

Tourism skills research

Purpose of report

For discussion and direction.

Summary

At the last Board meeting, it was agreed that the priority piece of work for 2018/19 should be research into the role of councils in creating and supporting a pipeline of skilled workers for the tourism and hospitality sectors, acknowledging the challenges that Brexit may pose for the sector. Ensuring a skilled workforce was one of the Board's three priorities agreed in September 2017.

This paper sets out initial thinking about the questions that the research might explore, and plans for developing the technical brief to a point where invitations to tender can be issued.

Recommendation

Culture, Tourism and Sport Members are asked to provide a steer on the proposals in paragraphs 18, 19 and 30.

Action

Officers to progress as directed.

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Tourism Skills Research

Background

1. A recent report by Ignite Economics and published by the British Hospitality Association (*BHA Economic Contribution of the UK Hospitality Industry*) confirmed that the wider hospitality industry is the fourth biggest employer in the UK with 3.2 million jobs. Based upon the growth of the last three years (2014 – 2016), it has the potential to create a further 500,000 new jobs by 2021. Unlike some sectors that have a significant regional bias, the hospitality industry is a major employer across every region and nation of the UK. Hospitality ranks as a top six employer in every region and nation, accounting for up to 10 per cent of the regional workforce.
2. With unemployment at a 40 year low of 4.4 per cent and the employment rate (the proportion of people 16-64 who are in work) at 75.1 per cent - the highest since comparable records began in 1971 - it's clear that any material and sudden change in the supply of workers to Britain's labour market would have serious consequences for the hospitality industry. Alongside this is the fact that one in ten of these jobs are insecure work and part of a low wage economy, with estimates that nine million people are lacking in the basic skills needed.
3. This provides the context for considering the impact of Brexit. The BHA commissioned KPMG to look at the issue of EU nationals' employment within the hospitality sector and to estimate the number of additional UK workers the industry would need to recruit each year were Freedom of Movement to end and no successor immigration regime for the sector introduced in its place (Oxford University's Migration Observatory have calculated that 96 per cent of the EU nationals working in Hospitality would not be able to work in the UK under the existing rules for non EU nationals.)
4. The KPMG team estimated that, with Freedom of Movement ending, the British hospitality industry would need to recruit an additional 62,500 UK workers each year.
5. It is critical that skills training provision is designed to support the sector's needs in terms of skills training, including language skills. However, the LGA has identified structural weaknesses in current skills provision, in terms of the way it is funded, commissioned and delivered. In 2017, the LGA launched its Work Local proposals for the devolution and integration of employment and skills.

Work Local

6. Led by combined authorities and groups of councils, in partnership with local stakeholders, the LGA proposes that Work Local areas will plan, commission and have oversight of a joined-up service bringing together provision for advice and guidance, employment support, skills, apprenticeship and business support around place for individuals and employers.
7. A more coordinated and targeted service would better serve young people and adults who are either unemployed, low skilled, or have complex needs, and support local economic growth by bringing training providers and businesses together.
8. This would see a reformed system that worked better for the economy by responding to local economic needs, better for local people by providing a personalised and joined-up service and better for employers by delivering a one-stop, locally rooted, employer-demand led system. Across a medium sized combined authority, this could each year result in 8500 people off out of work benefits, 6000 people attaining better skills, additional fiscal benefits of £280 million and a benefit to the economy of £420 million.
9. Our Work Local approach is now critical as combined authorities, councils and local partners plan how their areas will respond to the challenges and opportunities of Brexit and the Government's Industrial Strategy.
10. We continue to call on the Government to embrace this place based approach as our ultimate long term solution to fixing the skills and employment system. In the short term, to help take the agenda a step further, we have recently proposed a new partnership between the sector and DfE to deliver more effective collaboration on post 16 skills policies.
11. The proposal is beginning to gain some traction within Government, Parliament and among stakeholders, but we need to do more to do broaden and deepen awareness about Work Local. Currently we are using it as the LGA's place based solution to big ticket national skills challenges and the associated opportunities of Brexit and the Industrial Strategy.
12. Applying the Work Local concept to areas and sectors would also help to amplify our vision.
13. We propose that the tourism sector, including hospitality, provides an ideal opportunity to flesh out the mechanisms for delivering the Work Local proposal, as well as strengthen councils' ability to support and grow their local visitor economies.

Tourism sector skills plans

14. The tourism sector has submitted a bid to BEIS for a sector deal under the Industrial Strategy. Skills is a core component of this bid, although the focus is on making the industry an attractive career.
15. UK Hospitality, as the lead for this strand of the sector bid, are consulting on the actions they can take to improve the skills base for the industry, including recruitment and provision of careers advice. They are also planning to lobby for the earlier introduction of T-levels for the hospitality sector, to help the sector adapt to the expected loss of significant EU nationals from the workforce following Brexit.
16. It will be critical to ensure that our work complements the sector's own work, rather than duplicates it. We have held an initial meeting with the new Chief Executive of UK Hospitality and are assessing both the sector deal bid and open consultation to ensure that our work is aligned, but distinct from that of the sector.
17. Following this, we propose to share our final prospectus for the research with UK Hospitality, VisitEngland, and the British Beer and Pub Association (representing Tourism Alliance) to confirm the approach will work for both local government and the tourism sector.

Proposals

18. We propose working with 8 council areas with a strong tourism sector to explore the following through a Work Local lens:
 - 18.1. Establish each council's ambitions for the tourism workforce and the role they feel they can play in supporting it.
 - 18.2. Identify the skills profile of the local workforce, including the volunteer base, and the needs of employers, drawing on local skills strategies.
 - 18.3. Identify gaps in data to support local understanding of the tourism workforce, including volunteers.
 - 18.4. Engage the local tourism sector in a conversation about their skills needs, views on existing and upcoming provision, and what gaps exist.
 - 18.5. Consider how existing and new skills provision could be delivered through a Work Local approach.

- 18.6. Draw out common themes and approaches across the pilots for the role of councils in supporting sector-specific skills development.
 - 18.7. Connect the findings to developments in national skills policy, including the new national retraining scheme and the skills advisory panels (SAPs) in supporting the tourism industry.
19. We anticipate that the research would comprise a number of interviews in each of the council areas, desk-based research drawing on existing skills datasets and roundtables / action learning sets with the local tourism sector. However, we will invite bidders to set out their own proposed approaches to the work.

Suggested council areas

20. **Brighton** – Brighton has a large tourism industry and has recently launched a consultation on their local tourism strategy. Their Head of Tourism has expressed interest in participating, and is also the tourism lead for the Culture and Leisure Officers Association.
21. **Blackpool** – Blackpool is seeking to reinvigorate its tourism offer, but has experienced challenges in its dealing with Government departments and a lack of a joined up national offer to support local action.
22. **Derbyshire** – Incorporating the Peak District, Derbyshire will allow us to explore the particular challenges of a large, two-tier rural area. The leader of Derbyshire has expressed an interest in developing tourism. Skills devolution was a key part of their recent devolution bid.
23. **Cornwall** – Cornwall would combine the challenges of both a coastal and rural location. As a council, it is already very engaged and invested in promoting the tourism industry, and should allow us to gather data and insight rapidly. Cornwall is also one of the pilot areas for the SAPs, and has benefitted from devolved EU funding.
24. **Hull** – Following the success of City of Culture, Hull is planning a rapid expansion of its tourist industries, include the development of a cruise port. It will allow us to explore how a rapid transformation into a tourist destination can be supported through the skills agenda.
25. **Scarborough** – this seaside area also borders on the North York Moors and is seeing a resurgence in visitor numbers. It offers a district perspective on tourism skills.

26. **London Borough of Greenwich** – London has ambitious plans to further increase its tourist offer and Greenwich has been developing its own skills strategy and employment service to cater for the visitors to the Cutty Sark and National Maritime Museum, among other attractions. Greenwich was suggested by the skills lead at London Councils.
27. **Cambridge** – Cambridge is an area that sees large numbers of visitors that stretch its infrastructure, but does not equate to overnight stays. This would allow us to explore whether a skills approach could help convert more visits to overnight stays.
28. Most areas have not yet been approached. Should one or more decline, we propose approaching the following areas as replacements:
- 28.1. South Lakeland - A rural area encompassing much of the popular lake district, attracting large numbers of international tourists. South Lakeland will enable us to explore the challenges of a two-tier area from the district perspective.
- 28.2. Medway – a council area that has seen significant deprivation, but also has a significant visitor attraction in the Historic Dockyard. Medway would allow us to explore what skills are needed to attract visitors out of central London.
29. It is recommended that this project aligns its work closely with the City Regions and People and Places Boards who jointly lead the LGA's work on skills and employment policy and our wider Work Local proposals. Cllr Muhammed Butt has been appointed as the CTS observer on the new Skills Taskforce that has been established.

Timeline

30. We propose that this project runs until the end of the financial year – March 2019 – to allow for the in-depth research required in areas to take place. We aim to launch the invitation to bid in June, allowing up to 9 months to complete the project.

Implications for Wales

31. The WLGA does not commission us to work on wider improvement issues. This service is provided directly by WLGA. Skills provision is a devolved matter and Work Local lobbying relates specifically to England.

Financial Implications

32. The Board has allocated £20 000 for this project. The project will be advertised through the LGA's procurement portal to ensure best value, which may come in above or below that price.

33. The LGA skills team is able to provide a small amount of additional funding if required.
We will also raise the possibility of an industry contribution with key stakeholders such as UK Hospitality when we share the proposals with them.

Next steps

34. Officers will further develop the proposals in line with members' steer and issue a call for tender in June.