

## Report of the Director of City Development

### Report to Executive Board

**Date: 7 February 2018**

**Subject: Establishment of a Skills Academy, the Centre of Excellence for Retail and Hospitality**

Are specific electoral wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If yes, name(s) of ward(s):		
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, access to information procedure rule number:		
Appendix number:		

### Summary of Main Issues

1. Leeds ranks as the third highest destination for retail spend in England outside of London, and just outside the European top 20, with an ambition to move higher in the rankings following last year's opening of the Victoria Leeds retail and leisure development. This builds on recent major investments, most notably the Trinity Leeds centre and the expansion of the White Rose Shopping Centre.
2. The retail sector is already one of the largest employers in the city and the Leeds City Region. Employment in Leeds alone in the wholesale and retail sector and the accommodation and food services sector is forecast to grow by 12% and 13% over the next ten years, a rate higher than the average employment growth rate for the city, Core Cities and the UK. Between 2014 -2024 there are projected to be around 18,000 job openings in the city region in customer service roles and 32,000 in accommodation and food.
3. While the rapid growth of the retail and hospitality industry is a success story, there are significant challenges for both employers seeking to attract and retain employees at a range of levels, and for residents seeking to access relevant skills and training and to compete for jobs in the industry. Over 25% of customer service employers in the Leeds City Region report they are facing skills gaps when it comes to their workforce.
4. Following Executive Board approval to a proposal to work in partnership with the business community through the Leeds Business Improvement District (the Leeds

BID), to tackle these challenges, plans have been developed to establish the Retail and Hospitality Skills Centre of Excellence. The Centre will meet the needs of both residents and employers through the provision of high quality, employer led training and skills. This will support those wishing to access employment and current employees within the industry to improve productivity and support progression in work opportunities and productivity, and through the provision of a recruitment brokerage service for employers which accesses talent within our communities.

5. The Best Council Plan 2017/18 sets out our vision for Leeds to be the best city in the UK: one that is compassionate with a strong economy, which tackles poverty and reduces the inequalities that still exist. The proposals set out in this report contribute directly to enabling our residents to benefit from a strong economy in a compassionate city, and in particular, to the Best Council Plan outcome for everyone in Leeds to earn enough to support themselves and their families and the Best Council Plan priorities around providing skills programmes and employment support and supporting economic growth and access to economic opportunities.

## **Recommendations**

6. Executive Board is recommended to:
  - i) Endorse the partnership proposals to establish the employer-led skills academy, the Centre for Retail and Hospitality Excellence.
  - ii) Authorise expenditure of £195,000 to contribute to the establishment and operation of the skills academy.
  - iii) Note that the Chief Officer, Employment and Skills will be responsible for the implementation of this decision.

## **1. Purpose of this Report**

- 1.1 At its meeting on 8 February 2017, Executive Board gave approval to a partnership proposal to work with LeedsBID and partners to undertake research, consultation and develop a business plan to put in place the skills academy for retail and hospitality.
- 1.2 This report summarises the operational plan for the skills academy, the Centre for Retail and Hospitality Excellence (CORHE). An employer-led initiative sponsored by the Council, LeedsBID and a consortia of providers it will deliver a range of bespoke services to attract, retain and develop employees and foster and develop skills training that keeps pace with innovations in these sectors and maximise their relevance for Leeds businesses.

## **2. Background Information**

- 2.1 Following initial feasibility work undertaken in 2016, the Council and LeedsBID were keen to capitalise and build on the record levels of investment in the retail and hospitality sectors in the city. This includes the ongoing developments at Trinity Leeds, Victoria Leeds and the Arena Quarter along with the increase in city centre hotel beds, restaurants and bars. Leeds currently ranks as the highest destination for retail spend in England outside of London, and sits just outside the European top 20 cities. Employment alone in the wholesale and retail sector and the accommodation and food services sector forecast to grow by 12% and 13% over the next 10 years.
- 2.2 While this rapid growth is a success story, underlying this are significant challenges for both employers seeking to attract and retain employees at a range of levels, and for residents seeking to access relevant skills and training and to compete for jobs in the industry.
  - Over 25% of customer service employers in Leeds city region in 2016 reported that they are facing skills gaps when it comes to their workforce.
  - Consultation revealed that many retailers and hoteliers have concerns over succession strategies for their businesses, particularly from a leadership and management perspective.
  - Additionally, following Brexit, there remain huge concerns regarding the ability to recruit and retain staff with appropriate skills.
  - Upskilling the workforce to maximise digital opportunities for on-line retailing and the use of artificial intelligence.
- 2.3 In the LeedsBID area, there are currently around 500 BID levy payers across the retail and hospitality sectors and roughly an additional 1,200 plus non-BID levy paying sector-based businesses. From April 2018, the CORHE support will enable these businesses to more effectively respond to the staff resourcing and skill challenges that they face by delivering bespoke recruitment and training services.

### **3. Key Issues**

#### **3.1 The Core Offer**

- 3.1.1 The aims of the CORHE will be to improve the skills, service standards and business performance of employers and their current and future employees who access the service. Employers accessing the service will benefit from an organisational needs analysis to identify their workforce development needs and will be able to access a portfolio of existing and emerging products, master classes, training and qualifications from Level 1 to 7 through a dedicated page on the LeedsBID website.
- 3.1.2 The initial CORHE staffing will be kept to a minimum, a Centre Manager supported by an Administrator. The post-holders will oversee and manage a brokerage service which signposts and refers employers and individuals to a consortia of providers for the appropriate solution. Partner providers will participate in the consortia with an underpinning Memorandum of Understanding which will be monitored regularly by LeedsBID jointly with the Council.
- 3.1.3 For the first two years of operation it is proposed that the consortia consists of three leading providers who have sectoral and local knowledge and experience:-
- Leeds Beckett University
  - Leeds City College
  - The Source Retail Skills Academy
- The CORHE will reserve the right to add to this initial provider base if the partner consortia are unable to provide a particular solution for an employer, demand grows beyond provider capacity or issues of quality in delivery emerge that cannot be resolved satisfactorily.
- 3.1.4 The product offer will develop and evolve over time to meet employers' needs. It is anticipated that initially a significant element of the provision will be aimed at jobseekers and funding can be drawn down by the providers from the Education and Skills Funding Agency. For training for existing employees, or specifically developed training to respond to employer needs, a commercial full-cost recovery approach will be implemented with match funding opportunities for small and medium enterprises where possible.
- 3.1.5 It is proposed that the COHRE will act as a focal point in Leeds for access to the latest innovations in the target sectors, trend setting and signposting to new thinking and collaborations. It will facilitate a series of Masterclasses held on a regular basis led by industry and sector experts along similar lines to that used during the Leeds International Festival. Given the scale and profile of the retail and hospitality network in Leeds, it should be possible to attract keynote speakers of national and global stature.
- 3.1.6 Engagement with employers will be driven by the strategy of LeedsBID coupled with the skills strategy of Leeds City Council. A communications strategy, including social media, will be developed by LeedsBID and the use of technology will facilitate much of the working, particularly the BID's internal dashboard, SOLOMON, which will allow the latest employer data to be made available.
- 3.1.7 Services will be available to all employers within the target sectors but it is envisaged that engagement may primarily be with those employers that have limited in-house

training and recruitment expertise or capacity. While many large corporates may have centrally funded internal and external provision, it is hoped that all sector employers will take up the opportunity to engage with the CORHE on at least one occasion annually. It is anticipated that there will be a minimum of 500 individuals per annum benefitting from the CORHE skills offer but the ambition will be to grow this to over 1,000.

- 3.1.8 Subject to the approval of Executive Board and the Board of LeedsBID, recruitment to the post of CORHE Manager and work on the marketing strategy will commence with a view to establishing operations before the end of April 2018.

### **3.2 Partner Roles and Responsibilities**

- 3.2.1 Each provider brings different strengths and experience to the operation. Both Leeds Beckett University and Leeds City College are local anchor institutions and levy players as well as being strong players in both the HE and FE sector. The Source Academy brings significant experience in the retail sector and a significant pedigree of being a Gold Standard provider accredited by People First, the former sector skills council for the retail and hospitality sectors. All are currently delivering programmes in Leeds and are committed to working with the LeedsBID and the Council to make the CORHE a reality.

- 3.2.2 To ensure the success of the CORHE, the providers will seek to meet the following key criteria:-

- Responsiveness to the needs of employers and the sectors
- Maintaining credibility through quality delivery of training and upskilling programmes with employers and with individuals
- A focus on business performance improvement
- Representative of the very best and latest in terms of innovation.

- 3.2.3 While technology will support communications and marketing, providers will be expected to commit staff resources to support face to face engagement with employers in year 1. The provider consortia members have indicated that this will not be an issue. From October 2018, an annual licence fee £15,000 is proposed to be applicable for all provider partners of the proposed consortia.

- 3.2.4 The CORHE will have an office base in City Exchange in the city centre. This space is sponsored by Land Sec, the largest commercial property company in the UK and the owner and manager of Trinity Leeds and White Rose Shopping Centres. Linking with the Employment and Skills service's existing operations at The Point at White Rose will allow national brands to consolidate approaches to training provision if necessary.

### **3.3 CORHE Management and Governance**

- 3.3.1 Key to the success of the CORHE will be the creation of a cross sector employer-led Board. Nominations will be invited from the target sectors to enable a maximum of 6 representatives and an independent chair. LeedsBID and Leeds City Council will have observer status.

3.3.2 The Board will meet a minimum of 4 times per year and will ensure that:-

- The CORHE is promoted as the voice of skills development in the retail and hospitality sectors in the city
- Maximise awareness of all sector businesses of the services offered
- All employers are encouraged to take advantage of the opportunities afforded to their staff and their business.
- All the required policies and procedures are in place and implemented
- Reports are received from the COHRE Management Team on operational business ensuring the effective and efficient use of resources
- Processes are in place for the monitoring of quality, the overall financial budget and progress against COHRE Business Plan

3.3.3 LeedsBID and Leeds City Council will have a monitoring role to ensure that the delivery and quality of programmes and performance are in line with key criteria and agreed terms within a proposed Memorandum of Understanding (MOU) that will be drawn up by the CORHE.

### 3.4 Financial Plan

3.4.1 A detailed business planning process has been undertaken by both partners to ensure value for money and sustainability. The planned income and expenditure is summarised at Table 1 for information.

**Table 1. Income and Expenditure 2018/19 to 2021/22**

Financial Year	2018/19	2019/20	2020/21*	2021/22*
<b>Income (£000's)</b>				
Leeds City Council	100	95	0	0
LeedsBID	45	75	75	75
Land Securities	0	35	35	0
Provider Consortia licenses	0	22.5	45	60
CORHE services	0	0	20	20
<b>Total Income</b>	<b>140</b>	<b>227.5</b>	<b>175</b>	<b>155</b>
<b>Expenditure (£000's)</b>				
Staffing	12	70	75	75
Marketing /social media	10	25	25	15
Rental and fit out	0	35	15	100
Events	0	10	10	10
<b>Total Expenditure</b>	<b>22</b>	<b>140</b>	<b>125</b>	<b>200</b>
<b>BALANCE Surplus / (Loss)</b>	<b>118</b>	<b>87.5</b>	<b>50</b>	<b>(45)</b>
<b>CUMULATIVE TOTAL Surplus / (Loss)</b>	<b>118</b>	<b>205.5</b>	<b>260.5</b>	<b>215.5</b>

\*It should be noted that the financial plan covers a four year period up to 2021/22 beyond the current BID term which expires on 31 March 2020

- 3.4.2. As the initial funding from the stakeholders is finite, the plan requires the CORHE Management and provider consortia to adopt an entrepreneurial approach to generate income from April 2020. In addition to any charges for services and events, this could include sponsorship or commissions and bids to external funders for delivery of programmes by the partner consortia.
- 3.4.3 The plan assumes that an additional provider will be recruited in 2021/22 and the rental subsidy ceases and is reflected in the increased costs. The overall plan shows that the CORHE will remain in surplus. Any surpluses will be reinvested back into services to support the targeted sectors.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 The development of the CORHE and its skills offer has been informed by consultation with a range of businesses including those represented by Leeds Hotels and Venue Association, Leeds Retail Association, Leeds Chamber of Commerce and recruitment agencies. Through its operation further work will be undertaken with stakeholders to enable them to inform and shape the content and delivery of the services to support new entrants to the sector and upskill the existing workforce.
- 4.1.2 The Executive Member, Employment, Skills and Opportunity has been consulted on and appraised of the developing business plan for the CORHE.

### **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 These proposals have been subject to an Equality Impact Assessment Screening attached at Appendix 1. It demonstrates that this approach seeks to impact positively on equality, diversity and inclusion by improving the life chances of individuals living in some of our most disadvantaged communities to support them to access work and support those workers in the targeted predominantly low paid sectors to acquire new skills and progress in work. It seeks to improve business performance and productivity through investment in skills and is open to all businesses in the retail and hospitality sectors whether they are LeedsBID levy payers or not.
- 4.2.2 The partner providers delivering training all have written Equality and Diversity policies and are compliant with the requirements of the Education and Skills Funding Agency and the Office for Students.

### **4.3 Council Policies and Best Council Plan**

- 4.3.1 The vision of the Best Council Plan 2015-2020 is for Leeds to be a compassionate and caring city that helps all its residents benefit from the effects of the city's economic growth. This report sets out how the proposed activity will contribute to this goal, and in particular the Best Council Plan outcomes for everyone in Leeds to earn enough to support themselves and their families and the Best Council Plan priorities around providing skills programmes and employment support; and supporting economic growth and access to economic opportunities.

- 4.3.2 Current activities and the proposed work will contribute to the delivery of the big ideas in the Leeds Inclusive Growth Strategy and the calls to action in the draft Leeds Talent and Skills Plan in particular supporting places and communities to respond to economic change; institutions embedded in and working for local communities and the local economy; and increasing labour market activity and productivity through a more representative workforce.

#### **4.4 Resources and Value for Money**

- 4.4.1 The Councils contribution to the initial operational costs of the CORHE will total £195,000 and will be drawn from funds ring-fenced to skills generated by fee income on the Council's Adult Learning Programme. This will be matched by an investment of £270,000 by LeedsBID approved by the Board on 24 January along with in-kind support through communications and marketing. In addition, external resource will be aligned by the provider partners for specific programme delivery.
- 4.4.2 The CORHE will need to become self-sustaining and self-sufficient in its resources and it is proposed that to meet this requirement a series of income generating initiatives such as Masterclasses, events, workshops and "boot camps" will be facilitated by the CORHE and its partners. In time, it is envisaged that the Oxford Summer School could be replicated in Leeds for future sector leaders. However it must have an entrepreneurial mindset from the outset so that all who engage with CORHE are clear on its intentions and direction of travel.

#### **4.5 Legal Implications, Access to Information, and Call-In**

- 4.5.1 The CORHE is not a legal entity in its own right but is proposed to be part of LeedsBID under which a BID / Leeds City Council sponsored consortia of training providers and partners will deliver employer-responsive provision in the retail, hospitality and leisure sectors. Whilst there is no obligation on employers to use the CORHE, LeedsBID and the provider consortia will strongly urge and encourage employers to participate by using the leverage of its brand.
- 4.5.2 There are no specific legal implications arising from the recommendations in this report. This report is eligible for Call-In.

#### **4.6 Risk Management**

- 4.6.1 The business plan, developed in consultation with the partners, aims to make best use of the initial pump-prime funding and enable the business brokerage model to become self-sustaining over a 4 year period. The employer-led CORHE Board will be accountable for the implementation and delivery of the plan. Leeds City Council and LeedsBID will have observer status on the Board.
- 4.6.2 In addition to the initial pump-prime funding, to ensure the business can grow to an optimum level to ensure sustainability, the LeedsBID proposes a further investment of £75,000 until 2022, subject to BID renewal.
- 4.6.3 The business planning assumptions have been researched and informed by the operation of similar social enterprise and business brokerage models which support employers in the retail, hospitality, leisure and hotel sectors with training and skills



solutions. The model adopted in Leeds differs in that risks are spread more widely amongst partners rather than being reliant on one training provider.

## **5 Conclusions**

- 5.1 The proposed plans for the CORHE builds on business planning undertaken over the past 12 months and previous experience of innovative work by the Council of working with developers and employers as part of the Trinity Leeds and Victoria Leeds developments; the Point at White Rose; the annual cross-sector Apprenticeship Fair; the Big Hospitality Conversation; and job creation and recruitment initiatives targeted to other sectors in the city such as the Leeds Legal Apprenticeship scheme.
- 5.2 The CORHE can be summarised as:-
- An employer-led initiative that responds to their needs with an employer board
  - A collaborative partnership of stakeholders including the Council, LeedsBID, employers and a consortia of leading providers
  - The provision of a range of bespoke services to help attract, retain and develop staff with a focus on sustaining careers in the target sectors
  - A means to foster and develop latest trends and innovations in the sectors and maximise their relevance for Leeds
- 5.3 The CORHE can be seen as a direct response to improving the city employers' ability to recruit, retain and develop staff by delivering recruitment and training services and address the concerns following Brexit about the ability to recruit and retain staff with appropriate skills. The CORHE has the potential to contribute to improved business performance through an increased and targeted investment in skills and to improve the life chances of local residents seeking employment as well as enhancing the progression opportunities and earnings of those in work.

## **6 Recommendations**

- 6.1 Executive Board is asked to:
- i) Endorse the partnership proposals to establish the employer-led skills academy, the Centre for Retail and Hospitality Excellence.
  - ii) Authorise expenditure of £195,000 to support the establishment and operation of the skills academy.
  - iii) Note that the Chief Officer, Employment and Skills will be responsible for the implementation of this decision.

## **7 Background Documents<sup>1</sup>**

- 7.1 There are no background documents.

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.