Supplying skills for the local visitor economy

Report

WORK LOCAL

HELPING PEOPLE AND PLACES THRIVE

Work Local is the LGA's positive vision for an integrated and devolved employment and skills service – bringing together information, advice and guidance alongside the delivery of employment, skills, apprenticeships and wider support for individuals and employers.

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Introduction

The tourism and hospitality industry in the UK is an important driver of economic growth, employing over 3.2 million people nationally, with the potential of creating a further 500,000 new jobs by 2021. At the same time the sector has the highest proportion of hard-to-fill vacancies, and greater growth in the number of monthly job postings, than any other sector of the economy.

The Local Government Association (LGA) commissioned Rubicon Regeneration and Red Box Research to show how local leaders can support this visitor economy to develop a pipeline of skills through a collaborative vision for an integrated, effective and locally responsive employment and skills system that can meet the labour market and skills challenges of the future – a 'Work Local' approach. Based on a set of six case studies from across England[1], the research findings highlight the significant challenges the sector faces in retaining its competitive edge in terms of productivity, recruitment and skills.

Conducted during the start of 2019, it is clear from the research that current skills difficulties are being exacerbated by two main factors – the possible impacts of leaving the EU and a demographic downturn in young people – the latter particularly affecting rural areas. Employers explained that even with the current open access to the EU labour market, the tourism and hospitality sector faces a challenge in recruiting enough workers to meet its needs.

In terms of leading and creating the conditions for the visitor economy to thrive, local leaders and council members play a crucial role. The employment and skills of the local workforce are central to growth and local authorities recognise that, as drivers of local economic growth, they need to ensure that their economies have a motivated, flexible, and skilled workforce which retains and attracts employers and boosts productivity. With the additional current uncertainty of Brexit, there is a need for a skills system which can quickly and easily identify and address skills gaps and shortages; one in which industries and localities are involved in determining the type and timing of skills provision.

The recent publication, 'The future of seaside towns', by the House of Lords Select Committee on Regenerating Seaside Towns and Communities[2] adds weight to the case for localism stating that, 'For the most part, we want to avoid top down solutions imposed from Whitehall and afar. We argue that those best placed to build the seaside towns of the future are local people. They represent the seaside's best hope'.

In the following sections, we draw together the outcomes of wide-ranging consultations with employers, representatives of the destination management organisations, local government officers/members, training providers and other relevant stakeholders in each of the six case study areas.

1 Blackpool, Brighton and Hove, Cambridge, Cornwall, Royal Borough of Greenwich, Scarborough

2 House of Lords Select Committee on Regenerating Seaside Towns and Communities (March 2019) 'The future of seaside towns'

Discussions were also held with the Department of Culture, Media and Sport, UK Hospitality, the Tourism Alliance and the British Beer and Pub Association. This primary research has been supplemented by a wealth of national and regional intelligence. Together, these different sources have enabled us to provide a rounded picture of the common issues facing the sector, individual local approaches to tackling those issues and the potential for Work Local principles to be applied at a sectoral level.

Acknowledgements

We are grateful for the contributions to this research from local government, destination management organisations, representative bodies, employers and other stakeholders in each of the case study areas as well as representatives from the Department of Culture, Media and Sport, UK Hospitality, the Tourism Alliance and the British Beer and Pub Association.

The national picture

Setting the scene

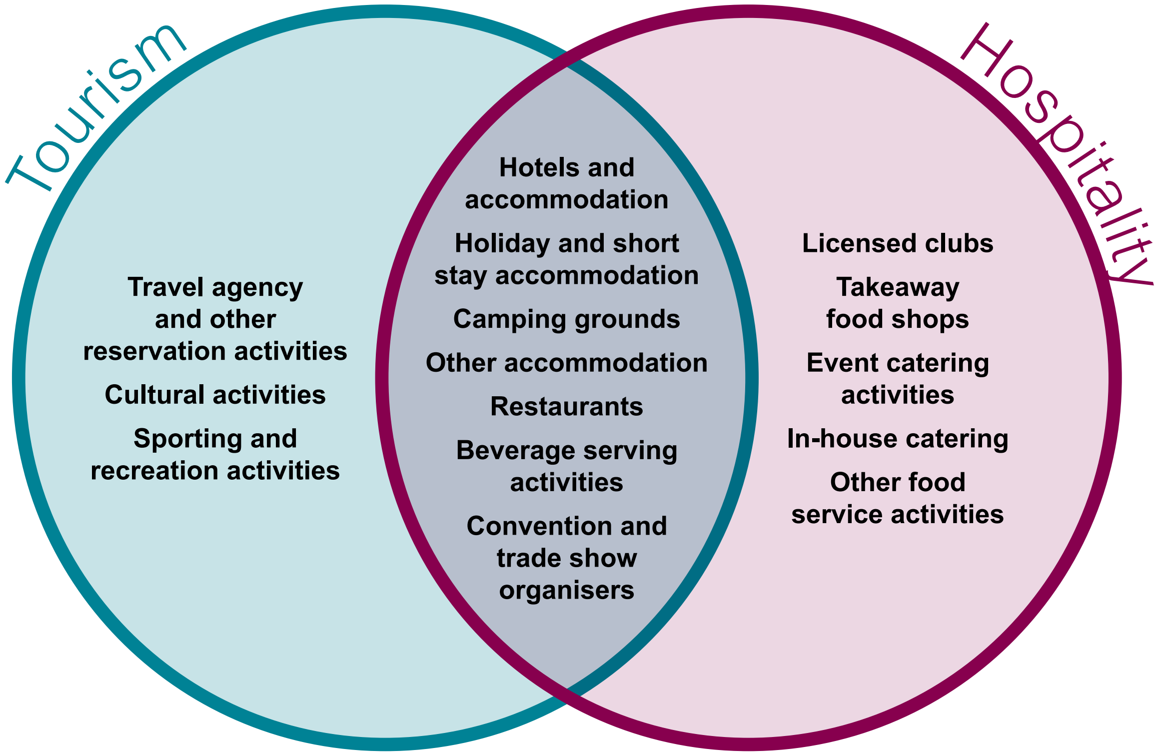
Hospitality and tourism are core and vital sectors within the British economy, accounting for 9.6 per cent of all employment and 9 per cent of GDP. Tourism exports more than the insurance sector and is growing faster than the digital sector. Latest data[3] suggests that the sector:

- provides 3.1 million jobs across the UK
- generates £126.9 billion and 9 per cent of UK GDP annually
- brings in £22.5 billion spent by overseas visitors annually
- generates c.£7 billion tax to HMRC from international visitors.

Of course, there is considerable overlap between the tourism and hospitality industries as shown in the figure below. One of the challenges this poses for the sector is that its disparate make up means that central and local government can often fail to recognise that the sector is the fourth largest employer in the country. Addressing this perception and acknowledging its role in providing a vast range of jobs would, in itself, be a significant step forward.

3 Tourism Sector Deal Bid document

Figure 1. Mapping of tourism and hospitality industries



Every council has a tourism economy, and in recent years, tourism beyond London has been growing year-on-year at a faster rate than in the capital.

2017 was a record-breaking year for the UK's hospitality and tourism sector[4] with growth in both domestic tourist expenditure and international visitors. UK holidays enjoyed record trading, underpinned by the boom in overseas leisure travel and the growth of staycations. According to VisitBritain, growth in spending was the highest since 2013 and the second highest since 2006.

Research published by the British Hospitality Association (BHA)[5] and based upon growth in recent years (2014 – 2016) shows that the sector has the potential to create a further 500,000 new jobs by 2021. This of course, puts a premium on labour supply and skills. Indeed, UK Hospitality has identified the workforce as the biggest uncertainty in the future. It points to 'an unprecedented range of factors combining to create this sense of the unknown – Brexit, the cost of employment, technological advances, education and training changes and much more. The workforce of the future is going to look very different to how it does today – as all these issues intertwine over time'.

Nationally, a number of skills challenges have been identified:

Staff retention: employee turnover and churn
Gross labour turnover is estimated at around 30 per cent per year. With unemployment at a 40 year low of 4.4 per cent and the employment rate at an all-time high of 75.1 per cent, competition for labour is intense. Businesses are finding it increasingly difficult to fill open and new positions, especially roles for chefs, kitchen porters, sommeliers and housekeeping.[6] The sector is characterised by low wages and a fairly flat employment structure which can make career progression difficult.

Brexit and shortages of EU workers
Against this backdrop, the possible loss of recruits from the EU could have serious consequences for the sector. Oxford University's Migration Observatory has 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. According to People 1st, across hospitality and tourism almost 1 in 4 (24 per cent) of the workforce is made up of non-British nationals, with the majority of these coming from outside of the EU.

Recruitment and perceptions of the sector
Research carried out by Amaris Hospitality[7], draws insights gathered from research undertaken with leading hospitality experts. More than half of them felt that 'outdated perceptions' were preventing people in the UK from viewing hospitality as a worthwhile career. The roles that do exist are perceived as having long hours, poor pay and prospects.

The productivity challenge

While the tourism industry represents 10 per cent of all businesses in the UK and 9.5 per cent of the UK workforce, the overriding characteristic of the sector is that it is composed largely of very small businesses. Work by the UK Commission for Employment and Skills shows that of the 180,000 domestic tourism businesses in the UK, over 70 per cent are microbusinesses and a further 25 per cent are small and medium-sized enterprises (SMEs). In turn, these small businesses are less likely to engage in training. This lack of capacity to retrain in order to attract new customers, together with a wish for stability rather than growth, lie behind the productivity problem in the sector.

4 'Destination UK Driving growth in the UK hospitality and leisure sector', Barclays
5 'The Hospitality Workforce Today', A report by Ignite Economics and published by the British Hospitality Association (BHA)
6 UK Hospitality Workforce Commission 2030
7 'Driving UK Tourism: Sustaining growth in 2017 and beyond', Amaris Hospitality

Work Local – a new approach to delivering skills

The Post 16 Skills Plan 2016[8] acknowledged that 'reforming the skills system is one of the most important challenges we face as a country. Getting it right is crucial to our future prosperity, and to the life chances of millions of people'.

Against this backdrop, the LGA has worked with local councils to set out a vision for an integrated, effective and locally responsive employment and skills system that can meet the labour market and skills challenges of the future – a 'Work Local' approach. The context for its work is the UK's centralised employment and skills system, which with its top-down approach offers little, if any, local flexibility even in devolved areas. The system is fragmented, with seventeen funding streams managed by eight departments or agencies responsible for expenditure of more than £10 billion a year.[9] Characterised by constant change, since the early 1980s there have been:

- 28 major pieces of legislation related to vocational, further education and skills training
- six different ministerial departments with overall responsibility for education
- 48 Secretaries of State with relevant responsibilities.

The underpinning research which made the case for change to a Work Local approach showed a system in which national agencies and programmes were insufficiently responsive to the needs of local economies and demonstrated insufficient/ineffective partnership working. To this end, councils wanted to seize the benefits which devolution could bring and there was strong support for devolved funding and local commissioning on the grounds that public funds would be better aligned with the needs of employers, the local economy, and local people. However Work Local is not just about joining-up budgets, it is also about joining-up services to deliver a more coherent and personalised service to communities – rooted in place – so that local areas lead in defining, designing and delivering the skills services require. In this 'one stop' service, skills and employment are driven by local needs and opportunities with the aim of delivering better outcomes at a lower cost and better aligning the needs of employers and learners.

This Work Local approach is only practical within a common national framework for the devolution of strategy, financing and delivery with local flexibility and where partnerships and devolved skills decision-making is a norm.

As part of this research our brief was to explore whether Work Local principles could be applied to a sector-based approach to skills development. The following sections set out our key findings.

8 Post-16 Skills Plan, BIS, DoE July 2016

9 LGA/Learning and Work Institute (2017) 'Work Local: Our Vision for an integrated and devolved employment and skills service'

Key findings

Although the case study areas were identified by the LGA to reflect structural difference and geographies (metropolitan, urban, rural), this section summarises the core common themes and issues coming out of the research.

1. Challenges in developing a strategic response

Limited local data and evidence
The areas were identified because of the importance of tourism and hospitality as a driver of local/regional growth. However, there is a lack of quantitative and qualitative data and intelligence regarding the sector at a local level, particularly with regards to employment and skills. Much of the available information is anecdotal. The lack of data and intelligence means that the industry's needs are not fed through to strategy. Furthermore, standard industrial classifications split the tourism and hospitality sector into small sub-sectors, which understates the collective 'clout' of the 'visitor economy'. The loss of regional information from Visit England further reduces the intelligence available to local areas.

Local leaders hope that the delivery of a Tourism Sector Deal will help address these deficiencies and make the case for prioritising the sector in local economies.

Lack of capacity and resources
The research has highlighted the different models in place at a local level to support destination development and marketing. For example, Visit Cornwall operates as a community interest company with no financial support from the council; whereas Scarborough is still delivered as an in-house council-service.

As a non-statutory service, tourism and economic development has been subject to significant financial cuts, which in many cases has been the driver for contracted-out destination management models. This leads to a lack of capacity and resources to support the growth and development of the sector.

Where there is no tourism officer but just a destination management organisation (which in itself does not have a remit for skills) there is a gap in the leadership of the skills agenda in the sector and no real driver for change. In turn, the lack of data and intelligence on sector needs means that it is difficult to make the case to invest limited resources in this area.

Tendency for local employment and skills plans to focus on 'bright new sectors'
All the local authorities had developed local employment and skills plans to support local employment provision and enable local residents' to access better quality jobs within their locality. Many of these plans were developed in advance of the formation of the local enterprise partnerships (LEP's) Employment and Skills Boards. Despite the importance of the sector to the local economy, it was interesting to note that the majority of plans prepared by LEPs and local authorities excluded any reference to tourism and hospitality as a sector worthy of support, eg Cornwall and Scarborough. There was a universal focus on identifying and supporting niche areas of competitive advantage.

Given the importance of tourism and hospitality as a foundation sector, its ability to create new jobs relatively quickly which provide accessible opportunities for the whole community, together with its projected growth over the next 5-10 years, more weight needs to be given to the strategic value of the sector within local employment and skills plans. The potential for even small productivity gains across such a labour-intensive sector has potential to have a significant beneficial impact on the UK's overall productivity.

Importance of strong partnerships
There is a need for strong and effective sectoral partnerships involving a wide range of stakeholders including local government, training providers and employers with strong local leadership. There is a need to build trust to create the right environment to explore new ways of working and joint ambitions and with the necessary connections in place to influence strategy development.

At the heart of this is the need to raise the attractiveness of the sector to new entrants and to embed tourism-related learning into the curriculum. Critically, employers need to take the lead to make the sector more attractive.

2. Recruitment and retention issues

'Hard-to-fill' posts
Throughout all the case study areas, recruitment difficulties were widely reported for chefs and all food-related activities, with other difficulties reported in housekeeping, project management, front-of-house and sales skills. There are concerns about filling immediate front-line vacancies in areas such as housekeeping and bar-work with a worry that this situation will be exacerbated by Brexit. One issue highlighted by Visit Cornwall was the increasing need for individuals to have multiple skills sets to meet the needs of businesses, especially small businesses. Digital skills are increasingly needed across the sector.

Lack of a consistent local sector voice on skills
Businesses recognise the support and assistance available but the research highlighted a lack of a consistent single voice to champion the sector and change attitudes to jobs and careers within tourism and hospitality. This is particularly the case in areas which have a higher proportion of small and medium sized enterprises and self-employed business owners. These businesses tend to be the ones that most need help and support, but because of cost implications, are least able to engage in skills and training.

The lack of any clear employer voice means that in many areas there is little coordination or collaboration between employers and providers over skills provision. Whilst there may be a will for collaboration there is no clear impetus from either side or appetite to take the lead/champion the sector and this is where the support from local leaders would help empower the main players and bring the right people together.

Local areas with a strong tourism and hospitality sector will need to provide clear, consistent leadership and close alignment with industry priorities to fully benefit from the final UK tourism sector deal.

Impact of Brexit
Discussions with stakeholders and industry representatives confirm real concerns about Brexit, which would limit significantly the number of EU workers coming to work in the sector. For example, as many as 80-90 per cent of staff at the Grand Hotel Brighton are foreign nationals, although this figure has declined over the last 12-18 months. Fluctuations in exchange rates and Brexit means the number of EU workers is already declining and the industry is concerned about future recruitment. The high number of independent tourism and hospitality businesses are the most vulnerable to challenges arising from the EU exit.

The level of uncertainty and scale of the challenge seems to be bigger in the south of England and larger metropolitan/urban areas mainly due to the high volume of hotels, bars and restaurants.

Despite the impact of changes to freedom of movement and labour shortage, there seems to be a lack of coordinated actions being undertaken to attract and recruit new home-grown talent.

Work environment needs to evolve to better engage with potential 'millennial' recruits
Industry is well aware of the impact of labour shortages caused by high employment rates, changes in the population structure and a more restrictive immigration policy. For most external vacancies, the feeling from local employers is that the issue is a shortage of people 'with the right attitude' coming forward rather than skills shortages. Employers emphasised the primacy of personality attributes, such as enthusiasm, commitment and the will to learn.

A number of industry representatives highlighted the difficulty in recruiting millennials, who were seen as wanting different things out of work (work-life balance) and are less accepting of fitting in with employers' needs, having a tendency to 'job hop'. If employers are to compete effectively for labour with other sectors then they need to innovate and adapt to make their jobs and careers attractive.

3. Learning and skills development

Apprenticeship programme
The seasonal nature of work makes the apprenticeship model less suitable for the sector as there is a reluctance or inability to release staff for one day a week at peak periods. Some employers had experimented in shifting training to the end of the season but found that people would rather find another job than train at that time.

Frameworks/standards were said to be too narrowly defined and there is a need for more bespoke programmes, eg instead of being purely focused on customer service skills employers would prefer individuals with more rounded skillsets.

There is a stigma around apprenticeships – even at a higher-level people were said to prefer an academic degree than a degree apprentice. In areas where the workforce is well qualified, such asCambridge, apprenticeships are seen as a programme for poorly qualified young people who are unable to pursue an academic pathway/cannot get a job. Many people in the industry are not there for a career so have no interest in undertaking 12-18 months training.

The image of the sector
There is a general view expressed that the level of aptitude and customer service is higher amongst EU workers, where the hospitality sector is deemed more of a long-term career option than it might be in the UK. A number of industry representatives and employers voiced concerns that young people considered tourism and hospitality as a short-term job rather than a career.

The full breadth of the visitor economy and the jobs and careers prospects it offers are not accurately conveyed to young people, especially in schools. Employers believe this impacts on the numbers and quality of applicants they receive. More needs to be done at a local level in order to maintain and create a skilled workforce within the sector, specifically to address the local image and profile of the sector as providing quality career opportunities and to support independent/ micro businesses address skills needs.

Disseminating best practice
Many of the major employers and chains have developed their own bespoke in-house programmes for training and development to recruit and retain staff, for instance:

- Starbucks has announced that it is to provide the cost of university courses taught online by Arizona State University[10] to staff without a degree as an employee incentive
- Travelodge has developed a five-step path to help parents back to work, including careers advice, flexible hours, company benefits, training and an opportunity to join its management programme
- the 'Hospitality Futures' programme has been developed by AccorHotels and The Springboard Charity to provide the opportunity for people out of the labour market to develop a career in hospitality.

These options are not available to the small independents which dominate the sector but there may be opportunities to adapt some of the principles of these initiatives for smaller enterprises working collaboratively.

4. The importance of place

Relationship between skills and workforce development and destination development/marketing

A successful and thriving tourism and hospitality sector will contribute to place-making, profile and image as welcoming destinations. Local initiatives, such as the Blackpool Tourism Academy, have been designed to deliver a coordinated and enhanced training provision across several leading employers, acting as industry leaders to encourage SMEs to upskill their employees. In Blackpool there has been recognition that all parts of the visitor economy ecosystem impact on the visitor experience and there is value in joint planning of training across different sub-sectors.

Addressing non-skill issues which impact on recruitment
The case studies highlight a number of non-skills related issues, which impact on recruitment and retention particularly in rural areas. Getting to employment and training is often one of the most significant barriers for local residents including transport at unsocial hours and cost implications. Employment in the sector in rural areas is often seasonal, temporary or part-time due to the business base in most rural areas and distance means there is a limited labour pool within easy reach.

The affordability of housing in some of the city economies, such as Cambridge, was another issue, with recruits having to be drawn from greater and greater distances. Other issues identified included access to training and FE/higher education (HE) provision, lack of diversity amongst recruits and childcare issues.

A 'one-size-fits-all' approach is not working
One of the self-evident findings from the research is the great diversity of socio-economic characteristics between each case study area which means they face very different contexts for action. For instance, unemployment in Blackpool (6.7 per cent) and the Royal Borough of Greenwich (6.3 per cent) is more than twice as high as unemployment in Cambridge (2.8 per cent) and Cornwall (2.9 per cent).[11]

The working age population also differs markedly in terms of its qualification profile. In Blackpool (30 per cent) and Scarborough (32 per cent), almost 1 in 3 of the working age population, are qualified to below Level 2 – the level which is commonly used as the benchmark for employment. This contrasts with Brighton and Hove where just 12 per cent of the workforce are qualified to this level.

Employers' recruitment difficulties therefore vary according to their context. In some places such as Cambridge with virtually full employment there is a sheer lack of domestic applicants and increased reliance

10 www.bbc.co.uk/news/education-47773592

11 Annual Population Survey, December 2017

on international recruitment. In other areas, in a sector where a high proportion of demand is for entry level jobs and pay is low relative to the average for all industries, the high skill level of the population means that the industry is unable to compete effectively for labour. However, each local authority area is limited to the same policy levers rather than being able to flex the funding and system to suit their particular needs and circumstances.

Recommendations

Although the current system has limited local flexibilities, the research and case studies have identified a number of areas where there are opportunities to develop solutions driven by local needs, summarised below.

For local leaders

1. Strong local leadership is needed to bring partners together
If localism is to work on a sectoral basis, then tourism and hospitality needs to be supported with strong local leadership. Local leaders should take on a facilitating role, encouraging others, whether it is key employers or training providers, to support the skills agenda. Partnership working needs to be founded on an understanding of where the responsibility for skills and employment lies, which may differ from area to area. There are examples of good practice amongst major employers, and employer or provider-led partnerships have real potential to better align local provision to meet local needs.

2. Work with the sector to address the data and intelligence gaps
Evidence on employer skills needs is the foundation of any local strategic response and implementation of any sector deal which could flounder on the lack of labour market information. It is recommended that in developing local industrial strategies the opportunity is taken to gather the information needed on the challenges the sector faces and to develop appropriate responses, which include addressing issues such as image, awareness of opportunities, skills gaps and training. Visit England should examine the impact of removing its regional data collection and give consideration to how local areas might access this information in the future.

3. A place based and coordinated approach to tackle non-skills issues
Issues such as transport and housing affordability impact on recruitment and retention not just in tourism and hospitality but in other areas of the foundation economy such as health and social care and construction. Against a backdrop of a tight labour market it is imperative that local action is taken to develop non-skill solutions which will help boost the availability of local labour.

For Government

1. Delivering the Tourism Sector Deal
Sectors with lower productivity are in danger of being left behind as the Government prioritises the more innovative sectors for sector deals. The Tourism Sector Deal has the potential to be a game-changing milestone for the industry, ensuring that tourism and hospitality has a voice that is heard. It is recommended that the Government delivers on the proposed sector deal which will drive forward a sea-change in how the sector is perceived.

There are a number of positive government initiatives taking place with the potential to impact on the tourism and hospitality sectors. However, these are not coordinated and not always accessible by the small and medium sized enterprises that make up the majority of the industry. The Department for Digital, Culture, Media and Sport (DCMS) should work with other government departments to feedback access issues for the sector and futureproof accessibility for these growing sectors.

2. Recognising the key role of local leaders
It is critical that Visit Britain and Visit England, alongside industry partners, recognise and involve local leaders in shaping and delivering the skills element of the deal and the resources needed to achieve that. There is a need to strike a balance between opportunities and needs so that it is not just those areas which have the capacity/resource which benefit.

3. Consider trialling a Work Local approach
Although the forthcoming devolution of the Adult Education Budget heralds a step towards local budgeting and commissioning, it appears that the scope for action will be limited due to requirements to spend on statutory learning entitlements and literacy and numeracy.

There is an appetite amongst local leaders to have more influence on the employment and skills agenda, for instance careers advice and guidance, which is fragmented and lacks local relevance, as well as the 16-19 training budget, apprenticeships and back to work support. The Apprenticeship Levy needs to be reformed, should be more closely linked and aligned with the place and sector based elements of the industrial strategy, and employers encouraged to work together more collaboratively around the transfer of funds, including through pooling. New initiatives like the National Retraining Scheme should recognise the value of retraining within the tourism sector. Without coordination at a local level, all of these initiatives and programmes risk being stand alone and less effective.

The LGA believes a more place based and integrated approach to policy and funding is needed to coordinate the range of national and local initiatives and has set out how this could be achieved through 'Work Local'. The Government should enable this approach to be trialled, where additional powers could be devolved.

The issue of seasonal working and apprenticeships needs to be addressed.

For the tourism sector

1. Making careers more attractive
The proposed sector deal is already helping to raise the profile of the visitor economy and to convey the importance of the sector to local economies. With employment at an all-time high and a perceived change in the work demands of millennials, it is recommended that employers play a greater role in attracting new entrants into tourism and hospitality and developing a response to the potential implications of leaving the EU. If employers are to compete effectively for labour with other sectors then they need to innovate and invest in staff training to make their jobs and careers attractive, following the lead of some of the major employers.

2. Changing perceptions: champions and ambassadors
The industry needs champions and ambassadors to showcase the breadth of career pathways in the sector and provide positive role models. It is vital that the industry works closely with the Careers and Enterprise Company and schools to ensure that information, advice and guidance is current and provides a clear line of sight to progression opportunities. This can only be done at a local level by talking to councils and local enterprise partnerships.

For learning

1. Responding to the priorities of industry
The introduction of 'T levels' and the National Retraining Scheme will provide new opportunities for learning providers to broker links with industry for work placements, taster days and mentoring. Close links should be developed with local Employment and Skills Boards to develop skills compacts to formalise relationships and create dynamic partnerships between businesses and skills providers through which employers, schools, colleges and training providers can work together and align careers advice, learning and preparation for work. This can happen at a local level without any drive from the national skills agenda, providing the right

partnerships are in place to ensure that liaison is efficient and effective.

2. Maximising opportunities for skills development

The devolution of the Adult Education Budget to mayoral combined authorities provides an opportunity for learning providers and it is recommended that they work collaboratively with local leaders to develop non-accredited learning to boost the skills of current and prospective employees for the sector.

The case studies

Blackpool

Blackpool Council
BUILDING A BETTER COMMUNITY FOR ALL

Tourism and Hospitality Profile: Blackpool

Employment in Tourism & Hospitality

25,000
full time equivalent job

1 in 5
of the workforce

City life on the beach

£1.5 billion
total visitor spend

18 million
visitors per year

14.6 million
day trips

3.4 million
total number of staying trips

1 million
more tourist visits since 2015

Key Assets

- Blackpool Pleasure Beach
- Blackpool Tower
- The trams
- Blackpool Winter Gardens
- The Zoo
- The illuminations

Context

Well known for its attractions such as the Pleasure Beach, trams, the Tower and illuminations, Blackpool attracts 18 million visitors per year and generates £1.5 billion in visitor spend. Following a decline in its visitor numbers, the town began to reverse its fortunes from 2014 onwards through a sustained programme of investment. Recent years have seen significant levels of public and private investment and key assets such as the Winter Gardens and Tower taken into public ownership. The importance of the tourism and hospitality sector to the Lancashire economy and especially to Blackpool, is recognised in the council's and the local enterprise partnerships (LEP) strategic planning and funding bids.

Issues and challenges

At a strategic level it is recognised that skills issues including recruitment challenges and high staff turnover are preventing the visitor economy from achieving its potential. The industry is seen as low pay, low skilled with limited career progression opportunities and employers report that the full breadth of jobs and careers in the sector is not accurately conveyed to young people. More generally, employers remarked on the need for:

- customer service skills
- work readiness skills amongst young recruits, with comments about a lack of work ethic – prospective recruits lack soft skills and are not seen as 'work ready'
- good supervisory and management skills – there is a lack of relevant qualifications in this area to be able to make a judgement of competence
- a rising demand for digital skills in a whole range of roles such as front of house, kitchen staff and HR.

As well as recruitment and retention issues employers see a need to address the prevalence of skills gaps across the sector and to develop better managerial and leadership abilities to support staff progression and the growth of the industry more generally.

Several times during the consultation work undertaken for this study, the scarcity of public transport services outside conventional working hours was highlighted as an issue affecting employment opportunities in the sector and exacerbating the difficulty of filling vacancies.

The local response

A new Tourism Academy has been established, chaired by the private sector and led by Blackpool and The Fylde College. Through this model, employers and the college are building on their experience to work directly together to tackle key skills issues facing the industry with the support of the council, but without its mediation.

Key success factors in tackling its skills challenges include:

- a strategic drive and acknowledgement of the importance of the sector at local authority and LEP levels
- a willingness to apply for all available funding to support growth
- strong partnership working between the council, employers and the main training provider which in turn has led to continuity and the emergence of trusted relationships
- a willingness on the part of the Blackpool and The Fylde College to drive forward the skills agenda for the sector and to respond creatively and flexibly to local needs
- the presence of a number of major employers who can collectively provide a voice for the sector and deliver the scale of demand needed to develop bespoke training courses
- the engagement and commitment of major local employers to 'own' the skills agenda.

Brighton and Hove

Brighton & Hove City Council

Tourism and Hospitality Profile: Brighton and Hove

Employment in Tourism & Hospitality (2016)

18,100
people working in the sector

13%
of all jobs

-7%
2011 - 2016

Businesses Tourism & Hospitality (2016)

1,620
businesses across Brighton & Hove

10%
of all businesses

£886 million
Total visitor spend

+15%
increase in businesses
(2012-17)

10,856,000
visitors per year

9,400,000
day trips

1,456,000
total number of staying trips

4,363
rooms, total serviced bed-stock

Key Assets

- The Royal Pavilion
- The Palace Pier
- British Airways i360
- South Downs National Park
- Brighton Beach
- Brighton & Hove Albion

Context

The visitor economy is a key component of the economy of Brighton and Hove and continues to be an important driver. The sector supports around 1 in 5 jobs in the city and generates visitor expenditure of around £886 million. A vibrant city centre and good rail and road links makes Brighton an easy day trip destination from London. Conference tourism and day visitors account for the strong performance of tourism in Brighton and Hove. The visitor economy is identified by the Coast to Capital Local Enterprise Partnership (LEP) as a priority sector, which will generate jobs and growth, with Brighton and Hove highlighted as a local area with core specialisations in the sector. There is a clear recognition that the growth and development of the sector will be dependent on the availability of a quality workforce. At a local level, Visit Brighton is the official tourism organisation responsible for promoting and developing the sector in the city. Visit Brighton is an in-house service and income is generated through membership schemes and operation of the Brighton Centre, the major conference venue in the city.

Issues and challenges

The city's labour force is characterised by strong qualification levels; half of working age residents have a degree level qualification, compared to 38 per cent nationally. Discussions with industry and stakeholders highlight the challenges facing the sector with regards to recruitment and retention and the potential impact of Brexit. Specific barriers to growth in the sector include:

- employer concerns about filling immediate frontline vacancies
- perception of tourism as a short-term job rather than a career, underestimating opportunities available locally and globally
- challenges presented by the seasonal context
- retention of staff, with higher turnover than other sectors
- skills shortages and lack of educational pathways in areas such as catering.

Discussions with industry confirm concerns about the uncertainty around Brexit, which could impact the number of EU workers coming to the city. A number of industry representatives also highlighted the difficulty in recruiting millennials, who were seen as wanting different things out of work and are less accepting of fitting in with employers' needs, having a tendency to 'job hop'.

The local response

The consensus is that more needs to be done at a local level in order to maintain and create a skilled workforce within the sector, specifically to:

- address the local image and profile of the sector as providing quality career opportunities
- raise the visibility of and access to career insights and specialist support for young people encouraging more people to choose the sector as a career path
- support independent/micro businesses address skills needs
- promote graduate recruitment and facilitate graduate retention in the city.

More local action is needed to support small and medium sized enterprises (SMEs), particularly independent enterprises, to improve retention and career development and raise awareness of existing skills pathways, including forthcoming 'T levels'.

Capacity and lack of resources are challenges to the Brighton & Hove City Council in terms of shaping new interventions to maintain and strengthen growth. Building strong strategic partnerships with the LEP, industry, education and training providers is key to tackle the skills issues facing the city.

Cambridge

CAMBRIDGE CITY COUNCIL

Tourism and Hospitality Profile: Cambridge

Employment in Tourism & Hospitality

7,853 full time employment

22% of employment

Tourism is forecast to have the second highest rate of jobs growth between 2016 and 2045 in the Cambridge and Peterborough Combined Authority area.

Both the volume and value of tourism has increased dramatically in recent years with visitors up from 5.4m in 2013, an increase of 50% in four years.

8.1 million visitors per year

7.1 million day visits

0.9 million total number of staying trips

80% of annual visitors stay for a few hours and at best a day.

Key Assets

- Cambridge colleges
- Imperial War Museum Duxford
- American War Cemetery
- River Cam/punting
- Ely Cathedral

Context

Cambridge has a strong international profile aided by easy access from London. Its tourism and hospitality sectors have been growing strongly in recent years with visitors having increased by 50 per cent since 2013. The vast majority of its 8.1 million visitors are day visitors and the priority is to change the perception of the city as a day trip destination, whilst increasing the value that the city and the surrounding area derives from tourism.

Visit Cambridge and Beyond is the official destination management organisation (DMO) for Cambridge and the surrounding area. It is almost entirely self-funding and receives less than 4 per cent of its annual earned income from the public sector. This funding model poses real challenges for Visit Cambridge and Beyond. There is no residual tourism function within Cambridge City Council.

Although it has considerable growth potential, tourism and hospitality is not recognised as a strategic priority by the Cambridgeshire and Peterborough Combined Authority.

Issues and challenges

Whilst "recruitment and retention are a constant issue" the shortages are fairly universal, including bar staff, cleaners, chefs, waiters, gallery attendants, kitchen porters and housekeeping staff. Very high employment rates locally mean that there is an absolute shortage of labour. Prospective young recruits are considered to lack communication skills, which are vital in the sector's customer-facing roles.

As well as recruitment, retention is a significant issue. Current difficulties are becoming more acutely driven by:

- the loss of international employees – employers are already feeling the impact of workers returning to their home countries with some employers relying on international staff for 60-70 per cent of their workforce
- young people's expectations have changed with the 'gig' economy and there is an expectation for greater flexibility in working hours
- changing demographics with fewer young people and an ageing workforce.

The workforce in Cambridge is well-qualified and the perception is that vocational routes are second class, including the apprenticeship route. Employer discussions acknowledged that there is an issue with the competitiveness of wages. The absence of major employers, coupled with the lack of strategic impetus and limited funding means that no organisation is leading the drive to tackle the skills issues the sector faces.

Not all recruitment difficulties are skills related, other issues which impact on recruitment and retention include a lack of affordable housing and transport issues.

The local response

There are no skills initiatives specific to the visitor economy but the new Skills and Apprenticeship Hub being developed by the combined authority will streamline employer/learner engagement for work experience, work trials, career support and so on. The aim is to put more onus on employers to engage in training and apprenticeships through a skills pledge.

Skills devolution is seen as important for Cambridgeshire and Peterborough since the Mayor and the combined authority only have responsibility for the very modest adult education budget with little or no traction on the 16 to 19 training budget or the apprenticeship system.

The Sector Deal is seen as an important lever to put pressure on local areas to acknowledge the potential of the tourism and hospitality sector.

Cornwall

Tourism and Hospitality Profile: Cornwall

Employment in Tourism & Hospitality (2016)

54,185
total estimated actual jobs (2017)

36,191
direct

10,305
indirect

7,689
induced

Businesses Tourism & Hospitality (2015)

£730 million
Total business turnover

£1,951,266,000
Total visitor spend

19,440,000
visitors per year

14,656,000
day trips

4,784,000
total number of staying trips

Key Assets

- 300 miles of coastline including top quality beaches
- Tate St Ives
- Eden Project
- Geevor Tin Mine
- Tintagel Castle
- St Michael's Mount

Context

Tourism is the biggest sector in Cornwall, supporting one in five jobs and is projected to grow at 3.8 per cent each year through to 2025. As the leading domestic brand, the area attracts over four million UK tourism trips every year. Cornwall continues to experience growth in inbound tourism, with a 5 per cent increase in the number of trips made to Cornwall and 10 per cent increase in spend. Cornwall is particularly well-known for its high quality natural, historic and marine environments, its beaches, resorts such as Newquay and iconic attractions like the Eden Project, the Maritime Museum and St Ives. Since 2015, Visit Cornwall, incorporated as a community interest company, has taken over responsibility from the county council for marketing, promoting and developing the visitor economy in Cornwall.

Issues and challenges

Cornwall's geography, dispersed population and lack of a significant industry base have all impacted on the economic growth prospects of the county. The area's GDP is less than 70 per cent of the national average, with a high proportion of employment being low paid and seasonal.

Tourism is identified as an opportunity sector, with the focus on maintaining existing markets and building new ones. An important opportunity area is to increase the number of international visitors through improving and diversifying the tourism offer. Despite its contribution and projected growth, the sector faces a number of challenges:

- dominated by small and medium sized enterprises (and self-employed entrepreneurs) which typically do not have an HR function and are least able to engage with skills and training programmes
- a reducing pool of labour, particularly in light of Brexit uncertainty
- low productivity, particularly low pay and low output
- a number of 'hard to fill' posts, particularly in catering.

Industry feedback highlights the continued challenges in attracting and retaining talent and recognises the importance of developing a range of opportunities and quality work practices.

Getting to employment and training is often one of the most significant barriers for local residents including transport time and cost implications. Employment in the sector in rural areas is often seasonal, temporary or part-time due to the business base in most rural areas. Other issues relate to access to training and further education/higher education provision, lack of diversity and childcare issues.

There is recognition of the importance of tourism and hospitality, although no sector- specific actions are identified. The Employment and Skills Plan has a focus on identifying and supporting niche areas of competitive advantage, ie smart specialisation sectors.

The local response

Cornwall has one of the most recognised and comprehensive visitor offerings in the UK, making it one of the top UK tourist destinations. With a key, growing contribution to the Cornwall economy, the visitor economy sectors need to plan for the skills needed now and in the future.

On the ground there are a number of successful examples of programmes and initiatives to support skills and workforce development including an active FE sector leading on a range of initiatives to foster culinary talent. There is a recognition that more needs to be done to bring together demand with supply and a focus on ensuring that there is a strong employer voice on skills for Cornwall. The consensus is that more needs to be done at a local level in order to maintain and create a skilled workforce within the sector, specifically to address the image and profile of the sector as providing quality career opportunities and to support independent/micro businesses address skills needs.

Royal Borough of Greenwich

Tourism and Hospitality Profile: Royal Borough of Greenwich

Employment in Tourism & Hospitality

16,000
jobs

3.9%
forecast jobs growth by 2023

£1.4 million
total visitor spend (2017)

19.4 million
visitors in 2017

1.2%
increase in visitors (2017 vs 2016)

1 million
total number of staying trips

9.1%
increase (2017 vs 2016)

Key Assets

- Maritime Greenwich World Heritage Site
- Greenwich Peninsula
- Woolwich
- O2 Arena
- Rest of borough – for hidden gems, parks, open spaces

Context

The Royal Borough of Greenwich has a rich heritage, with a unique place in maritime history and a global profile through the Greenwich meridian. 2018 was a record year for visitor numbers, when the borough received 19 million visits made up of a mix of London, UK and international visitors. Visit Greenwich has acknowledged the importance of spreading the benefits of tourism across the whole borough and to this end, there has been approval for significant investment of £31.59 million in arts and culture in Woolwich which is due to be completed by 2020.

The Employment and Skills Action Plan for London 2018 sets out a vision for a series of sub-regional, business-led London jobs and skills boards. These will bring employer groups and sector representative bodies together with education and skills providers and London government representatives on a regular basis. The plan notes that sectors such as hospitality, which are most affected by restrictive immigration policies, could be a particular focus for action.

Locally, Visit Greenwich has responsibility for promoting and developing the tourism and hospitality sector in the borough, with financial support from the council.

Issues and challenges

There is little data specific to Greenwich but in London, evidence suggests that tourism and hospitality is not seen as a viable, long-term career. This is causing high staff turnover, lower productivity and higher recruitment and training costs. Twenty-six per cent of the workforce are EU nationals and the annual workforce attrition rate is 30 per cent.

Key issues identified in Greenwich include:

- improving transport links mean that outward commuting for higher wages has become easier which has exacerbated retention issues for those employers who find difficulty paying the London Living Wage
- a lack of quality and diversity amongst applicants
- careers in the sector are undervalued and it was said that local schools do not promote tourism as a career
- there is a significant gap in 'in work progression' and upskilling – there is limited adult information, advice and guidance and learner loans are too expensive

Brexit is causing particular concern with possible skills shortages predicted if a portion of the current workforce were to leave as a result of leaving the EU.

The local response

The council is committed to using the adult education budget for flexible non-accredited employment and skills development to boost people's employability skills.

It has a robust planning policy and makes extensive use of S106 agreements to secure local recruitment and pre-employment training. The borough has also made use of its ownership of key buildings to let buildings at below market value on the basis that under the terms of the lease, the tenant will be required to attract visitors, as well as creating employment and training opportunities and the delivery of a range of educational programmes. The new service level agreement between the council and Visit Greenwich includes a specific reference to supporting employment and skills.

Partnerships at the right scale and geography are seen as essential to building the skills pipeline and the borough benefits from a strong local offer through the University of Greenwich and London South East College which make a significant contribution to skills development in the sector.

Scarborough

Tourism and Hospitality Profile: Scarborough

Total estimated actual jobs (2015)

17,356
people working in tourism and hospitality

Businesses (2015)

£730 million
total business turnover

£524 million
total visitor spend

7,137,000
visitors per year

5,604,000
day trips

1,533,000
total number of staying trips

Key Assets

- Whitby Abbey
- Scarborough Castle
- Scarborough Spa
- North Yorkshire Moors Railway
- Rotunda Museum of Geology
- Scarborough Sea Life Sanctuary
- Peasholm Park

Context

The visitor economy sector continues to play a key role in the economy of the borough. Whilst Scarborough still has many structural challenges to face, it equally has a lot to offer the visitor including 45 miles of heritage coastline, the North York Moors National Park, the resorts of Filey, Whitby and Scarborough, year-round events and festivals, which celebrate the essence of the Yorkshire Coast, and a developing food and drink offer.

Issues and challenges

The make-up of the borough's population is top heavy with a higher proportion of people over the age of 65 (23.5 per cent) compared to 18 per cent nationally, which is projected to rise to 27.7 per cent by 2021. The ageing population will impact on the pool of labour required to maintain, grow and develop the visitor economy. Whilst the borough suffers from generally lower wage rates, primarily as a result of a strong visitor economy, the differential has reduced over recent years. The borough has challenging low-skills base levels underpinned by poor performance in the education sector. The borough has a low percentage of people with Level 4+ (30.4 per cent compared to 38.6 per cent nationally) and a high level of people with no qualifications (10.3 per cent compared to 7.7 per cent nationally). The forecast of demands for employment by the new sectors, combined with replacement demand issues will place tremendous pressures on the economy. Some of the key issues facing the sector include:

- replacement demand – indications are that job openings to replace those who retire or move on in the labour market will be greater than those arising from growth
- staff churn is a significant issue in the accommodation sub-sector – there are clearly lots of applicants for positions but employers have a really high churn (length of time staying in a role is low) and consequently, employers are wary of employing someone with little or no experience in the job
- identified gaps include operational IT/digital skills – handling orders, bookings; management skills at a shift level; customer service skills; cleaning skills and all-food related skills
- local businesses continue to face challenges in attracting and retaining talent, which is related to real and/or perceived low pay, high turnover of staff, long shifts and seasonality – the structure of the sector, particularly the fact that the sector is dominated by SMEs, means that many do not have the HR infrastructure to support workforce development.

The sector is still perceived as being low paid and seasonal, issues that prevent tourism and hospitality being seen as a career option for young people.

The local response

A wide range of provision is in place to support the development of skills in the tourism and hospitality sector. Few clear gaps in training provision were identified but this may be partly due to the financial pressures and difficulties in designing, piloting and delivering high quality training for the tourism and hospitality sector. The difficulties in striking the right balance between supply and demand are widely recognised particularly given the strong seasonal nature of the visitor economy sector in Scarborough. Visitors to the borough expect a high level of service, which in turn requires a local labour force with the right blend of skills. However, the visitor economy continues to suffer from a negative perception; low paid, part-time and seasonal, that prevents hospitality being seen as a career option for young people. Small councils such as Scarborough Borough Council have very little influence on the strategies of businesses and further education providers. The council is looking to work with partners and industry on collaborative activities to generate a pipeline of skills and talent to grow the tourism and hospitality sector. The council is also working closely with the local enterprise partnership to ensure that visitor economy skills are given priority status and support skills development projects.

The full story

To read more about good practice in each of the case study areas please visit the LGA website:
www.local.gov.uk/tourism-and-visitor-economy

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