

'Making Migration work for Britain' – Tourism South East response

Introduction

Tourism South East (TSE) is pleased to have the opportunity to respond to 'Making Migration work for Britain'. Tourism is a key industry in the South East. It currently generates £10bn of spending (equivalent to 7% of regional GDP), supports an estimated 225,000 direct jobs and a further 125,000 indirectly.

Migration is a very important issue for the tourism industry; a significant proportion of its workforce is made up of migrant labour. This is particularly the case in the South East, which due to its proximity to mainland Europe is more dependent on migrant labour than other regions in the UK to fill vacancies. Some facts relating to Skills in the South East¹ are as follows:

- there are 266,000 hospitality, leisure, travel & tourism employees in the south east
- 44% of these are 'elementary' occupations e.g. kitchen staff, waiting and bar staff
- there are 14,200 vacancies in the sector across the region
- 39% of vacancies are 'hard to fill' due to a lack of appropriate skills
- 28% of hotels and restaurants are experiencing recruitment difficulties
- of these, 15% are 'hard to fill' vacancies – the national average is 11%

TSE supports the Home Office's core objectives in introducing a new system to increase the economic competitiveness of the UK. We also believe that the current system is overly complicated, having evolved over many years with new categories and concessions being 'bolted on'. This has resulted in an almost impenetrable patchwork of routes to manage which confuses industry and increases the risk of the employment of illegal immigrants.

However, we believe that there are two aspects of the proposals that will potentially have a detrimental impact on the tourism industry. These are a reduced ability to recruit overseas, and a greater burden that will be placed on businesses. Both are discussed in more detail below.

The five tiers and their implications for tourism

The five tiers (highly skilled workers; skilled workers to fill a shortage or with a job offer; low skilled workers to fill specific shortages; students; and temporary workers) would appear to bring some welcome clarity to the system generally. This could be beneficial to the tourism industry, at least in theory. The difficulty is the degree of unknown or unintended consequences.

In theory, the impartial allocation of points according to a standard set of criteria is a fair method for allocating the limited resource of migrant labour. In reality, however, this would be difficult when attributes are extremely varied. For example, if points are gained for having

¹ People 1st – *The Hospitality, Travel & Tourism Sector in the South East: the Demand for Skills*, Draft Report, June 2005

a university degree, is a social science degree equivalent to a law degree, and is a business degree from Harvard equivalent to one from a little known university? It may not be possible to answer these questions at this particular juncture but they are pertinent and valid and need asking.

Current salary may be another determinant. This would mean that a worker from a first world country will have an advantage over one from a developing country, although neither salary may be relevant to the UK market. For example, GPs in the UK earn much less than their counterparts in the USA but much more than their counterparts in India.

These two examples (qualifications and salary) highlight how points-based systems can be complex and produce distortions. Therefore, more detail is required to accurately determine the impact that the proposed system will have on the tourism industry. Two over-riding impacts warrant further comment.

1. REDUCED ABILITY TO RECRUIT OVERSEAS

The tiers are weighted to enable affluent, highly skilled people to more easily enter the country while restricting access for low skilled workers. Definitions for 'high skilled' and 'low skilled' are not provided, yet determinants by which points are to be allocated indicate that those with university degrees and high salaries will be considered 'high skilled', while those without tertiary education in low pay industries will in all probability be considered 'low skilled'.

There is a risk that the proposed points-based approach will be detrimental to the tourism industry. This is because, under this system, many potential workers in the industry will probably be categorised as Tier 2 or 3, despite being highly skilled in their profession. This would make it much more difficult to fill the estimated 100,000 vacancies in the tourism industry nationally.

TSE believes there is a danger that qualifications-based assessments will mitigate against workers that are employed in the tourism sector, given that the requirement for the tourism industry is for 'people' skills and vocational training and not necessarily academic qualifications. This includes front-of-house, catering and service staff. Equally, it is important that full-time immigrants should not take jobs from part-time UK residents.

Industries who require employees not qualifying for Tier 1 entry will have to make a case to the Skills Advisory Board to have the job category added to a skills shortage list (for Tier 2 workers) or a quota scheme established (Tier 3). This may be protracted, depending on the criteria set by the Board and the efficiency of its administration. Any inflexibility or delay built into the process could seriously damage the tourism industry, given its need to respond rapidly to change in market demand.

2. GREATER BURDEN ON BUSINESSES

A theme of the proposals seems to be to shift the responsibility for immigration control away from the Government and more directly onto businesses. The rationale for this is that those who benefit from immigration should bear more of the responsibility and cost associated with ensuring that immigrants stay within the terms of their right to work in the country.

There will be an increasing link required between people coming into the country and their employers and education providers, with only those entering under Tier 1 not requiring a sponsor. Greater responsibility will also be placed on employers to ensure that the people

they employ are entitled to work in the UK, with fines being imposed on those businesses that employ people working illegally.

This situation mentioned above will increase the administrative burden on businesses to vet and monitor their employees. There is also an increased risk of penalties being imposed on businesses that unwittingly employ staff who are not entitled to work in the UK.

Given the high level of migrant employment in the tourism industry in the south east we believe this may be imposing an unnecessary burden on business. Whilst accepting fully that the employer has a duty of care to ensure they are not employing illegal workers, to shift too much responsibility onto employees in what is a dynamic and changing employment environment would be to impose significant administrative and human resource implications on a sector fighting for competitiveness.

A particular issue relating to the employment of agency staff (which is prevalent in the industry) needs to be addressed to clarify where the responsibility of the end employer starts and finishes vis a vis the agencies' responsibilities.

Whilst TSE supports the thinking behind the creation and criteria of the five tiers, we are concerned that balance may not be achieved and that the tourism industry could be discriminated against. It is important that the new system does not distort the market place for the industry.

TSE is the principal agency in the region with strategic responsibility for the development and management of tourism. Income is via a combination of public subsidy (via the South East England Development Agency) and private sector funds (via membership subscriptions and selling training packages, for example). Annual turnover is £7million. Our area covers nine counties and matches SEEDA's boundaries.