

# State of the Nation 2013

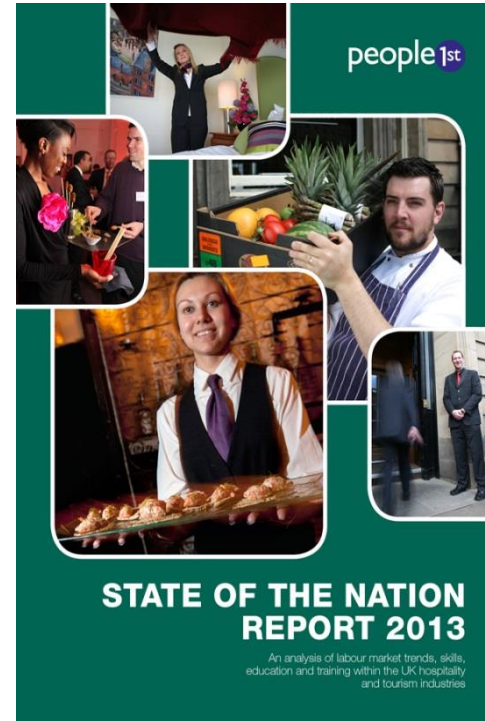
## PACE Lower Southern Region meeting

Martin-Christian Kent  
Product Development Director, People 1st



## About the report

- Fourth report
- Focus on future skill needs
- Lessons from the Games



## Optimism about the future

### **Changing customer tastes and preferences**

- 32% saw it as an integral driver
- 28% saw it as a barrier to growth

### **Changes in customer spending patterns**

- 41% saw it as an integral driver
- 44% saw it as a barrier to growth



# Optimism about the future

## Social media

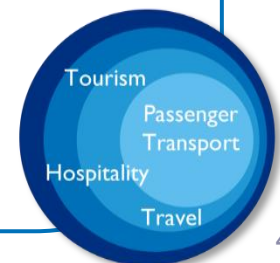
- 29% growth against 11% barrier

## Sustainability

- 19% growth against 11% barrier

## E-commerce

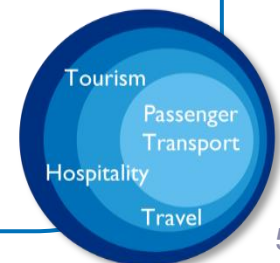
- 14% against 7% barrier



## Future skill needs

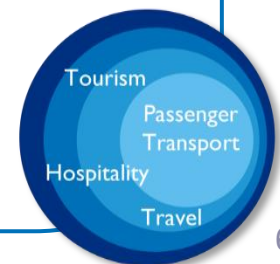
Skills important to the business in the next three to five years:

- 88% customer service skills
- 69% management and leadership
- 58% Sustainability
- 48% effective use of social media

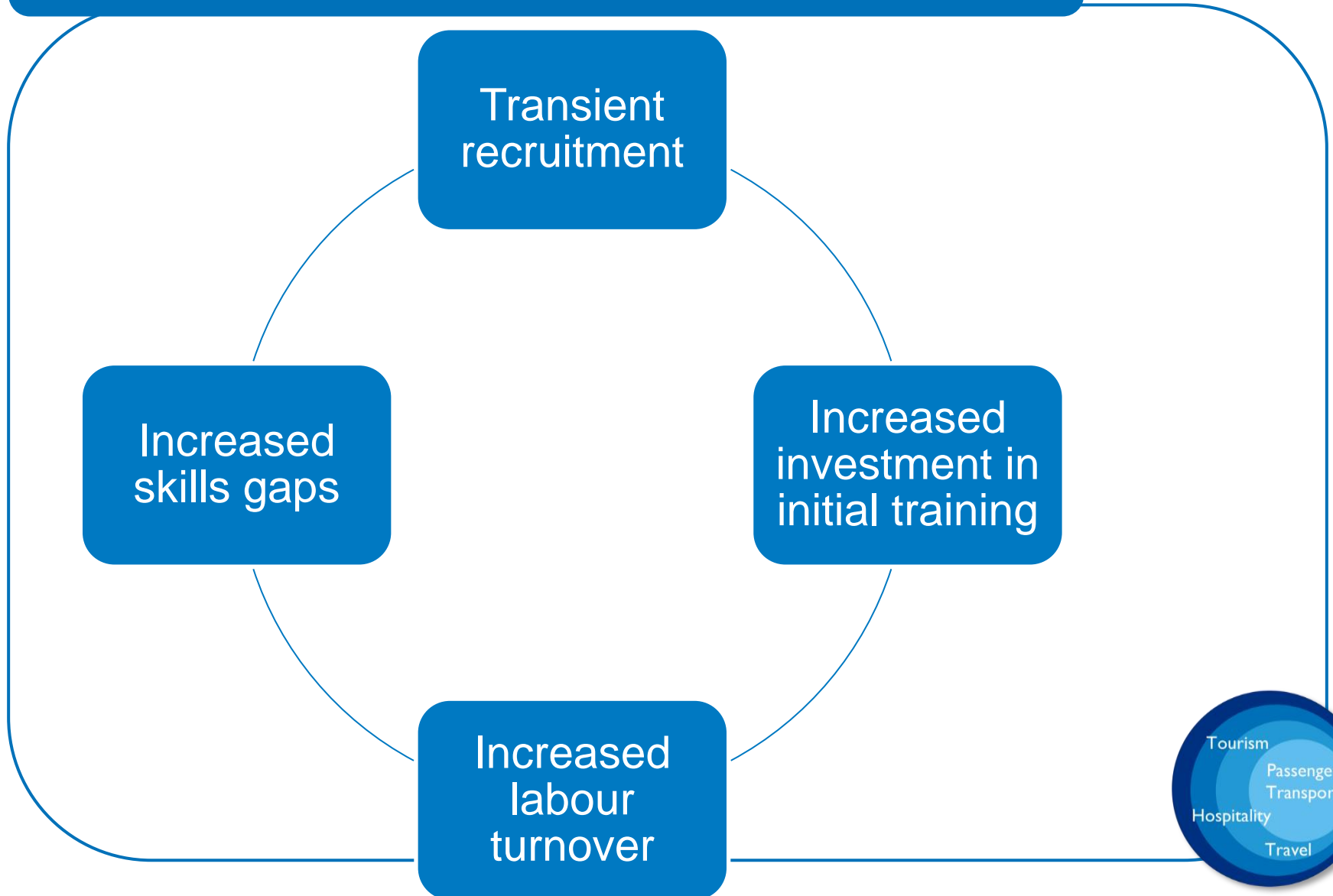


## The challenge

- Productivity hampered by skill gaps
- Skill gaps exacerbated by labour turnover
- Labour turnover caused by transient recruitment
- Huge training investment is having to be channelled to address initial development

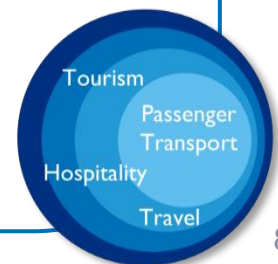


# The negative skills vortex



## Large demand for staff

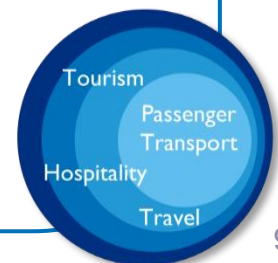
- We are growing faster than the economy as a whole
- We need 660,200 new staff by 2020
- Partly growth, partly replacement demand
- Employers still struggling to recruit





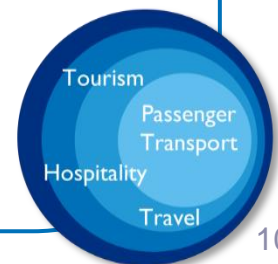
## Attracting the right people

- 6% of employers report hard-to-fill vacancies
- Tougher than expected with such high unemployment
- Two thirds of hard-to-fill vacancies are caused by applicants not having skills



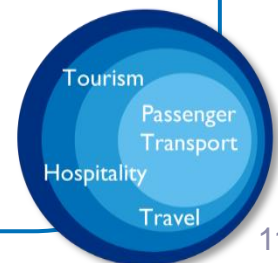
## Retaining staff

- Labour turnover fallen to 20%
- 21% of employers report skills gaps
- This equates to 156,000 employees
- Biggest reason is that staff were new to the role – reported by 62% of employers



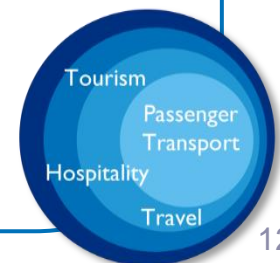
## Training investment

- 41% of employers arranged or funded staff training in the last 12 months
- We spend more than average across the economy



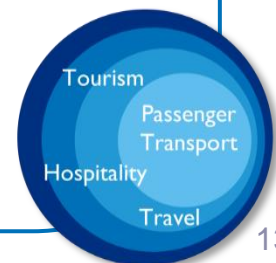
## Training investment

- 65% of training activity in the sector was induction training
- Only 15% of skilled trades such as chefs received training
- How much can show a real return on investment?



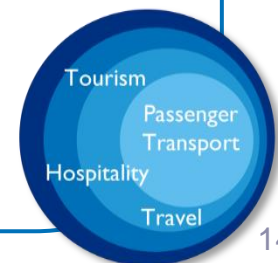
## Types of training

- Job specific training – 86%
- Health and safety – 84%
- Induction training – 65%
- Supervisory training – 46%
- Management training – 43%
- Training in new technology – 28%
- Personal development training – 2%



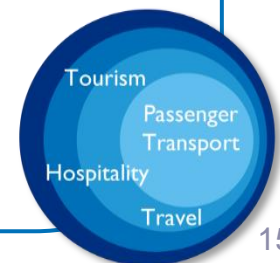
## Training formats

- On-the-job training – 88%
- Training towards formal quals – 38%
- Training based on personal dev. needs – 36%
- Short courses – 31%
- Company-wide programmes – 28%
- CDP – 18%



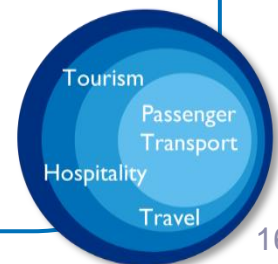
## Taking advantage of the future

- Great opportunities going forward
- Important player in UK economy
- Opportunities to increase productivity



## Taking advantage of the future

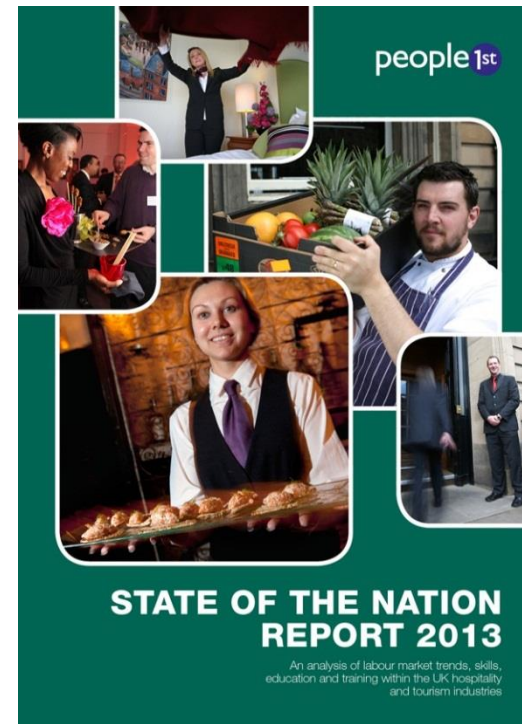
- Re-focus attention on retaining staff
- Help distinguish between careers and transient staff
- Look at stable flexibility
- Look afresh at why and how training is being delivered





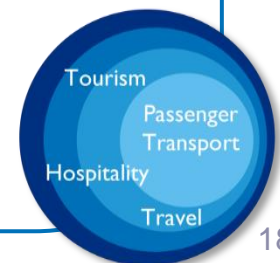
# State of the Nation 2013

- Available online at [www.people1st.co.uk](http://www.people1st.co.uk)
- Support and advice on [www.hospitalityguild.co.uk](http://www.hospitalityguild.co.uk)
- ActNOW! campaign



## Other things going on

- Guild Accreditation
- ActNOW! campaign
- Pre-employment brokerage
- Traineeships
- Funding for full-time provision



# Snap shot of the latest policy developments in England

Tourism

Passenger  
Transport

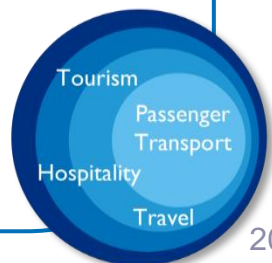
Hospitality

Travel

## All change!

After a decade of continual policy announcements, the Coalition's first two years has been fairly barren, but all that has suddenly changed.

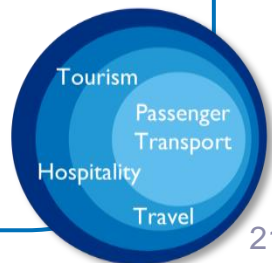
# Why?



## Reviews, reviews

Largely, government is responding to high profile reviews:

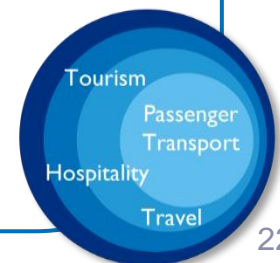
- Wolf (vocational education)
- Holt (apprenticeships and SMEs)
- Richard (future of apprenticeships)
- Heseltine (economic growth)



## Underpinning drivers

There are two drivers underpinning each of these reviews:

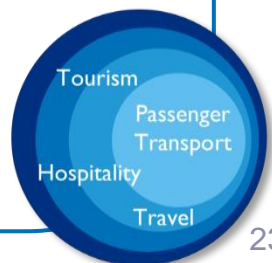
- Empowerment and accountability
- Skills for growth



## Empowerment and accountability

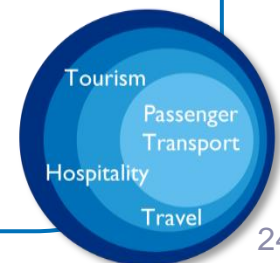
The belief that decision making powers should be made as near as possible to the end user

However, with it comes accountability and ensuring that any public funding is well spent



## Skills for growth

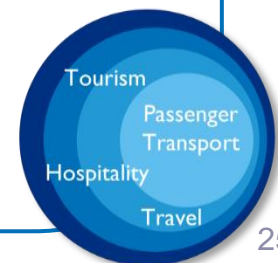
Belief that public funding on skills should support the government's *Industrial Strategy* and those sectors that are important for the UK's economic growth





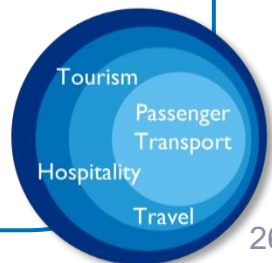
## Since January the following key policy documents have come out ...

- Traineeships - Supporting young people to develop the skills for Apprenticeships and other sustained jobs, BIS, January
- The Future of Apprenticeships in England: Next Steps from the Richard Review, DfE/BIS, March
- Local accountability and autonomy in colleges, Ofsted, March
- Employer Ownership of Skills – Building the Momentum , UKCES, March
- Government proposals to reform vocational qualifications for 16-19 years olds, DfE, April
- Rigour and responsiveness in Skills, DfE/BIS, April



## *Rigour and Responsiveness in Skills*

*Rigour and Responsiveness in Skills*, published by the DfE and BIS in April is the best place to start to get a grip on the array of policy announcements, as it brings together many of these announcements together to try explain the ‘whole’ picture.

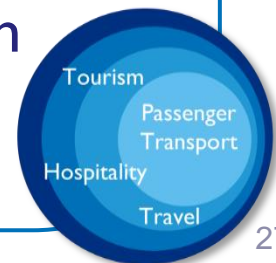


## *Rigour and Responsiveness in Skills*

Government is focusing on five areas:

### **I. Raising standards:**

- Lecturers and teachers in colleges deserve recognition and so Chartered Status through the FE Guild is being introduced
- Where performance is inadequate, there will be a faster, more robust intervention regime that protects learners while firmly tackling poor provision
- Give individuals and employers better information on the quality of provision



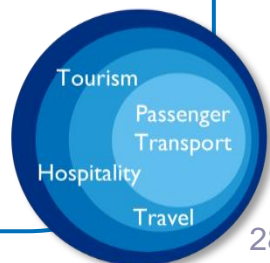
# *Rigour and Responsiveness in Skills*

## **2. Reforming apprenticeships**

Respond to Doug Richard's recommendations to increase the quality and consistency of apprenticeship delivery.

## **3. Creating Traineeships**

Introduce Traineeship programme to provide a combination of a focused period of work preparation, a high quality work placement and training in English and maths.



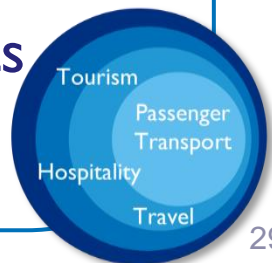
## *Rigour and Responsiveness in Skills*

### **4. Meaningful qualifications**

Consult on the qualifications taken between 16-19. For adults, the existing swathe of qualifications need to be simplified. This will see the removal of 2,500 qualifications with little or no uptake from the funding system

### **5. Funding improving responsiveness**

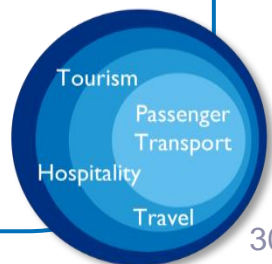
The government will not pay for poor or irrelevant provision. In the current economic climate limited government funding must be focused on where it can add most value. New approaches such as loans and Employer Ownership Pilots provide much sharper incentives.



## *Rigour and Responsiveness in Skills*

### **6. Better information and data**

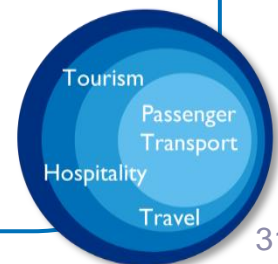
The need to give the individual and employers the power to make effective choices is not just about money, the priority should be to make data available to developers to create their own applications which ease access.



## Things to watch out for

Across these changes there are three things to watch out for:

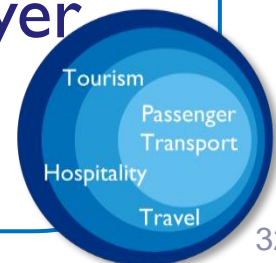
**I. Local accountability:** In the *Autumn Statement* the government accepted 81 of the 89 recommendations made by Lord Heseltine in his review of growth. This means a shift towards funding based on local economic strategies and greater local accountability for colleges. LEPs are flavour of the month!



## Things to watch out for

**2. Employer Ownership Pilots:** The second round priority has been given to bids that support growth sectors as outlined in the *Industrial Strategy*. They also want to see Industrial Partnerships where employers take charge of an end-to-end system for key sectors.

Successful bids will be announced in July. What is less clear is how these pilots will impact on mainstream provision. Regardless, the case for direct employer funding is building up steam

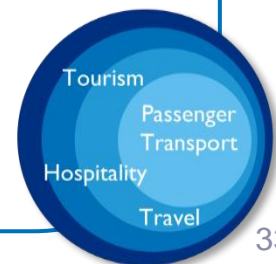




## Things to watch out for

**3. 14-19 provision:** there is growing noise in this area with Lord Baker making a strong appeal for vocational pathways to start much earlier – at 14 - and the need to create a strong network of University Technical Colleges and Commercial Colleges

We have recently seen more UTCs announced and in May the DfE announced the creation of the Technical Baccalaureate

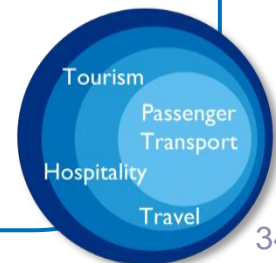


## What does it mean for our sectors?

Tourism and the visitor economy sectors are not prioritised within the government's Industrial Strategy because of:

- Low productivity
- High percentage of 'low skilled, low value jobs'.

We need to wait to see what impact this may have but ...



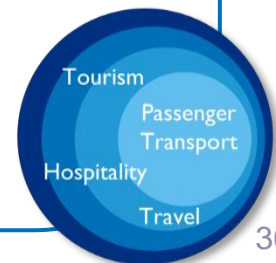
## What does it mean for our sectors?

1. It might mean that new developments such as the Tech Bacc are not developed for our sectors
2. We need to see how local strategies (through the LEPs) skew these national priorities
3. The extent to which Industrial Partnerships can override some of the national strategies by creating an 'end-to-end' system that reflects the needs of their sector



## What are we doing about it?

1. Sector employers have submitted an Industrial Partnership bid for the tourism and visitor economy
2. Continuing to make the case for the Industrial Partnership bid to policy makers and employers and highlight that an important bid for our sector has been submitted



## What are we doing about it?

3. Making the case on the back of our research that despite low skilled jobs, we need to fill a large percentage of high skilled and management roles.
4. So, our message is the importance of career pathways, professionalism and a stable workforce rather than filling short-term job needs, leading to high labour turnover and low productivity.

