prefer to employ all staff in Newtonmore.

The cleaning company we use are short staffed so have less time to spend doing a clean so standards are slipping

If business are closing early / not opening it effects staff wages which means they will not be able to afford our services as they have less money and tourists will stop coming if they can't get any service - which mean business will close

Availability of single rooms in the area at an affordable rate is a problem. Without accommodation, we are blocked from recruiting staff and therefore have to limit the amount of business and facilities we can offer our guests.

Lack of responses to adverts is a major factor. We can only draw on the local population and that is unlikely to change if housing is not available for more people. In the summer local Facebook groups were inundated with people from outside the area desperately trying to find accommodation.

Job offers - each time candidates have had to decline due to cost of houses and lack of housing.

One existing member of our team is relocating to Forres to get on the property ladder. She is staying with us for the moment but I don't know how this will pan out long-term as she may find another job local to Forres.

Youngsters growing up in this area can no longer afford to purchase a home... Prices are being driven up by the influx of holiday homes and buyers from the south who have more money to play with.

I am spending far too much of my time trying to house my staff. Time which should be spent on the critical path the business needs to take to get us all through the mess that is Covid.

If we can't recruit staff then we will need to close our door more as we cannot do it all ourselves, this also affects the morale of the Team, as it's so busy with holiday makers. If we close more then not only do we lose money but also locals & tourists who rely on us will potentially go to other destinations.

It is incredibly stressful as the business owner. There is a lot of guilt about asking existing staff to continually do more and fear they will leave their jobs. In the short term they are struggling to maintain service levels, due to their own tiredness/stress. This is a vicious circle eating away at the standards of our business.

Our current chef is desperately seeking local accommodation, having been evicted for Air BnB. If we lose him we will have to reduce our operating hours. Our previous manager was also evicted for the same reason and ended up moving to the west coast as it was the only job she could get with accommodation.

There has been very negative feedback from guests staying with us here in Aviemore. They are frustrated that they cannot find eating establishments to pre-book or when arriving are told that the establishment is closed due to staffing shortages.

I have staff who don't stay very long as they are "sofa surfing" and overstay their welcome before being able to find permanent accommodation. One member of staff was sleeping in their car.

Our most recent hires are all now working remotely in other parts of the UK rather than moving into the area.

Our Exec Chef took a job in the south of England because he still had not found a home after close to 2 years looking to buy in the valley. He had a wife who was also employed part time with us and two young children in the local primary school. He and his family were living in a company flat but he understandably was looking to buy a home. He would not have left had he managed to find something suitable.

We are not able to open all departments at all times leading to a reduction of revenue and also we are not able to deliver the positive customer experience we would like to, due to staff shortages and extra pressure on the staff that are working, especially during busy times. We have also lost members of staff who aren't able to get into the housing market and the appropriate housing not being available.

We consider the lack of available housing locally to be the single biggest barrier to the growth of our business. Dealing with several hundred job applications annually, we are acutely aware that the lack of housing is the biggest negative factor in terms of recruitment. This is a particularly frustrating situation to be in when we are receiving such high volumes (300+ annually) applications. There are people out there that are incredibly keen to work for us – there just isn't anywhere for them to stay while they do.



Any questions? A follow-up discussion?

duncan.stewart@56degreeinsight.com | +44 (0) 771 786 8770
jim.eccleston@56degreeinsight.com | +44 (0) 744 703 1396