REVIEW OF SCOTLAND'S TOURISM LABOUR MARKET

(Final Report, August 2008)

Victoria Sutherland, David Clelland and Alan McGregor

Training and Employment Research Unit (TERU),
University of Glasgow

CONTENTS

1. INTRODUCTION

The Scottish Enterprise Tourism Priority Industry team commissioned TERU to carry out an analysis of the tourism labour market in Scotland, based on secondary data and research reports. The central objective of the study is '*to identify and clarify the labour and skills issues the Scottish Tourism industry will face over the next 10 years*'.

The study has drawn on a wide range of sources including reports from organisations such as:

- Sector Skills Councils.
- Futureskills Scotland.
- Trade bodies and industry associations.
- Other research organisations.

The analysis has included studies of industry employment forecasts, likely demographic changes, consumer trends and scenarios, and research on migrant labour.

A number of key stakeholders including the Scottish Tourism Forum, VisitScotland, People 1st, HIT Scotland, Springboard, Tourism Action Groups, Scottish Enterprise, Skills Development Scotland and the Scottish Government were interviewed as part of the study. These interviews helped identify key issues to be explored and provided context for some of the trends that were identified.

The purpose of the study is to generate some key findings in terms of labour market issues so that these can be shared with industry and other stakeholders. This should then help identify current and potential skills issues and problems, and stimulate the stakeholders to take the necessary steps to begin to address these issues. In order to assist them with this task, a number of case studies of how these issues have been addressed elsewhere have been undertaken. An overview of the case studies is given in Chapter 6 and the full case studies are provided in Appendix 1.

The structure of the report is as follows:

- Chapter 2 outlines the current and prospective ***demand for labour and skills*** in the tourism sector.
- Chapter 3 outlines how the ***supply of labour and skills*** is likely to change of the next 10 years.

- Chapter 4 provides an overview of ***equalities issues*** in the tourism labour market.
- Chapter 5 assess the ***balance of supply and demand***.
- Chapter 6 highlights a number of ***good practice responses*** from elsewhere in the UK and the world to addressing the challenges currently facing the Scottish tourism labour market.
- Chapter 7 sets out the main ***conclusions and recommendations*** from the research.

2. DEMAND FOR LABOUR AND SKILLS

Introduction

The state of the tourism labour market is determined by two factors – the demand for labour from tourism businesses and the supply of labour to the sector (i.e. how many individuals are able and willing to work in tourism). In this chapter, we will explore the demand for labour by considering:

- How many individuals are employed in the sector at the current time – and in what kinds of jobs;
- Building out from that, what is likely to be the demand for labour in the tourism sector over the next 10 years; and
- What skills are likely to be required by tourism businesses in the future.

Current and Prospective Employment Levels

Figure 1 below shows the most recent available data on employment in tourism-related industries – based on the Scottish Government definition. Using this definition of tourism, the sector employs over 218,000 people in Scotland. Within this, the largest industries are hotels, restaurants and bars, which between them account for 68% of the total.

Figure 1: Employment in Tourism by 4-Digit SIC, Scotland, 2006

	Employment	%
5510: Hotels	50,137	23.0
5521: Youth hostels and mountain refuges	621	0.3
5522: Camping sites, including caravan sites	1,822	0.8
5523: Other provision of lodgings not elsewhere classified	2,791	1.3
5530: Restaurants	57,230	26.2
5540: Bars	40,790	18.7
6330: Travel agencies, tour operators; tourist assistance	8,587	3.9
9251: Library and archive activities	5,296	2.4
9252: Museum activities, preservation of historical sites	6,106	2.8
9253: Botanical and zoological gardens, nature reserves	952	0.4
9261: Operation of sports arenas and stadiums	8,691	4.0
9262: Other sporting activities	20,739	9.5
9271: Gambling and betting activities	10,356	4.7
9272: Other recreational activities not elsewhere classified	4,108	1.9
Total	218,226	100.0

Source: NOMIS – Annual Business Inquiry
Note: Tourism based on Scottish Government definition (see Appendix 2 for more information on definitions)

A central difficulty with establishing the scale of tourism employment in Scotland is the fact that the industrial classification available does not, in any simple sense, describe tourism as an industry. The 14 SIC codes used above are those used by the Scottish Government to measure tourism employment. However, since tourism is a demand-led activity, in that it is the nature of the customers that is the difference between a tourism and non-tourism business, this will include some jobs that could not be described as tourism relates, while excluding some that could. For example:

- Many jobs in bars or gambling establishments which do not attract tourists will be included, but;
- Jobs in retail or transport, which may be closely related to tourism are not included.

Overall, however, Scottish Enterprise believes that this definition most accurately reflects the genuine scale of tourism employment – although it may overestimate it slightly.

Tourism employment can also be estimated for each of Scottish Enterprise's six key destinations. These account for just over a third of all tourism employment in Scotland. In three of the areas (St Andrews; Loch Lomond and the Trossachs; and the Cairngorms/Deeside), tourism accounts for over 30% of total employment in the area – with over half of all employment in St Andrews being in tourism.

Figure 2: Tourism Employment in Priority Destinations

	Employment	**% of Scotland's Tourism Employment**	**% of Total Employment in Area**
Edinburgh	31,182	14.3	10.2
Glasgow	31,116	14.3	7.9
Perthshire	7,995	3.7	14.3
St Andrews	5,371	2.5	52.8
Loch Lomond and Trossachs	2,801	1.6	35.8
Cairngorms/Deeside	2,662	1.2	30.0
Total Priority Destinations	81,127	37.6	10.4
Scotland	218,226	100.0	9.2

Source: NOMIS – Annual Business Inquiry
Note: Tourism based on Scottish Government definition
Edinburgh, Glasgow and Perthshire are Local Authority areas (in the case of Perthshire this is the Perth and Kinross Council area); St Andrews is postcode sector KY16; and Loch Lomond and Trossachs and Cairngorms/Deeside are 'best fit' based on Intermediate Zones

Looking at how tourism employment is likely to develop in the future, the table below shows the projected changes in total employment by industry in Scotland for the 5 and 10 years from 2007. These projections are only available by broad industry group, the most relevant of which to tourism is hotels and catering.

Employment in hotels and catering is expected to increase by 7,000 by 2012 and 14,000 by 2017 – an increase of 7.6% over the decade. This compares with projected employment growth of just 3.2% across the economy as a whole.

Figure 3: Projected Employment by Broad Industry, Scotland, 2007-2017

	2007	2012	2017	Change 2007-2012	Change 2007-2017
Agriculture etc	49,000	42,000	37,000	-7,000	-12,000
Mining & quarrying	25,000	23,000	21,000	-2,000	-4,000
Food, drink & tobacco	49,000	48,000	47,000	-1,000	-2,000
Engineering	52,000	44,000	36,000	-8,000	-16,000
Rest of manufacturing	135,000	127,000	116,000	-8,000	-19,000
Electricity, gas & water	15,000	14,000	13,000	-1,000	-2,000
Construction	167,000	164,000	163,000	-3,000	-4,000
Retail & distribution	397,000	408,000	422,000	11,000	25,000
Hotels & catering	185,000	192,000	199,000	7,000	14,000
Transport & telecoms	148,000	139,000	130,000	-9,000	-18,000
Banking & insurance	118,000	126,000	130,000	8,000	12,000
Other business services	369,000	422,000	456,000	53,000	87,000
Public admin and defence	181,000	183,000	184,000	2,000	3,000
Education	201,000	205,000	209,000	4,000	8,000
Health & social work	377,000	393,000	401,000	16,000	24,000
Miscellaneous services	162,000	156,000	148,000	-6,000	-14,000
All industries	2,628,000	2,688,000	2,712,000	60,000	84,000

Source: Futureskills Scotland

However, in addition to this increase in total employment, there will also be demand for employees to replace those who retire or leave the industry. The expected 'replacement' demand in each industry is shown in the table below. This shows that around 69,000 employees will be required in the hotel and catering industry to replace those who leave – combined with the expected growth of 14,000, this means there will be a projected 83,000 job openings over the next 10 years.

Figure 4: Net Job Openings by Industry, 2007-2017

	Expansion demand	Replacement demand	Job openings
Agriculture etc	-12,000	17,000	5,000
Mining & quarrying	-5,000	8,000	3,000
Food, drink & tobacco	-3,000	16,000	14,000
Engineering	-15,000	16,000	1,000
Rest of manufacturing	-20,000	43,000	23,000
Electricity, gas & water	-2,000	5,000	3,000
Construction	-4,000	51,000	46,000
Retail & distribution	25,000	139,000	164,000
Hotels & catering	14,000	69,000	83,000
Transport & telecommunications	-17,000	47,000	30,000
Banking & insurance	12,000	42,000	54,000
Other business services	87,000	126,000	213,000
Public admin & defence	4,000	61,000	65,000
Education	9,000	80,000	89,000
Health & social work	24,000	144,000	169,000
Miscellaneous services	-14,000	57,000	43,000
All industries	84,000	922,000	1,006,000

Source: Futureskills Scotland

If these figures are applied to the current breakdown of employment within hotels and catering, the projected job openings by detailed industry can be estimated, as shown in Figure 5 below. This shows that there will be substantial numbers of job openings in hotels, restaurants and bars – with more limited but still significant job opening in the other sub-sectors.

Figure 5: Projected Employment in Hotels and Catering Industries, Scotland

	Current Employ-ment	% of Current Employ-ment	Employ-ment Change to 2017	Job Openings to 2017
5510: Hotels	50,137	32.7	4,576	27,129
5521: Youth hostels and mountain refuges	621	0.4	57	336
5522: Camping sites, including caravan sites	1,822	1.2	166	986
5523: Other provision of lodgings nec	2,791	1.8	255	1,510
5530: Restaurants	57,230	37.3	5,223	30,967
5540: Bars	40,790	26.6	3,723	22,072
Hotels and Catering	153,391	100.0	14,000	83,000

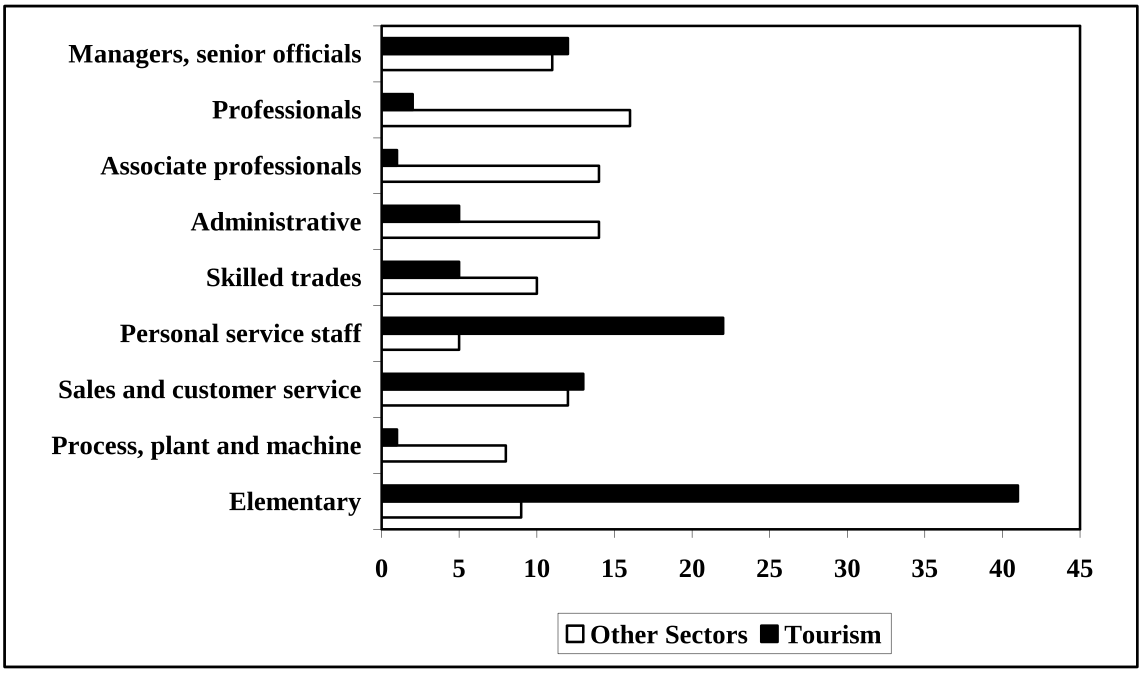
Although this only covers the hotels and catering sector, rather than the broader definition of tourism-related industries used by the Scottish Government or People 1st, this does account for around 70% of total employment in tourism (based on the figures in Figure 1).

There are obvious problems with estimating the projected employment and job openings from detailed industries based on higher-level projections – in particular, it assumes that hotels, campsites etc. will all experience the same level of growth as the sector as a whole. This is unlikely to be the case in reality. However, these estimates do give a picture of the scale of likely demand for labour in each sub-sector.

Skill and Related Requirements

Another element to the demand for labour, in addition to the number of workers needed by employers, is the nature of skills that those workers will be required to have. As shown in Figure 6 below, the occupational breakdown of employees in tourism-related industries differs significantly from the rest of the economy. Over 40% of those employed in tourism can be classified as in elementary occupations – these are likely to require very few or low-level skills or qualifications. Some examples of elementary occupations in the tourism sector could include jobs such as hotel porters, kitchen assistants or cleaners. A further 22% of employees in tourism are in personal service jobs – for example, tour guides, travel agents or sports and leisure assistants.

Figure 6: Employment by Occupation (%), Scotland, 2006



Source: Futureskills Scotland
Note: Figures for tourism are based on Futureskills Scotland definition

The occupational breakdown of employment in the economy as a whole is expected to change significantly over the next 10 years, as is shown in the table below. These changes could have implications for the tourism industry – for example, since there will be fewer jobs in elementary occupations in general, those individuals with only the necessary skills or experience for these roles might be expected to be more interested in tourism as an option than in the past.

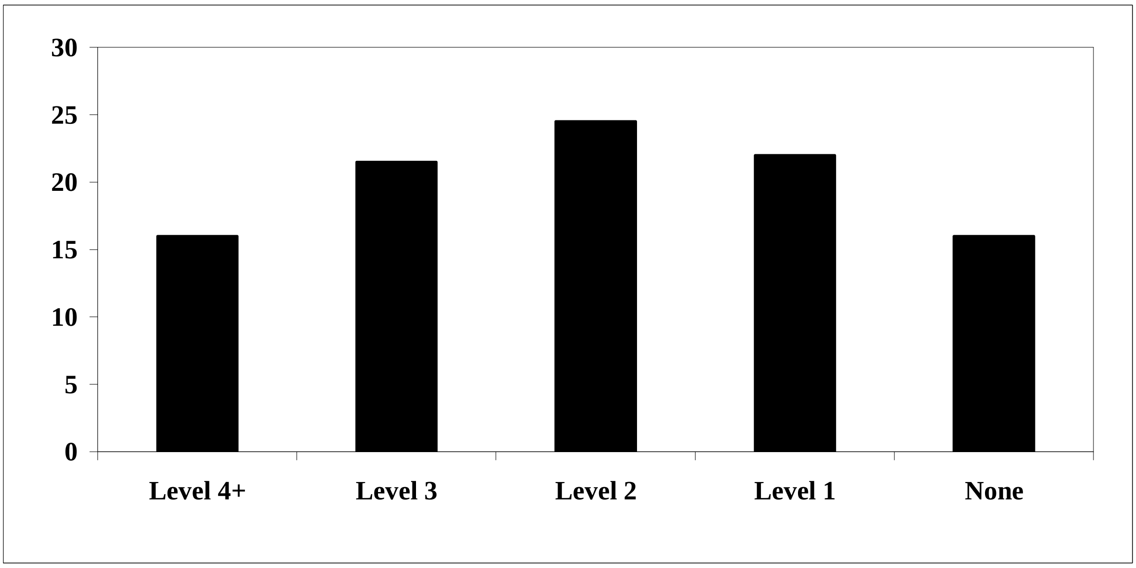
Figure 7: Projected Employment by Occupational Group, Scotland, 2007-2017

	2007	2012	2017	Change 2007-2012	Change 2007-2017
Managerial & senior officials	349,000	370,000	389,000	22,000	40,000
Professional occupations	335,000	367,000	395,000	32,000	60,000
Associate professional & technical	370,000	384,000	389,000	14,000	19,000
Admin & secretarial	350,000	355,000	355,000	5,000	4,000
Skilled trades	292,000	282,000	270,000	-10,000	-22,000
Personal service occupations	179,000	188,000	194,000	9,000	15,000
Sales & customer services	216,000	235,000	254,000	19,000	39,000
Process, plant & machine	210,000	206,000	201,000	-4,000	-9,000
Elementary occupations	328,000	300,000	264,000	-28,000	-63,000
All occupations	2,628,000	268,800	2,712,000	59,000	84,000

Source: Futureskills Scotland

Another way in which the demand for skills in the tourism sector can be estimated is by looking at the qualifications that are held by employees. Employment in Scottish tourism broken down by highest level of qualification is shown in Figure 8 below. This shows that the largest groups are those with Level 2 (equivalent to Standard Grades at Credit) and Level 1 (equivalent to Standard Grades at General or Foundation).

Figure 8: Employment in Tourism by Highest Qualification (%), Scotland, 2005



Source: People 1st

The table below shows how the demand for qualifications in the economy as a whole is expected to change over the next decade. The number of employees with Level 5 qualifications (equivalent to post-graduate) is expected to double, while demand for Level 4 (equivalent to a degree or other higher education) is also expected to increase, and demand for lower qualifications will fall.

Figure 9: Projected Employment by Highest Qualifications, Scotland, 2007-2017

	2007	**2012**	**2017**	**% Change 2007 - 2017**
Level 5	188,000	274,000	386,000	106
Level 4	783,000	866,000	921,000	18
Level 3	552,000	546,000	521,000	-6
Level 2	502,000	470,000	422,000	-16
Level 1	378,000	354,000	326,000	-14
No qualifications	225,000	176,000	134,000	-41
Total	2,628,000	2,688,000	2,712,000	3

Source: Futureskills Scotland

This could have implications for the labour demand of the tourism sector. If trends in tourism follow the rest of the economy (and there is no reason to suggest they will not), there will be higher demand for those with more advanced qualifications. This would require a substantial upskilling of the tourism workforce as only 16% currently have qualifications at Level 4 or above.

Future of Tourism

The quantity of labour and skills demanded by tourism employers over the next 10 years will depend in part on the overall performance of the sector – i.e. whether it is growing or contracting – and the major global trends facing the sector. Future Foundation (2007) has suggested that as a result of economic growth in the countries of origin of visitors to Scotland and the trend for tourism to account for a greater proportion of consumer spending, the conditions for tourism are likely to be favourable. They forecast that total visitors to Scotland will increase by 26% between 2005 and 2015, and expenditure by 50%. The highest growth rates are expected to be amongst visitors in the 55+ age group.

This is broadly in line with the ambition set in the Tourism Framework for Change (Scottish Executive, 2006) to grow tourism revenues by 50% - comprised of 20% more trips and an increase of 25% in spend per trip. As the growth is expected to come from a larger number of trips, alongside an increase in spend per trip, it is unlikely to require a significant increase in the demand for labour, especially as the sector hopes to increasingly spread trips over a longer (preferably 12 month) season. However, this adjustment has potential implications in terms of sourcing labour:

- A longer season may assist with labour retention as workers may be more likely to stay in a job if it can guarantee year round employment. Linked to this, tourism businesses may begin to view labour retention as an issue – whereas at the moment few consider it to be a problem.
- Currently students make up a significant proportion of tourism employment. A longer season may be less compatible with student’s other commitments and therefore alternative sources of labour may be required.

These potential changes also have a number of skills implications:

- Generating greater spend per trip is about offering a higher quality, higher value product. In order to compete with other high-quality, high value destinations, improvements will be needed in both generic skill levels (e.g. customer care) and specific skills (e.g. chef skills to improve the quality of food on offer).
- Generating greater spend also requires the development of selling skills across a range of occupations (i.e. not just sales staff).

Within this overall growth, it is also worth exploring what the tourism sector will look like as this will help us identify the skills that will be demanded. A scenario planning exercise carried out by VisitScotland identified two potential outcomes for the Scottish Tourism industry by 2015:

- The Short Break Destination
- Yesterday’s Destination

These will in turn, lead to two further scenarios by 2025:

- Dynamic Scotland
- Exclusive Scotland

Which of these scenarios turns out to be closer to reality will have obvious implications for the type and quantity of labour demanded. The target for the Scottish tourism industry is to move towards ‘Dynamic Scotland’ in 2025. In order to achieve this, the industry has four key areas of focus.

- ***New experiences*** **–** People are increasingly lessening their emphasis on material wellbeing and becoming more concerned with quality of life. They will look for access to new experiences and new ways of living.
- ***Authenticity*** **–** More affluent sophisticated visitors want to have a real experience and will reject imitation.
- ***Cultural capital*** **–** As people become better educated and more sophisticated they will want to differentiate themselves less by their material possessions and more by what they know. This may be learning more about the world such as in history, culture, new skills etc or it may be learning more about yourself and your own connection to the world in experiences such as in health and well being, spiritual retreats or genealogy.
- ***Business tourism*** **–** With the rise of technological solutions, business travel will be more closely linked to leisure travel as away to improve relationships, build networks and incentivise teams.

(Tourism Intelligence Scotland, 2008)

The main skills implications of this scenario are:

- As demand for tourism will increasingly focus around experiences and knowledge, there will be increasing for skills that can help meet these needs. These could include health and beauty therapists, outdoor activity guides and tour guides with detailed knowledge of local history, genealogy, etc. There is also likely to be an increasing demand for individuals with skills in event management.
- More generally, if tourism is focused on ‘the experience’, it will be important to ensure that customer service levels are high across all sub-sectors and occupations.
- In many cases, these are ‘new’ client groups – and therefore tourism businesses may need to develop their marketing skills in order to successfully attract these clients.

Research from England (LSC, 2007) found that the skills needs of the tourism industry are heavily influenced by the growing use of online booking, particularly for hotels. The development of internet software has resulted in strong demand for those with the required skills to develop and maintain the software, such as associate professional and technical workers. The increased use of information and communication technology (ICT) in the sector is also likely to mean that those working in the industry will increasingly require the skills both to work with different forms of ICT and to choose the most appropriate ICT tools. This will be particularly true of tourism professionals, as ICT becomes a more important part of marketing, customer service and revenue management (CEDEFOP, 2005).

However, all of the forecasts presented here are based on a number of assumptions, including continuing economic growth, falling unemployment and stable inflation that may no longer hold in light of recent economic developments. Research by Key Note (2007) identifies a number of factors that could negatively influence the future development of UK tourism. These include:

- The possibility of economic slowdown in the USA – one of the major sources of visitors to the UK.
- The ongoing risk of terrorism or health scares.
- Increases in the price of oil. A scenario planning paper by VisitScotland (2006) looked at the likely impact of an increase in oil and energy prices on the Scottish tourism industry. Based on the two scenarios – looking at a 250% or 500% increase in the price of oil over the next 10 years – it was estimated that total overnight tourism expenditure by 2015 could be 14-18% lower.

The uncertainty inherent in these factors – and their potential to have a large impact on the demand for tourism labour – mean that a range of scenarios must always be considered when planning any tourism labour market interventions.

Key Messages

- Demand for labour in the tourism sector will increase over the next 10 years, with 14,000 new jobs in hotels and catering between 2007 and 2017 (plus 69,000 posts to be filled due to workers retiring or leaving the industry).
- If similar increases are not seen in the supply of labour, the tourism sector will potentially face a serious shortage of labour.
- Occupational and qualifications breakdowns would suggest that the demand for labour is relatively mixed with demand for individuals with high skill levels to fill managerial posts, demand for individuals with intermediate skills to fill personal service and sales and customer service roles and demand for individuals with lower-level skills to fill elementary occupations. Over the next 10 years, the demand for higher level qualifications in the economy as a whole will increase – and there is no evidence to suggest that this trend will not also be seen in the tourism industry.
- Changing trends in tourism alongside the aspiration to increase Scottish tourism revenues by 50% by 2015 will result in the demand for skills changing. In particular, there is likely to be increasing demand for customer service, IT, sales and marketing skills across a range of occupations. Demand

is also likely to grow for staff that can provide visitors with unique experiences or in-depth knowledge relating to the product on offer.

3. SUPPLY OF LABOUR AND SKILLS

Introduction

There are several factors that will affect the availability of labour in the tourism industry over the next decade including the numbers of individuals in the labour market overall (including migrant labour) and the relative attractiveness of the Scottish tourism sector (compared to other areas or other industries). However, it is not enough just for individuals to be available – they must also have the skills that tourism business require. Whether or not these skills will be available in the future will depend on the availability of relevant training and education. All of these issues will be explored in this chapter.

Trends in Labour Supply

Demographic Changes

One of the major determinants of the supply of labour in the economy is demographic change – the size and age structure of the population will obviously influence the size of the available workforce.

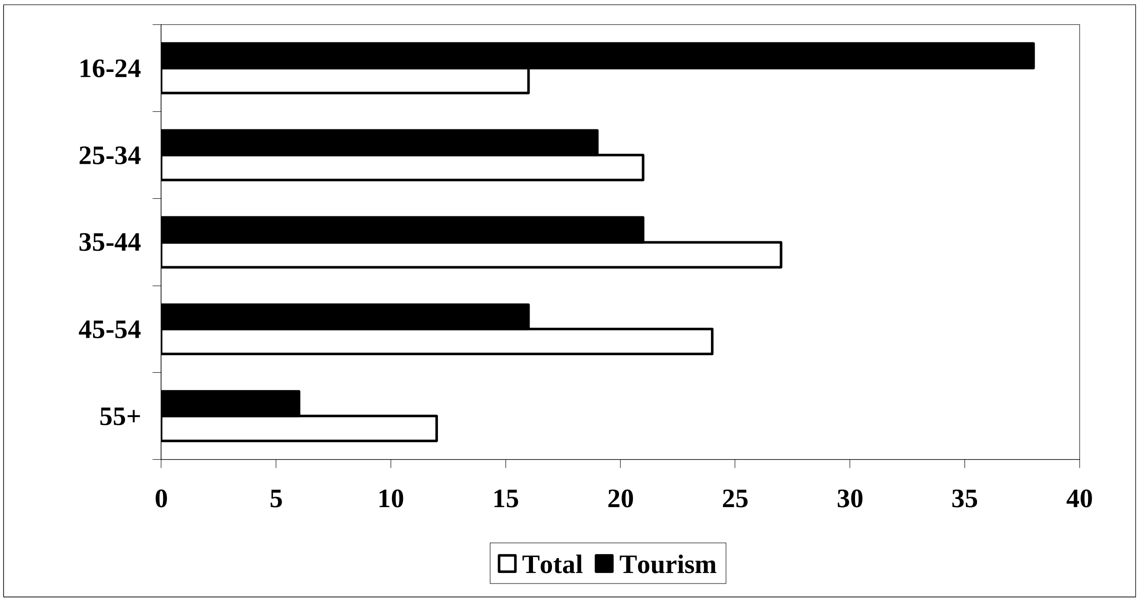
Figure 10: Projected Change in Population by Age Group, Scotland, 2007-2017 (2006-Based)

	2007	2012	2017	Change 2007 - 2012	Change 2007 - 2017
0-15	907,000	858,000	838,000	-49,000	-71,000
16-24	604,000	592,000	547,000	-12,000	-57,000
25-34	619,000	644,000	663,000	25,000	44,000
35-44	780,000	672,000	610,000	-108,000	-170,000
45-54	727,000	777,000	760,000	50,000	33,000
55-59	330,000	334,000	369,000	4,000	39,000
60-64	300,000	316,000	321,000	16,000	21,000
65+	848,000	927,000	1,021,000	79,000	173,000
Total	5,114,000	5,121,000	5,127,000	7,000	13,000

Source: GROS

As these figures show, while the total population of Scotland is projected to increase slightly overall, the working age population is expected to fall over the next decade – with particularly marked decreases amongst the younger age groups. This has obvious implications for the supply of labour for all the whole economy. The extent to which this demographic change can be expected to impact upon the tourism sector can be estimated by looking at the current age structure of employment in the industry.

Figure 11: Employment by Age Group (%), Scotland, 2005



Source: Futureskills Scotland
Note: Figures for tourism are based on Futureskills Scotland definition

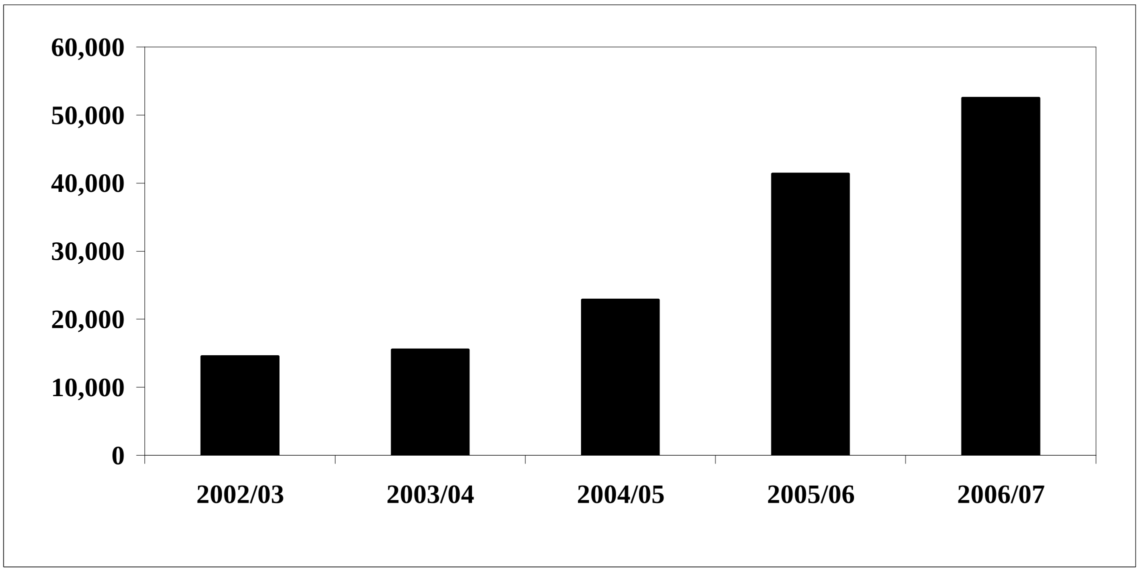
This shows that nearly 40% of those employed in tourism-related industries are in the 16-24 age group – a far higher proportion than in the economy as a whole. As a result, it could be expected that supply of labour for the tourism sector will be affected to a much greater extent than other industries by the demographic changes currently forecast unless concerted attempts are made to attract workers from other age bands.

One reason for the prominence of younger people in the tourism industry is that many employers rely on students to fill vacancies. This main reason for this is a '*coincidence of needs*' due to students' willingness to meet the part-time and seasonal recruitment needs of employers because of the constraints their educational commitments place on their engagement with paid employment (COMPAS, 2007). Research by People 1st has shown that overall, 17% of the sector's workforce are also full time students. Restaurants and pubs, bars and nightclubs have the largest student workforce. The importance of students to the tourism workforce will vary between areas – most obviously, there will be more students working in cities and towns with large universities. As a result, the demographic trends are likely to lead to much more severe labour shortages in more rural tourism markets (such as Perthshire, Cairngorms, etc.) than in urban areas (e.g. Edinburgh, Glasgow, St. Andrews).

Migration

There is some evidence to suggest that economic migrants have played an increasingly significant role in the supply of labour to the tourism sector. The following figures show the number of foreign nationals registering for National Insurance numbers (needed in order to work legally) in Scotland over the last five years.

Figure 12: National Insurance Registrations of Non-UK Nationals, Scotland, 2002/03-2006/07



Source: DWP

The significant increase in migrants suggested by these figures can be largely explained by the expansion of the EU in 2004 to include 10 new countries. As the table below shows, by far the largest group of migrants in 2006/07 came from Poland.

Figure 13: Origin of Non-UK Nationals Registering for National Insurance in Scotland, 2006/07

	Number	%
Poland	23,160	44.1
India	3,460	6.6
Slovak Republic	1,730	3.3
Australia	1,680	3.2
China	1,580	3.0
Other	20,870	39.8
Total	52,480	100.0

Source: DWP

A range of information about migrant workers in the UK is available from the Home Office's Worker Registration Scheme – nationals of the EU accession states who which to take up employment for at least a month must register with the WRS. Some key points about these migrants are that:

- They are overwhelmingly young – 43% are aged 19-24, and 39% are aged 25-34.
- Broken down by occupation, 6% are employed as kitchen and catering assistants, 5% as cleaners and domestic staff, 4% as waiters/waitresses and 3% as maids or room attendants. However, the occupation of 31% is unknown.

The table below shows the breakdown by sector of employment of all those registering with the WRS to work in Scotland since 2004. This shows that hospitality and catering is the largest category of work for A8 migrant workers in Scotland.

Figure 14: Migrant Workers from A8 Countries by Sector of Employment, Scotland, May 2004 – March 2008

	Total	%
Hospitality and catering	15,540	23.4
Admin, business and management	13,265	20.0
Agriculture	11,245	16.9
Food processing	7,820	11.8
Construction and land	4,850	7.3
Manufacturing	4,380	6.6
Health and medical	2,510	3.8
Retail	2,140	3.2
Other	1,980	3.0
Transport	1,815	2.7
Entertainment and leisure	810	1.2
Total	66,355	100

Source: UK Border Agency, 2008

Research by COMPAS (2007) found that minimising labour costs is a major factor in the recruitment and employment practises of hospitality employers, and the use of migrant workers is often seen as a way of addressing recruitment difficulties while keeping wage rates low. Around two thirds of UK employers responding to the People 1st Employer Panel (2006) felt the influx from workers from the new EU Member States into the sector had been a positive development. The main reasons were that Eastern European staff:

- were perceived as hard-working and having a better work ethic;
- had filled hard-to-fill vacancies; and
- were more skilled and experienced than their UK counterparts.

However, recent research on the trends in migration to the UK found that the rate of immigration, particularly from the EU accession states, was slowing, and that many immigrants were returning home. There is evidence that the increased international mobility that makes large-scale economic migration possible also means that migration is more likely to be temporary or seasonal, rather than permanent. There are four factors that will tend to reduce the number of economic migrants from the EU coming to the UK, and therefore Scotland (IPPR, 2008):

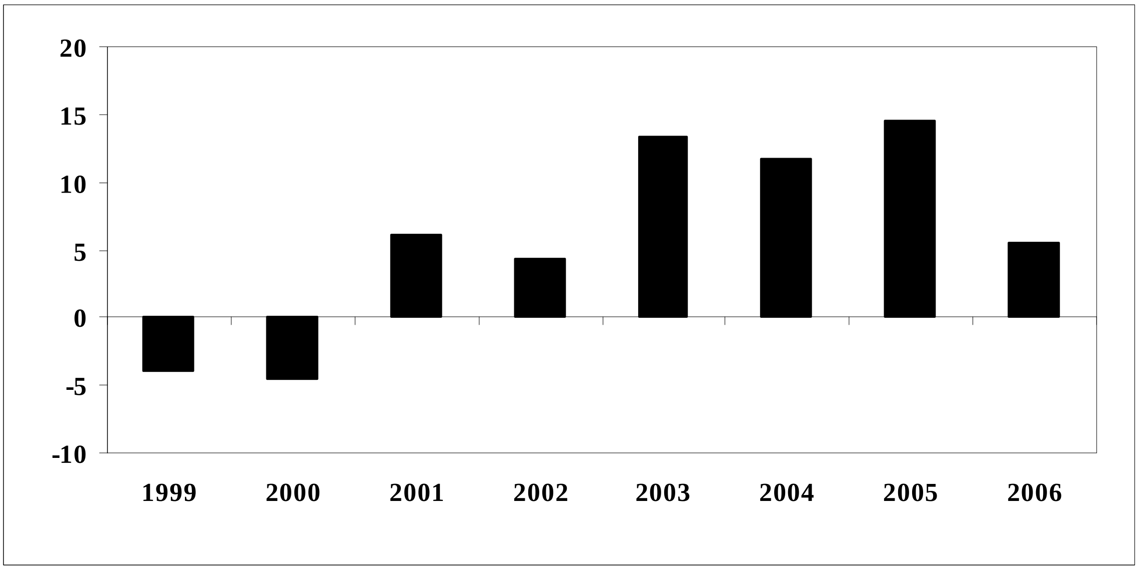
- ***Development in sending countries*** – as the economic conditions in the new member states improve in comparison to those in the UK, economic motivations for migrating are likely to weaken.

- ***Diversion to alternative destinations*** – as other EU member states loosen their restrictions on migrants from the accession countries, it is likely that increasing numbers of migrants will choose these countries rather than the UK.
- ***Demographic patterns in sending countries*** – as a consequence of declining birth rates in the 1980s, the pool of likely migrants is getting smaller and will continue to do so over the coming years
- ***Devaluation of the pound sterling*** – the value of the pound has fallen by a quarter against the Polish Zloty since 2004, and has also fallen against the Euro. Further devaluation will narrow the gap between potential earnings in Britain and other EU countries, reducing the incentive for new migrants to come to the UK and increasing the incentive for those in the UK to go home or elsewhere.

Whilst it is difficult to estimate the scale of these changes (or indeed when they will occur), it is worth noting that a decline of just 25% in the number of migrant workers would mean c.4,000 fewer individuals available for the tourism sector (assuming that hospitality and catering continues employ roughly a quarter of migrant labour and that all 66,000 individuals that have registered with the WRS are still in Scotland).

Another element to migration is the movement of people within the UK. The levels in net migration between Scotland and the rest of the UK are shown in the chart below.

Figure 15: Net Migration Between Scotland and Rest of UK, 1999-2006



Source: ONS

In recent years, Scotland has benefited from a net gain of people from other parts of the United Kingdom. However, there are some points to note here:

- Net migration levels are volatile and vary considerably from year to year
- These net figures conceal large flows of people in both directions.
- They do not tell us anything about the characteristics of migrants or their activity – for example, we do not know if these people are coming to work in Scotland, or to retire, for example.

As such, it is difficult to draw any reliable conclusions from the data on the likely impact of intra-UK migration on the supply of labour to the Scottish tourist industry over the next 10 years. Exploring the competition Scotland faces from other localities for tourism labour is one way of exploring this issue in more detail.

Competition from Other Economies

The most obvious economies with which Scotland is in competition for labour are the other regions of the United Kingdom. The table below shows the most recent employment projections for the tourism sector in the UK regions.

Figure 16: Projected Employment in Tourism, UK Regions, 2004-2014

	Expansion Demand	Replacement Demand	Job Openings	Job Openings per 10,000 pop
East	20,000	132,000	152,000	271
East Midlands	1,000	81,000	82,000	188
London	21,000	245,000	266,000	1,041
North East	7,000	49,000	55,000	80
North West	19,000	172,000	191,000	254
South East	41,000	209,000	250,000	304
South West	7,000	142,000	149,000	291
West Midlands	7,000	108,000	115,000	214
Yorkshire and Humber	21,000	111,000	131,000	255
Northern Ireland	0	31,000	31,000	181
Wales	10,000	66,000	76,000	256
Scotland	10,000	133,000	143,000	280

Source: IER

In terms of absolute numbers, the largest numbers of job openings will be in London, South East, North West and the East of England. Also important is the number of job openings per 10,000 population, with those areas with the highest demand relative to the size of their population most likely to experience skill shortages. Again London and the South East feature prominently (no doubt reflecting the 2012 Olympic Games), alongside the South West. These areas are likely to be Scotland's most important competitors for tourism labour.

It should be noted that as these figures are 2004-based, they risk being slightly out of date. For example, the prediction of zero growth in Northern Ireland's tourism employment is probably out of date given the improving political situation in Northern Ireland. In addition, any projections for tourism employment must be treated with caution, as tourism is particularly vulnerable to factors such as seasonal trends and currency movements. Furthermore, unexpected crises in other sectors of the economy, for example, the foot and mouth epidemic in 2001 and the London bombings in 2005, can also affect activity in the industry.

Another issue with the above projections is that they do not take account of a number of major events in other parts of the UK that are expected to generate increased demand for labour in tourism related sectors. Some examples of these could include:

- ICC World Twenty20 Cricket, in London and Nottingham (2009)
- Ryder Cup in Wales (2010)
- Olympics Games in London (2012)
    - Expected to generate 6,700 jobs in retail, hotels and restaurants, transport and entertainment.
    - A further 30,000 will be employed directly and through contractors in the staging of the games. (Experian, 2006)

These opportunities are likely to attract some labour that would otherwise be available to Scotland's tourism sector. However, Scotland also has two major events – the Ryder Cup and the Commonwealth Games – and these should help attract labour to Scotland.

Figure 16 suggests there is likely to be substantial growth in tourism employment in the other regions of the UK. This will mean increased competition for tourism labour. However, as Scotland sits at roughly the mid-point in terms of job openings per 10,000 population, it would be fair to conclude that the impact on Scotland will be relatively neutral – with Scotland loosing some labour to areas with higher demand but attracting labour from areas with lower demand.

Competing Demand from Other Sectors

In addition to competing demand from other localities, the supply of labour to the Scottish tourism industry will also be affected by the demand in other sectors. As

Figure 3 in the previous section showed, demand for labour in hotels and restaurants is expected to increase compared to the rest of the economy over the next decade. However, large increases in demand are also expected from retail and distribution, business services and health and social work.

Retail and business service employers in particular are likely to be in competition for workers with those in tourism, as many jobs require similar skills. Research by People 1st has found that there is significant movement between customer facing jobs in the retail and hospitality industries – for example, 18% of new bar staff had previously been employed in retail. When employers were asked for the main reasons why they thought their staff had left voluntarily, one in five respondents said that employees left to return to education (a reflection of the high number of students in the sector) – this suggests that the hospitality industry is still seen by many young people as a ‘stop gap’ job or a stepping stone to something else. 18% of employers said that employees left to go to a better or alternative job, while 14% cited a desire for better pay as a common reason for leaving. This highlights that improving the status of the industry will be key to ensuring that tourism can compete effectively against other sectors in the future.

Skills and Training

In this section, we will assess the likely availability of skills in the tourism sector over the next 10 years. Skills for the sector are developed through 3 main routes:

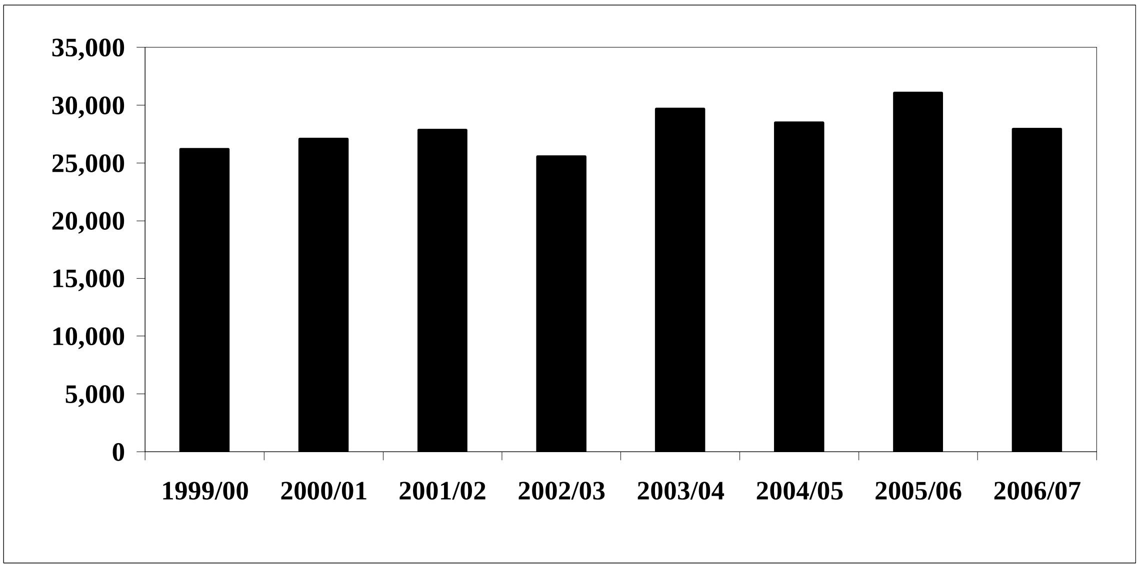
- Formal education – most notably in Further Education colleges;
- National training programmes coordinated by Skills Development Scotland; and
- Workforce development by individual employers.

Given that demand for labour is likely to increase over the next 10 years and that the qualification levels being demanded by tourism employers are likely to increase, ensuring the right training and education is in place will be essential.

Further Education

The chart below shows the number of Further Education students in catering, food, leisure services and tourism in Scotland since 1999. This number of students in courses related to the tourism sector has remained fairly constant over recent years – with approximately 25,000 – 30,000 students at any one time. This is relatively high compared to the numbers employed in the sector as a whole (218,000) and anecdotally can be explained by the high numbers who study a tourism-related subject but subsequently move to other sectors.

Figure 17: FE Students in Catering, Food, Leisure Services and Tourism, Scotland



Source: SFC, Infact Database

Modern Apprenticeships

Another major source of skills for new entrants to the tourism sector are Skills Development Scotland's national training programmes. The table below show latest available figures for the numbers in training on Modern Apprenticeship frameworks related to tourism.

Figure 18: Numbers in Training, Tourism-related MA Frameworks, 2007/08

	16-19	20+	Total
Customer Service	367	333	700
Hospitality	298	805	1,103
Sport, Recreation and Allied Occupations	22	49	71

Source: Scottish Enterprise

Evidence from the Employer Skills Survey (Futureskills Scotland, 2007) highlights that tourism employers were less likely than others to participate in Government-funded training programmes such as Modern Apprenticeships than employers in other sectors. This suggests that one potential way of encouraging more skill development in the sector would be to promote existing programmes more effectively to tourism businesses. However, uptake may be low because employers do not see the value of the programmes and they may need to be re-engineered to ensure they are meeting employers' needs effectively before uptake will increase.

However, this is likely to be complicated by the fact that funding for Modern Apprenticeship 20+ will no longer be available from April 2008 – except for the construction and engineering-related frameworks. This change will result in significantly fewer (805) Modern Apprenticeships in the tourism industry each year as 73% of Hospitality MAs in 2007/08 were 20+. This reflect the fact that the MA delivers a Level 3 qualification which requires a level of supervisory/management experience that most 16-19 year olds have not yet reached.

The Scottish Government has also announced plans to replace the Skillseekers programme with Level 2 Apprenticeships. Potentially, this could provide a useful opportunity to reflect on the skills required by the sector and encourage more employers to provide training for young people entering the industry for the first time.

Workforce Development

The final source of skills in the sector is training provided by employers to their staff. Evidence from the Employer Skills Survey suggests that employers in tourism (based on the Futureskills Scotland definition) have a similar likelihood to those in other sectors to have fund or arrange training – 64% compared to 66%.

However, training in the tourism sector was more likely to be on-the-job only than in other sectors. This emphasises the importance of ensuring those in supervisory and management roles in the industry have the right skills – and the ability to pass these skills on effectively to other members of staff.

Figure 19: Breakdown of Training Provided by Type (%)

	Tourism	**Other sectors**
On the job	44	22
Off the job	16	18
Both	39	59
Total	100	100

Source: Futureskills Scotland

Key Messages

- The pool of labour available to the tourism sector in Scotland is likely to decline over the next ten years for a number of reasons:
  - The main determinant of labour supply is the population and the number of people of working age will decline by 80,000 between 2007 and 2017.
  - In particular, there will be a large reduction in the number of people aged 16-24. As this age group currently accounts for nearly 40% of those employed in tourism, this demographic change will have a significant impact on the availability of labour to the sector.
  - Another potential source of labour is migration. There is evidence that in recent years an increasing number of economic migrants have come to Scotland, particularly from Eastern Europe. These migrants have helped to fill vacancies in the tourism industry. However, there is evidence that the current trend of high in-migration from Eastern Europe is unlikely to continue.
  - The supply of labour is also likely to be affected by labour demand from other industries (in particular, retail and business services) and other localities (in particular London and the South East, given the impact of the 2012 Olympics).
- One factor that may offset this slightly is that many of the jobs in tourism are in elementary occupations (e.g. housekeeping, kitchen porters, etc.). As we saw in the previous chapter, the total number of elementary jobs in the economy will fall by 20% between 2007 and 2017, resulting in less competition from other sectors for individuals seeking elementary jobs than in the past.
- The evidence on whether the sector will be able to source the skills it needs is mixed. A large number of individuals are undertaking FE courses in tourism related subjects but relatively few individuals go through the Hospitality Modern Apprenticeship. More evidence is needed on whether or not these courses are providing the skills that employers need or if amendments to the current provision are needed.
- As a significant proportion of training happens on-the-job, it will be essential to ensure that supervisory and management staff in tourism businesses are able to access training in the skillsets outlined in the previous chapter – and are given the skills to effectively pass these onto their colleagues.

4. EQUALITIES ISSUES

Introduction

Another area of interest in assessing the future of the Scottish tourism labour market is the extent to which it is utilising a diverse labour force. This chapter explores the structure of the Scottish tourism labour market by gender and ethnicity.

Gender

Data from the Annual Business Inquiry suggest that 56% of those employed in tourism-related industries are female (based on the Scottish Government definition). This compares with 51% in the economy as a whole. As we saw earlier, there are nearly 30,000 more females than males employed in the sector. Females are also much more likely to work part-time rather than full-time. There is currently no evidence that the gender profile in tourism is changing or will change in the future.

Figure 20: Tourism Employment by Gender and Full/Part-time, Scotland, 2006

	Full-time	Part-time	Total
Male	55,578	40335	95,912
Female	48,030	74,282	122,312
Total	103,608	114,616	218,225

Source: Nomis – Annual Business Inquiry
Note: Scottish Government definition

At a more detailed level, female workers are particularly important in restaurants; bars; and travel agencies and tour operators. In contrast, male workers are over-represented in other recreational activities (such as parks and adventure playgrounds). Again, there is no evidence that this profile will change dramatically in the future.

Figure 21: Breakdown of Employment in Tourism by Gender and Full/Part-time (%)

	Male		Female		Total
	FT	**PT**	**FT**	**PT**	
Hotels	26.4	17.6	23.6	32.4	100.0
Youth hostels and mountain refuges	33.0	14.0	25.3	27.7	100.0
Camping sites, including caravan sites	30.4	14.9	24.7	30.0	100.0
Other provision of lodgings nec	22.5	18.9	20.3	38.3	100.0
Restaurants	22.3	21.7	18.9	37.1	100.0
Bars	21.4	22.0	18.3	38.3	100.0
Travel agencies, tour operators; tourist assistance	29.4	3.7	43.9	22.9	100.0
Library and archive activities	21.0	5.9	33.1	40.0	100.0
Museum activities, preservation of historical sites	33.5	12.0	26.3	28.3	100.0
Botanical and zoological gardens, nature reserves	44.0	7.2	31.8	16.9	100.0
Operation of sports arenas and stadiums	30.6	17.6	18.8	33.0	100.0
Other sporting activities	30.9	21.5	18.8	28.8	100.0
Gambling and betting activities	24.3	12.3	28.8	34.6	100.0
Other recreational activities nec	42.6	14.0	19.0	24.5	100.0
Total	25.5	18.5	22.0	34.0	100.0

Source: NOMIS – Annual Business Inquiry
Note: Tourism based on Scottish Government definition.

Generally, females are more likely to be in administration, personal service or sales occupations, and less likely to be in skilled trades or process, plant and machine occupations. Personal service and sales occupations are relatively important in the tourism sector – and therefore it should perhaps not be surprising that females account for a slightly higher proportion of tourism employment.

Figure 22: Employment by Occupation and Gender, Scotland

	Female	Male	Total
Managers and senior officials	9.6	15.8	12.9
Professional occupations	11.8	13.8	12.8
Associate professional and technical	15.1	12.6	13.8
Admin and secretarial	19.9	4.8	12.0
Skilled trades	1.7	19.9	11.2
Personal service	15.8	2.7	9.0
Sales and customer service	11.8	4.7	8.1
Process, plant and machine	2.0	12.9	7.7
Elementary	12.0	12.5	12.3

Source: NOMIS – Annual Population Survey (April 2006 – March 2007)

Ethnic Minorities

Figure 23 shows that those from ethnic minorities are considerably more likely to be employed in distribution, hotels and restaurants than the rest of the population – therefore they are likely to be over-represented in the tourism industry as a whole. The proportion of ethnic minorities working in the sector has increased slightly in the last 4 years – from 3.7% to 5.2% (NOMIS – Annual Population Survey). This increase no doubt reflects the increasing importance of migrant labour to the sector over recent years.

Figure 23: Employment by Industry and Ethnicity (%), Scotland

	Non-white	White	Total
Agriculture and fishing	-	1.9	1.8
Energy and water	-	2.4	2.4
Manufacturing	4.4	10.6	10.4
Construction	3.0	8.8	8.6
Distribution, hotels, restaurants	36.2	17.9	18.2
Transport and communications	5.6	6.8	6.7
Banking, finance, insurance	12.8	14.3	14.2
Public admin, education, health	33.7	31.5	31.5
Other services	4.0	5.9	5.8

Source: Annual Population Survey, April 2006 – March 2007
Note: - denotes figures not available

The supply of labour in different occupations also differs between people of different ethnic backgrounds. Those from ethnic minorities are more likely to be in managerial, senior or professional occupations. They are also significantly more likely than the rest of the workforce to be in sales and customer service occupations, which make up a substantial proportion of tourism employment.

Figure 24: Employment by Occupation and Ethnicity (%), Scotland

	Non-white	White	Total
Managers and senior officials	13.9	12.9	12.9
Professional occupations	19.5	12.7	12.8
Associate professional and technical	16.0	13.8	13.8
Admin and secretarial	9.6	12.1	12
Skilled trades	3.3	11.4	11.2
Personal service	6.8	9.1	9
Sales and customer service	15.9	7.9	8.1
Process, plant and machine	2.6	7.8	7.7
Elementary	12.4	12.3	12.3

Source: NOMIS - Annual Population Survey (April 2006 – March 2007)

Skills Development

On the skills supply side, Scottish Enterprise data indicates that 54% of those on Modern Apprenticeships in the hospitality framework are male. However, with regards to FE students on courses related to catering, food, leisure services and tourism:

- 67.4% are female
- 4.6% are of a non-white ethnic background
- 8.3% have a disability

(Scottish Funding Council, INFACT Database)

Key Messages

- 56% of those employed in tourism-related industries are female – female workers are particularly important in restaurants; bars; and travel agencies and tour operators. There is currently no evidence that the gender profile in tourism is changing.
- Those from ethnic minorities are considerably more likely to be employed in distribution, hotels and restaurants than the rest of the population – therefore they are likely to be over-represented in the tourism industry. The proportion of ethnic minorities working in the sector has increased slightly over recent years – no doubt partly as a result of the increasing importance of migration to the sector.

5. BALANCE OF SUPPLY AND DEMAND

Introduction

The purpose of building up a picture of current and prospective demand and supply for labour and skills in the tourism industry is to ensure that this very important industry for Scotland is adequately supplied with labour of appropriate quality. In this section, we will attempt to assess whether the supply of labour to the tourism sector is likely to meet demand from tourism employers or whether there will be a mismatch – either in terms of numbers of workers or the quality of workers (i.e. the skills they have).

Current Evidence of Any Mismatch in Labour Supply and Demand

Earnings Levels

One indicator of the changing balance of supply and demand for labour in an industry is the relative rate of pay – if demand is rising relative to supply, it would be expected that the wages employers are willing to offer will rise, relative to those in the rest of the economy. The table below shows the earnings levels in tourism-related industries in 2003 and 2007.

Figure 25: Gross Weekly Pay of Full-time Employees, Scotland, 2003 and 2007

	2003		2007	
	£	% of Average	£	% of Average
Hotels and Restaurants	226.2	59.3	269.6	61.1
Supporting transport activities, travel agencies	394.7	103.5	451.3	102.2
Recreational, cultural and sporting activities	289.8	76.0	348.8	79.0
Whole Economy	381.5	100.0	441.5	100.0

Source: ONS – Annual Survey of Hours and Earnings

Although changes in the absolute levels of pay cannot be treated as accurate, because of methodological changes in the survey, the table raises two important issues:

- The ratio between the wage rates on offer in tourism-related jobs and those in the economy as a whole has remained fairly constant between 2004 and 2007, suggesting that demand has not been increasing relative to supply over this period.
- Average weekly pay is lower in the majority of tourism-related jobs than in the economy as a whole. Potentially, this could have a significant impact on tourism businesses ability to attract labour.

Recruitment Difficulties

Another possible indicator of the balance between supply and demand is employers' experience in filling vacancies. As the table below shows, a larger proportion of vacancies in tourism than other sectors are 'hard-to-fill' based on a survey of employers. This could suggest that demand is exceeding supply.

However, a smaller proportion of these recruitment problems in the tourism sector are perceived as being because of a shortage of the required skills. This could suggest that where there is insufficient supply of labour, this is due to other issues, for example, poor pay and conditions relative to other industries, leading to a lack of applicants. As mentioned in the earlier section on the supply of skills, the competition from other sectors is likely to intensify over the next 10 years and the tourism sector will need to address these issues if it is to compete effectively for labour.

Figure 26: Hard-to-fill Vacancies, Skills Shortages, and Skills Gaps, Scotland, 2006

	Tourism	**Other Sectors**
Vacancies as % of employees	4	3
Hard-to-fill vacancies as % of employees	3	1
Hard-to-fill vacancies as % of all vacancies	57	42
Skills shortage vacancies as % of hard-to-fill vacancies	48	62
% of existing employees not fully proficient	13	8

Source: Futureskills Scotland (2007)
Note: Figures for tourism are based on Futureskills Scotland definition

There is also evidence that the balance of supply and demand will differ between different types of area. Research by People 1st has found that employers in rural areas are much more likely to have difficulties filling vacancies. In contrast, despite higher labour turnover in urban areas, it is less difficult to fill vacancies when they arise. Similarly, feedback from consultees would suggest that skills shortages are not spread equally across all sub-sectors or occupations, with employers having particular difficulties in sourcing chefs with the appropriate skills and qualifications.

Skills of Existing Staff

As Figure 26 above shows 'skills gaps' – where employees are perceived to lack the skills required to carry out their job proficiently – are higher in tourism than in other sector. This could be an indicator that employers are being forced to take on people without the necessary skills because of a lack of appropriately skilled candidates. On the other hand, it could be that employers are hiring people on the basis of other factors, such as their attitude or flexibility, or that they expect staff to learn on the job – in which case they cannot be expected to be fully proficient straight away.

Another possible issue is the appropriateness of the skills and qualifications held by those in the industry. Research by *Jagger et al.* (2005) found that there is some evidence to suggest that the hotel and restaurant sector may be over-supplied with graduates, and that they are displacing those with other skills and qualifications. In light of the evidence from Chapter 3, this may suggest a focus on more vocational training is needed.

Potential Mismatch in Labour Supply and Demand Over the Next 10 Years

In this section, the evidence on the potential future demand and supply of labour in the tourism industry will be pulled together and used to identify any prospective recruitment problems and skills issues for Scotland's tourism industry for the next 10 years. To recap, the main findings have been:

- Demand for employment in tourism-related sectors is expected to increase over the next decade. In particular, demand for higher skilled workers is likely to grow.
- However the working age population will fall over the same period.

The following table seeks to quantify the scale of these trends over the next 10 years.

Figure 27: Scale of Major Tourism Labour Market Trends, 2007-2017

	2007	2012	2017	Change 2007-2012	Change 2012-2017	Change 2007-2017
Demand for Labour						
Employment in Tourism[1]	218,200	226,500	234,800	8,300	8,300	16,600
Supply of Labour						
Economically active population of working age	2,688,000	2,668,000	2,616,000	-20,000	-52,000	-72,000
Tourism's share of reduction in economically active population[2]	247,300	245,500	240,700	-1,800	-4,800	-6,600
Balance of Labour	-	-	-	**10,100**	**13,100**	**23,200**

1. Estimated by applying the growth of the 'hotels and catering' sector (7.6%) to tourism as a whole. This assumes that the expansion demand profile of tourism is the same as that for hotels and catering.
2. This calculation assumes that the reduction in the working age population affects all industries equally. As tourism accounts for 9.2% of all employment, the reduction in the supply of labour to the tourism sector is assumed to be 9.2% of the total reduction.

This shows the scale of the problem facing the tourism sector, with a potential shortfall of:

- 10,100 individuals between 2007 and 2012.
- 13,100 individuals between 2012 and 2017.

However, the scale of the problem may be even worse than this if:

- ***The number of migrant workers declines***. Two scenarios may lead to this happening – if large numbers of existing migrant workers return to their home economy (or move to another economy) and are not replaced by new migrants to Scotland and/or if UK immigration policy changes.
- ***The industry does not reconfigure its age profile***. Whilst the working age population is due to decline by 3% between 2007 and 2017, the numbers of 16-24 year olds will decline by 9%. As this age group accounts for 40% of tourism employment, the shortfall in labour is likely to be more much severe if tourism businesses are not successful in attracting workers from other age bands.
- ***Individuals move to other localities to take up tourism jobs***. However, we do not anticipate this being a major factor as Scotland sits roughly in the middle of the table in terms of the growth in job openings per 10,000 population. This would suggest that we will loose some individuals to areas

with higher growth rates than Scotland but that we will attract others from other regions with slower growth rates. Scotland's two high profile events (the Ryder Cup and the Commonwealth Games) should be used to help attract labour from other regions (and indeed other countries).

- ***Individuals are attracted to other growth sectors over tourism***. This is a particular risk as wages for many tourism jobs are lower than those in other sectors and poor terms and conditions currently result in many vacancies being unfilled. Urgent action is needed to address perceptions of the industry if it is to compete effectively with other sectors.

It should also be noted that in addition to the 'new' jobs that this analysis has explored, there will also be a significant amount of replacement demand (i.e. jobs that become free due to retirement or because individuals have chosen to move to another sector). Labour shortages have the potential to be much more severe that outlined above if the sector is not able to attract individuals to fill these job openings.

Within this overall picture, the shortages are likely to be more severe in some areas than others.

- In terms of ***sub-sectors***, hotels and restaurants are likely to suffer the most severe shortages due to the poor wage levels compared to rest of the economy.
- In terms of ***occupations***, there are likely to be significant gaps in personal service (e.g. tour guides, spa therapists, etc.) and sales and customer service jobs and some skilled trades (e.g. chefs) – due to increasing demand for these skills. On a more positive note, as the overall number of elementary jobs in the economy is due to decline, the tourism industry may find it easier to attract candidates to these posts (e.g. kitchen porter, cleaners, etc.) than in the past.
- Linked to this, customer service, sales, IT, marketing and management skills will all become increasingly important. These are generic skills that cut across a range of different occupations and sub-sectors.
- In terms of ***geography***, there is no clear evidence that rural areas will be more or less likely to suffer labour shortfalls than urban areas. Traditionally, rural areas have experienced more problems as the industry relies on students (who tend to be more concentrated in urban areas) to fill many posts. However, as the industry moves towards a 52 week season and is forced to attract candidates from older age bands as a result of demographic changes, the differences between rural and urban areas may become less significant.

Current Interventions to Address Labour Market Issues in Tourism Sector

There are a number of interventions currently active in Scotland that seek to address the skills and labour market issues identified above. These include interventions undertaken by:

- Scottish Enterprise
- Skills Development Scotland
- HIT Scotland
- Springboard
- Tourism Action Groups
- People 1st
- Scottish Tourism Forum
- Higher and further education institutions
- And many others.

As part of the study we consulted with a range of key stakeholders including many of the organisations listed above. Views on the effectiveness of current interventions were mixed with some considered effective and others perceived to be poor quality. Furthermore, there was a mix of views on whether the current range of interventions would be sufficient to address the issues identified above. Many consultees felt that current policies and interventions are good but that these may need to be scaled up in order to address the emerging problems. Some consultees highlighted that there are a range of effective interventions in place but the linkages are not always made between the different elements of provision and a more joined up approach was necessary.

Areas where more action was thought to be needed included:

- Developing a clearer picture of employers' needs - and adjusting labour market interventions to better respond to these needs.
- In particular, there is a need for closer co-operation between schools, colleges and the tourism industry to ensure that young people are developing the appropriate skills for the industry.
- The training and qualifications system is too complex – both from the point of view of employers and potential recruits – and should be streamlined.
- More should be done to promote tourism as a career – to both young people and others who may move into the sector. It will also be important to 'influence the influencers' such as parents, teachers and careers advisers.

These issues will need to be addressed if Scotland's tourism businesses are to be able to source the labour they will require in the coming years. In the next chapter, the approaches taken by some other countries and regions to address tourism labour market issues they face will be considered.

Key Messages

- Currently just under 30% of vacancies in the tourism industry are not being filled as a result of poor pay and other terms and conditions. Almost the same again are not being filled due to a lack of appropriately skilled individuals. The industry needs to begin to address these issues as a matter of urgency – by improving pay and conditions and increasing the amount of training happening – as the sector will face increasing competition for labour in the future and these issues could potentially get much worse if steps are not taken to address them.
- Statistics on the ratio between wages in tourism and the economy as a whole, hard-to-fill vacancies, skill shortages and skills gaps should be revisited on an annual basis. These will help identify emerging mismatches between the demand and supply of labour in the tourism sector.
- Overall, increasing demand for labour combined with fewer candidates and more competition from other areas and sectors means there could be a potential shortfall in labour in the sector of :
  - 10,100 individuals between 2007 and 2012.
  - 13,100 individuals between 2012 and 2017.
- As a result, the tourism sector is likely to face significant problems over the next 10 years – a period in which the sector hopes to grow significantly and during which Scotland will host two major sporting events (the 2014 Commonwealth Games and the 2014 Ryder Cup) – unless action is taken.
- Areas where gaps are most likely to emerge are relatively low paying sub-sectors (e.g. hotels and restaurants) and occupations where there is increasing demand – most notably in personal service (e.g. tour guides), sales and customer service and skilled trades (e.g. chefs).
- The tourism sector has a range of good quality, effective labour market interventions. Any attempts to address the emerging issues should utilise these interventions wherever possible – scaling them up or refocusing them if necessary.
- In addition, it is critically important that a more joined-up approach to tackling labour market problems is taken with the current fragmentation of provision causing confusion for employers and potential recruits.
- As a matter of urgency, the stakeholders should seek to develop a clearer picture of employer needs and to map current provision.

6. GOOD PRACTICE RESPONSES TO TOURISM LABOUR MARKET ISSUES

Introduction

The final aspect of the study is to consider how other economies have responded to the tourism labour market challenges that have been identified. Case studies were identified through the following process.

- Economies (both countries and regions) with similar circumstances to Scotland in terms of scale, tourism assets and labour market conditions were identified.
- Focusing on these economies, an extensive search (using the internet and the comparative evaluation literature) for examples of interventions to deal with skills and recruitment issues in tourism was undertaken.
- In addition, a small number of interviews by phone and email with tourism experts and key practitioners in Scotland and other economies were undertaken. These interviews helped identify a number of suitable case study interventions.

The Case Studies

After consultation with the Steering Group, key stakeholders and tourism practitioners in other areas and countries, the following interventions were selected as case studies:

- Action Agenda (Australia)
- Go2 (British Columbia, Canada)
- Greenbox Network (Ireland)
- Lone Parents Programme (New Zealand)
- North West Tourism Sector Skills Productivity Alliance (North West England)

The full case studies are given in Appendix 1.

Lessons from the Case Studies

Action Agendas

Action Agendas are the key element of the Australian Federal Government's approach to industrial policy. Industries that would like to be considered for an Action Agenda must pull together all parts of their industry (including companies, industry associations, academics and research associations). If chosen as an Action Agenda industry, the industry leaders then work together to develop an understanding of the key issues facing their industry and identify potential solutions. The industry leader group are supported by 2 or 3 members of the Department of Industry, Tourism and Resources who act as a secretariat.

Action Agendas appear to be successful in getting industry involved in planning for their industry's future even though there is no commitment from government to provide funding or assistance to implement to solutions identified. Key to this is the:

- Fact that the Action Agenda gives credibility and recognition to industries that might otherwise not be high profile;
- Access to government departments that the approach provides; and
- Opportunity to bring together industry associations, individual companies and research institutions to work together.

Action Agendas provides an interesting model for how the Scottish tourism industry could be encouraged to work collectively to tackle the issues outlined in this report.

Go2

Go2 is an independent non-profit industry association that coordinates human resource development (HRD) activities for the tourism industry in British Columbia (Canada). It addresses the full range of the labour market issues facing the tourism sector in British Columbia, from identifying current and future recruitment issues, providing information and support to employers and potential recruits, promoting the industry and providing training.

Go2's success is a result of this holistic approach to tackling the labour market challenges facing the tourism sector in British Columbia – i.e. it is successful because it is addressing the full range of labour market issues and both employers and individuals know where to look for support. Building mechanisms for income generation – through the sale of training courses and certificates to the industry – has also been important for the sustainability (and building the credibility) of go2. This commercial discipline forces go2 to ensure that everything it does is relevant to the industry. When planning how to respond to the issues outlined in this report, Scottish Enterprise and its partners should consider how to ensure a holistic and industry-led approach can be ensured.

Greenbox Network

The Greenbox Network is an attempt to promote a niche market (ecotourism) in an area that has not traditionally been seen as a tourism destination (North West Ireland). To ensure the 'authenticity' of the ecotourism experience, skills development has been embedded into the development of this new market – by making achieving 'Greenbox' accreditation dependent on attending training.

Scotland faces similar challenges in developing new higher value markets for Scotland and the Greenbox Network is one possible model for raising skills levels and building credibility.

Lone Parent Programme

The Lone Parent Programme in New Zealand is a pilot initiative to help lone parents to rejoin the workforce by working part-time in the hospitality industry – at the same time addressing recruitment problems faced by employers. It is a joint initiative between the New Zealand Government and the industry associations for hospitality and retail.

Although it is too early to evaluate the programme, the Lone Parent Programme (and its precursor, the Straight to Work programme) shows that skill shortages can be tackling through innovative attempts to bring new candidates into the sector. However, such attempts will only be successful if the industry plays a key role in the design of the programme and in the selection of candidates. Given the potential shortfall of labour in Scottish tourism of over 23,000 between 2007 and 2017, the sector should consider how it can tap into new sources of labour (such as the unemployed, those currently on sickness and disability benefits and lone parents).

North West Tourism Sector Skills Productivity Alliance

The North West Tourism Sector Skill Productivity Alliance (SSPA) brings together a range of organisations (including People 1st, Jobcentre Plus, Learning and Skills Council, North West Regional Development Agency, Business Link, tourist boards, universities and the Regional Intelligence Unit) to better coordinate and plan attempts to raise regional tourism productivity, skills levels and economic competitiveness.

The main lesson for Scotland from the North West Tourism Sector Skills Productivity Alliance is that there is a need for effective communication amongst partners, if joint working to address labour market problems is to be successful. Key success factors include:

- Making sure right partners are around the table – and a good knowledge of partner members' organisational activities which affect the sector, as well as a clear understanding of partner roles and responsibilities.
- Having a dedicated resource to co-ordinate enables the group to be effective.

Key Messages

The key messages that can be taken from the case studies are the importance of approaches that:

- Bring together a range of partners, including government, employers, industry groups and training providers, rather than one organisation acting alone.
- Take action at a number of different levels – encouraging entrants into the industry, improving retention rates, raising skills levels, etc. – and as such piecemeal interventions are unlikely to be successful. A holistic approach – such as the Action Agenda in Australia, go2 in British Columbia or the North West Tourism Sector Skills Productivity Alliance – is required.

Within this, there is clearly scope for innovative approaches that seek to encourage specific groups to consider employment in the tourism industry – such as lone parents or older people returning to the workforce.

7. CONCLUSIONS AND RECOMMENDATIONS

Conclusions

Demand for Labour

1. Demand for labour in the tourism sector will increase over the next 10 years, with 14,000 new jobs in hotels and catering between 2007 and 2017 (plus 69,000 posts to be filled due to workers retiring or leaving the industry).

2. Occupational and qualifications breakdowns would suggest that the demand for labour is relatively mixed with demand for individuals with high skill levels to fill managerial posts, demand for individuals with intermediate skills to fill personal service and sales and customer service roles and demand for individuals with lower-level skills to fill elementary occupations. Over the next 10 years, the demand for higher level qualifications in the economy as a whole will increase – and there is no evidence to suggest that this trend will not also be seen in the tourism industry.

3. Changing trends in tourism alongside the aspiration to increase Scottish tourism revenues by 50% by 2015 will result in the demand for skills changing. In particular, there is likely to be increasing demand for customer service, IT, sales and marketing skills across a range of occupations. Demand is also likely to grow for staff that can provide visitors with experiences or specialist knowledge.

4. Currently just under 30% of vacancies in the tourism industry are proving hard-to-fill due to poor pay or other terms and conditions. Almost the same again are not being filled due to a lack of appropriately skilled individuals.

Supply of Labour

5. The pool of labour available to the tourism sector in Scotland is likely to decline over the next ten years for a number of reasons:
   - The main determinant of labour supply is the population and the number of people of working age will decline by 80,000 between 2007 and 2017.
   - In particular, there will be a large reduction in the number of people aged 16-24. As this age group currently accounts for nearly 40% of those employed in tourism, this demographic change will have a significant impact on the availability of labour to the sector.
   - Another potential source of labour is migration. There is evidence that in recent years an increasing number of economic migrants have come to

Scotland, particularly from Eastern Europe. These migrants have helped to fill vacancies in the tourism industry. However, there is evidence that the current trend of high in-migration from Eastern Europe is unlikely to continue and many recent migrants may leave Scotland.

- The supply of labour is also likely to be affected by labour demand from other industries (in particular, retail and business services) and other localities (in particular London and the South East, given the impact of the 2012 Olympics).

6. One factor that may offset this slightly is that many of the jobs in tourism are in elementary occupations (e.g. housekeeping, kitchen porters, etc.). The total number of elementary jobs in the economy will fall by 20% between 2007 and 2017, resulting in less competition from other sectors for individuals seeking elementary jobs than in the past.

7. The evidence on whether the sector will be able to source the skills it needs is mixed. A large number of individuals are undertaking FE courses in tourism related subjects but relatively few individuals go through the Hospitality Modern Apprenticeship.

Potential Future Shortfall in Tourism Labour Market

8. Overall, increasing demand for labour combined with fewer candidates and more competition from other areas and sectors means there could be a potential shortfall in labour in the sector of :
   - 10,100 individuals between 2007 and 2012.
   - 13,100 individuals between 2012 and 2017.

9. Areas where gaps are most likely to emerge are relatively low paying sub-sectors (e.g. hotels and restaurants) and occupations where there is increasing demand – most notably in personal service (e.g. tour guides), sales and customer service and skilled trades (e.g. chefs).

Recommendations

1. The Scottish tourism sector is likely to face significant labour shortages over the next 10 years – a period in which the sector hopes to grow significantly and during which Scotland will host two major sporting events (the 2014 Commonwealth Games and the 2014 Ryder Cup) – unless action is taken.

2. Statistics on the ratio between wages in tourism and the economy as a whole, hard-to-fill vacancies, skill shortages and skills gaps should be revisited on an annual basis. This will help identify emerging mismatches between the demand and supply of labour in the tourism sector.

3. In order to identify how best to tackle these shortages, more information is needed about the interventions that already exist (e.g. what is currently happening, does current provision meet employers needs, etc.). As a matter of urgency, the stakeholders should seek to develop a clearer picture of employer needs and to map current provision

4. There are undoubtably many good quality, effective labour market interventions. Any attempts to address the emerging issues should utilise these interventions wherever possible – scaling them up or refocusing them if necessary.

5. Learning from experiences elsewhere, tackling the shortages will require:
   - Stakeholders, including government, employers, industry groups and training providers, to work together.
   - Action to be taken at a number of different levels – encouraging entrants into the industry, improving retention rates, raising skills levels, etc. – as piecemeal interventions are rarely successful. A holistic approach – such as the Action Agenda in Australia, go2 in British Columbia or the North West Tourism Sector Skills Productivity Alliance – is required.

6. Within this, there is clearly scope for innovative approaches that seek to encourage specific groups to consider employment in the tourism industry – such as lone parents or older people returning to the workforce.

7. In terms of workforce development, as a significant proportion of training happens on-the-job, it will be essential to ensure that supervisory and management staff in tourism businesses are able to access training in the skillsets outlined above – and are given the skills to effectively pass these onto their colleagues.

REFERENCES

COMPAS (2007). *Are You Being Served? Employer Demand for Migrant Labour in the UK's Hospitality Sector*.

CEDEFOP (2005). *Trends and Skill Needs in Tourism.*

Experian (2006). *Employment and Skills for the 2012 Games: Research and Evidence*, LSC and LDA.

Future Foundation (2007). *Visitor Forecasts to Scotland 2005-2025.*

Futureskills Scotland (2007). *Labour Market Projection 2007-2017*.

Futureskills Scotland (2007). *Hospitality, Leisure, Travel and Tourism Industries: Scottish Sector Profile 2007.*

GRO Scotland (2007). *Projected Population of Scotland, 2006-based*.

IER (2005). *Working Futures 2004-2014*.

IPPR (2008). *Floodgates or Turnstiles?*

Jagger, N., Nesta, L., Gerova, V. and Patel, P. (2005). *Sectors Matter: An International Study of Sector Skills and Productivity*

Key Note (2007). *Market Review 2007: Travel and Tourism Market.*

ONS (2007). *Total International Migration*.

People 1st (2005). *Recruitment and Retention Report*.

People 1st (2006). *The Hospitality, Leisure, Travel and Tourism Sector in Scotland*.

People 1st (2006). *The Workforce Hokey Cokey: Who's in and Who's Out?*

People 1st (2006). *Skill Needs Assessment for the Hospitality, Leisure, Travel and Tourism Sector: United Kingdom Report*.

People 1st (2006). *Employer Panel Quarterly Survey, June – August 2006: EU Expansion – A 'Lucky Break' for Industry?*

Scottish Executive (2006). *Scottish Tourism: The Next Decade. A Tourism Framework for Change*.

SQW (2007). *SE Tourism Baselining: Impact Summary Paper*.

Tourism Intelligence Scotland (2008). *Scottish Tourism in the Future – Opportunities for Growth*.

UK Border Agency (2008). *Accession Monitoring Report*.

VisitScotland (2005). *Our Ambition for Scottish Tourism: A Journey to 2025*.

VisitScotland (2006). *When the Oil Runs Out: What Does This Mean For Scottish Tourism?*

APPENDIX 1: CASE STUDY INTERVENTIONS

After consultation with the Steering Group, key stakeholders and tourism practitioners in other areas and countries, the following interventions were selected as case studies:

- Action Agenda (Australia)
- Go2 (British Columbia)
- Greenbox Network (Ireland)
- Lone Parents Programme (New Zealand)
- North West Tourism Sector Skills Productivity Alliance (North West England)

The full case studies are provided in this Appendix.

ACTION AGENDAS (AUSTRALIA)

The Intervention

Aims and Objectives

Action Agendas were a key part of the former Australian Government's industrial approach. The aims of the Action Agenda approach were to assist industry sectors:

- to develop industry leadership; and
- to develop strategies for individual industries.

The industry sectors were responsible for the development and implementation of the Action Agenda by delivering on the identified and prioritised actions endorsed by the Government.

Rationale/Market Failure

Following the 1996 election, the then Australian Government committed to change the nature of industrial policy in Australia to be less interventionist, commissioned the Mortimer Review to scope a range of different approaches to industrial policy. The review recommended moving to a system whereby the government acted more as a facilitator - bringing companies within particular sectors together to address issues of productivity, and international competition, rather than as a driver of change. This led to the development of the Action Agenda approach.

Beneficiary Group(s)

In each case, the beneficiaries were companies or group of firms in the industry sector the Action Agenda focused on – for example, the restaurant and catering industry.

What did the Action Agenda involve?

The Action Agenda process involved strategic planning and implementation of agreed and prioritised actions addressing factors such as skills development and formation, innovation, sustainability and regulatory reform. There have been 38 Action Agendas since their introduction in 1998. Many of these dealt with sectors of the manufacturing industry, although a greater uptake by service orientated industries occurred subsequently.

The Restaurant and Catering Industry Action Agenda (RCIAA) was launched in 2004. The RCIAA addressed challenges relating to productivity, profitability and quality issues in the industry. An evaluation of the RCIAA was conducted by the Allen Consulting Group in 2007, after three years of implementation.

Staff from the then Department of Industry, Tourism and Resources were members of the implementation group to provide advice on government programmes that could be of assistance and to help ensure the success of the Agenda .

How were the Action Agendas funded?

Whilst initial Action Agendas received limited Government funding, the vast majority were not funded and accessed existing government programs. Small amounts of funds (c. AU$50,000) were made available for research and as seed money for implementation. The secretariat functions were carried by the then Department of Industry, Tourism and Resources.

Effectiveness of Intervention

Impact on Beneficiary Group(s)

An evaluation of RCIAA (Allen Consulting, 2007) found that outcomes had been achieved against five main categories: better business; education, employment and training; workplace relations; marketing and promotion; and technology and innovation.

- In relation to better business, there had been several significant achievements. R&CA's leadership of the industry had been strengthened. The Certified Professional Restaurateur Program had helped to raise the recognition of business and management skills in the industry. R&CA worked productively with regulators on issues such as food safety and with the ABS to develop more accurate measures of the industry. These activities contributed to greater recognition of the industry by government and others.
- Education, employment and training objectives were also addressed with R&CA being involved in the development of training packages. A report, the *Waiting is Over*, was an input to the National Skills Shortages Strategy. A pilot assessment tool was developed to screen individuals for aptitude in the hospitality industry. Work was also done on a Labour Agreement with the Australian Government Department of Immigration and Citizenship. In these areas, been little has filtered down to business in the industry.
- Marketing and promotion were also addressed: An Australian Food and Wine Atlas was published, the Savour Australia brand developed, with links to awards for excellence and restaurant accreditation. A study of the Australian dining out market was commissioned and R&CA contributed to the development of the Wine and Food Tourism Joint National Plan, in partnership with Tourism Australia and the Winemakers Federation of Australia.

- The technology and innovation outcomes of the Action Agenda were less successful. This area was arguable the most challenging, given that nature of the industry and the generally low levels of technology up-take by restauranteurs. The technology roadmap developed provided several recommendations in relation to point of sale technology, which have been progressed. Further consideration of how other aspects of the industry could benefit from innovation is recommended in the post-RCIAA period.

Impact on Tourism Industry

- As above.

Other Impacts

- No other impacts have been identified.

Key Lessons

Strengths

- Action Agendas were a relatively low cost, broad coverage mechanism for industries to develop strategic directions.
- The Action Agenda has been successful in building leadership and cohesion and getting industries to take responsibility for their own development.
- The Action Agenda approach helped to ensure that the Government had a good understanding of industry needs – and that these views were more cohesive than in the past. This helped them to develop effective policy responses that address industry-wide needs rather than those of particular sectors or sub-sectors.
- Because the emphasis was on identifying the actions that the industry itself could take to develop, the Action Agenda approach encouraged industry to develop solutions to its problems that were not reliant on Government funding.

Weaknesses

- Whilst the Action Agenda approach appears to have been successful for the tourism sector, it has not been universally successful in all sectors.

Critical Success Factors

- *Delivery Issues*

- Success has been dependent on having the appropriate individuals from the industry in the industry leaders and implementation groups.

- In order to be successful it was necessary for industry to take ownership of the process, and to make a commitment. There was also a need for strong leadership by industry champions and support from ministerial champions.

Key Lessons for Scotland

- Action Agendas appear to have been successful in getting industry involved even though there is no commitment from government to provide funding for, or assistance to, implement to solutions identified.
- Key to this is the fact that the Action Agenda gives credibility and recognition to industries that might otherwise not be high profile, the access to government departments that the approach provides and the opportunity to bring together industry association, individual companies and research institutions to work together.

GO2 (BRITISH COLUMBIA)

The Intervention

Aims and Objectives

Go2's mission is to anticipate and respond to current and emerging human resource challenges and opportunities and deliver practical recruitment, retention and training resources that drive results.

Rationale/Market Failure

The rationale for the creation of go2 was the result of an 18-month study that recommended the tourism industry improve its recruitment initiatives and its retention of workers, as well as its training and professional development of those currently in, and those interested in joining, the tourism workforce. This study and ensuing strategy was done as part of a four-pillar industry growth strategy to double tourism revenues over a ten year period. The most effective way to ensure this – and to ensure a thriving tourism industry in British Columbia – was to create a new HRD co-ordinating organisation to implement a multi-year industry HR strategy focusing on the areas of recruitment, retention, training and research.

Beneficiary Group(s)

The British Columbia tourism industry in general.

What Does the Intervention Involve?

Go2 is an independent, non-profit industry association. go2's role focuses on the following:

- Coordinating the industry's HRD strategy – implementing recruitment, retention and training initiatives
- Compiling labour market intelligence and conducting further research into employers' HR needs
- Conducting ongoing planning to ensure effective adaptation of HR strategy
- Developing competency standards for tourism occupations (in partnership with the Canadian Tourism Human Resource Council and the provincial Industry Training Authority)
- Incorporating marketing activities into the core funding model:
  - Educating and influencing employers regarding HR practices
  - Liaising with education and training providers
  - Liaising with government on training priorities
  - Marketing career and employment opportunities to the general public

  - Acting as an information and referral service with online links to HR resources for both employers and employees
- Identifying support services that will operate on a cost-recovery or profitable basis and include:
  - Sales/distribution of HRD resources (e.g., training workbooks, performance standards)
  - Occupational certification involving competency assessments by industry evaluators
  - Industry training programs in selected areas such as *Serving It Right* and *FoodSafe.*
- Establishing a board of industry leaders, with nominations solicited from all sectors and regions of the province.

Who Is Involved?

Go2's members are industry-related associations and organisations representing all sectors of the tourism industry, educational partners and tourism marketing and promotion organisations.

Who Leads?

Go2 is an independent organisation that leads in addressing labour market issues in the tourism industry.

How Is the Intervention Delivered?

Go2 delivers a range of interventions to address labour market issues in the tourism industry.

Major initiatives include the Move On Up campaign, which is intended to be a multi-year programme reaching out to youth, their influencers, and under-represented labour groups such as older workers, aboriginal people, new immigrants, potential immigrants, people with disabilities and youth at risk. Tactics include advertising, public relations, high school and other career awareness presentations, career fairs, partnerships with industry to promote careers in specific sectors, and the moveonup.ca website and e-newsletter, and new media strategies including FaceBook.

In late 2006, go2 was sanctioned by the Industry Training Authority (ITA) to take on a new industry training mandate for the tourism industry in British Columbia. The mandate of go2's new training division is to establish an innovative and effective industry-driven training system serving BC's tourism industry. The work of go2's training division will focus on defining training needs, setting industry training standards, deploying effective delivery systems and measuring industry training results. It will achieve this through close consultation with industry and by interfacing with training providers. Currently, the apprenticeship programs for Cook, Baker and Meatcutter fall under the jurisdiction of go2. Moving forward, go2 will conduct a training needs assessment and look at the development of new and improved industry credentials driven by the needs of the tourism industry.

How Is the Intervention Funded?

The organization has an operating budget of $2.1 million funded in part through the sale of courses to the industry (including ‘Serving it Right’ and ‘FoodSafe’ by correspondence.) As well, go2 received funding and generates revenue through the Canadian Tourism Human Resource Council and sales of its training products and occupational certification. These programs were previously administered by the now-retired Hospitality Industry Education Advisory Committee. Tourism British Columbia has made a $270,000 annual contribution to support this work.

Effectiveness of Intervention

Impact on Beneficiary Group(s)

Labour shortages have reached a critical point in BC and the industry’s proactive and strategic response through go2 has had a huge impact on mitigating the labour shortage. Impact of go2’s activities include improved HR practices in the industry including innovative recruitment tactics, improved management practices, compensation packages, and expanded reach to target groups about jobs and careers in tourism. Improvement of government policy regarding recruiting temporary foreign workers in tourism & hospitality classifications, changes to the Provincial Nominee immigration program to increase participation of tourism classifications, increased national and global awareness of careers in tourism in BC, labour market and compensation research to aid employers in recruitment and retention tactics. Tourism labour shortages and HR issues are now one of the top priorities for the industry, government (local, provincial and federal).

Impact on Tourism Industry

As above.

Other Impacts

National and international marketing of careers in BC’s tourism industry have had a positive effect on consumer decisions to visit BC as a destination.

Other industry sectors nationally and internationally are looking at go2's success as a role model for their region.

Key Lessons

Strengths

- ALL industry sectors (accommodations/food & beverage/snowsports & outdoor recreation/transportation/travel services) as well as other stakeholders (government/educators/unions/destination marketing associations/suppliers) working together on HR issues through one central agency is the most important strength of this model.
- Sustainability (eg. having numerous revenue sources) is another major strength
- Creating and staying focused on the vision has been a major strength.
- Remaining independent from government or one particular sector is a strength.
- Although go2 has to have "members" because it is a not-for-profit registered society; it is not a "member-driven" association in that its programs and services are available to the entire industry, regardless if an organization is a member of go2 or not.

Weaknesses

- None identified

Critical Success Factors

- *Delivery Issues*
  - Industry Ownership
    - All programs and services must be of real value to industry
    - The industry must "pay to play."
-
- *Contextual Issues*
  - None identified.

Key Lessons for Scotland

- Go2's success is a result of its holistic approach to tackling the challenges to the tourism labour market in British Columbia – identifying current and future recruitment issues, providing information and support to employers and potential recruits, promoting the industry and providing training.

- Building mechanisms for income generation – through the sale of training courses and certificates to the industry – are important for sustainability (and credibility!).

GREENBOX NETWORK (IRELAND)

The Intervention

Aims and Objectives

Greenbox Network aims to create a network of environmentally sustainable tourism products (including accommodation, activities and natural-resource based attractions) in North West Ireland. The accommodation, activities and attractions developed will be environmentally friendly, have a minimal impact on the ecology of the area, be of maximum benefit to local communities and match the needs of environmentally conscious visitors. Key to developing these products is an accreditation process and gaining accreditation is dependent on attending customised training courses. As such, Greenbox Network is helping to develop skills in a potential growth area.

Rationale/Market Failure

The North West of Ireland is not traditionally viewed as a tourism destination (and currently has a limited tourism offering). However, it has significant potential to tap into a niche market (ecotourism). The Greenbox Network is tasked with kick starting the area's potential by ensuring that tourism businesses achieve a set of ecotourism standards by providing training and learning opportunities.

Beneficiary Group(s)

Tourism employers and the region as a whole.

What Does the Intervention Involve?

The Greenbox Network provides training and learning opportunities to help tourism enterprises in the North West of Ireland to achieve a set of ecotourism standards. The purpose of the standards is to ensure tourism businesses are offering a genuine ecotourism experience (tapping into the demand for authentic experiences outlined in Chapter 2) which in turn can help in promoting the region. A mentor support programme for those going through the accreditation process is also in place. In addition there are grants available for capital investment projects in the area.

Who Is Involved?

The Greenbox Network is supported by a number of organisations, including the EU, Combat Poverty Agency, Pobal, Leitrim County Council and the Western Development Commission.

Who Leads?

The Greenbox Network is an independent training and learning organisation.

How Is the Intervention Delivered?

The Greenbox has implemented a number of measures to help drive the creation of an attractive destination including a dedicated Ecotourism Certification Training Programme and a mentor programme. An individual training needs analysis will be carried out on each participant.

Greenbox Ecotourism Certification is a process that allows us to help to guarantee that customers purchasing ecotourism products will be absolutely convinced as to their authenticity. It is a means of assessing, monitoring and giving written assurance that a Greenbox product provider is meeting and exceeding minimum standards. Furthermore it allows businesses to confidently market their products globally, safe in the knowledge of the Greenbox guarantee.

It is mandatory that all participants join the Greenbox Network in their first year and pay a membership fee of €100 for accommodation providers and €50 for all other businesses. This membership fee will be lodged in a dedicated account and used as the networks fund to assist local conservation projects. All training and mentoring costs necessary for achieving certification are covered by the Peace II Programme during the first year of participation.

Effectiveness of Intervention

Too early to say - not yet identified.

Key Lessons

Strengths

- The Greennox Eco Label is based on principles developed by the International Ecotourism Society (TIES) and international best practice. This gives real credibility to the businesses being supported by the Greenbox Network.
- This project has piloted a training-led approach to developing green tourism in Ireland at a relatively modest cost. As ecotourism is a potential growth area, there is a real opportunity to achieve growth in the tourism sector.

Weaknesses

- The scale of the project is relatively small and there are some concerns about attractiveness of the end result (i.e. the ‘Greenbox’ tourism region) in the market.

- The overall long-term financial viability of the Greenbox Network needs to be considered. It would appear that it will not be self-sufficient for at least five years. Its ability to generate some of its own revenue through its members and other activities needs further examination.

Critical Success Factors

- Whilst the programme aims primarily to create a niche ecotourism product through accreditation and training, it continued to foster linkages with the mainstream tourism sector, including tourism information centres tourism agencies, larger-scale tour operators, transport companies etc.
- The region had a mix of good natural resources for tourism and this initiative attempted to tap into these previously underutilised assets.

Key Lessons for Scotland

- The Greenbox Network is an attempt to promote a niche market (ecotourism) in an area that has not traditionally been seen as a tourism destination (North West Ireland). To ensure the 'authenticity' of the ecotourism experience, skills development has been embedded into the development of this new market – by making achieving 'Greenbox' accreditation dependent on attending training. Scotland faces similar challenges in developing new higher value markets for Scotland and the Greenbox Network is one possible model for raising skills levels and building credibility.

LONE PARENT PROGRAMME (NEW ZEALAND)

The Intervention

Aims and Objectives

The aim of the Lone Parent Programme is to help lone parents move into the hospitality workforce, initially on a part time basis.

Rationale/Market Failure

There is currently a labour shortage in the New Zealand hospitality industry. The Lone Parent Programme attempts to address this by making it easier for lone parents gain work in the industry. This also helps reduce dependence on welfare benefits.

Beneficiary Group(s)

There are two beneficiary groups, namely:

- Employers in the hospitality industry – who are able to tap into an additional source of labour; and
- lone parents who are given an opportunity to gain employment.

What Does the Intervention Involve?

The Lone Parent Programme provides support and training to lone parents to help them rejoin the workforce.

Who Is Involved?

The New Zealand Government (Ministry of Social Development), Hospitality Association of New Zealand (HANZ), Retail Association and a intermediary training provider, Treehouse.

Who Leads?

The New Zealand Ministry of Social Development has led the pilot phase of the programme.

How Is the Intervention Delivered?

Initially, 8,000 lone parents were contacted by the programme to identify if they would be interested in part-time work in the hospitality sector. The lone parents were also asked about whether a lack of childcare (and in particular, lack of childcare outside of Monday to Friday, 9-5) was preventing them from exploring opportunities in the hospitality sector.

Lone parents that indicated that they were interested in opportunities in the hospitality sector are given training and then placed into a part-time job. Ongoing training (once they are in work) is provided – focusing on enabling the lone parents to move into full-time work when their personal circumstances allow.

Effectiveness of Intervention

As the programme is still at the pilot phase it is too early to say. However, the Lone Parent Programme is an extension of the *Straight to Work* programme that by the Hospitality Association of New Zealand, in partnership with the Ministry of Social Development. This programme provides four weeks training, followed by a ten-week work placement. At this point, the individual becomes a fully fledged employee and leaves unemployment benefit. The Straight to Work programme has been running since 2002 and has successful in reducing the numbers on unemployment benefit and in increasing the hospitality industry's interest in taking on part-time employees. This success led to HANZ looking at how the programme could be expanded to include lone parents.

Key Lessons

Strengths

- The key strength of the Lone Parent Programme (and the Straight to Work Programme that it is based on) is that employers play a key role in the programme - selecting the lone parents that get to join the programme.

Weaknesses

- However, as is often the case when working with groups that are currently outside the labour market, the programme has experienced some issues with the quality of candidates.

Critical Success Factors

- Critical to the success of the programme is that the New Zealand Government listened to the hospitality industry and gave the industry the ability to make decisions about the design of the programme and the selection of candidates.

Key Lessons for Scotland

- The Lone Parent Programme (and its precursor, the Straight to Work programme) show that skill shortages can be tackling through innovative attempts to bring new candidates into the sector.

- However, such attempts will only be successful if the industry plays a key role in the design of the programme and in the selection of candidates.

NORTH WEST TOURISM SECTOR SKILLS PRODUCTIVITY ALLIANCE (NORTH WEST ENGLAND)

The Intervention

Aims and Objectives

The aim of the North West Tourism Sector Skill Productivity Alliance (SSPA) is to raise regional tourism productivity, skills levels and economic competitiveness through effective partnership working.

Rationale/Market Failure

There are a range of issues that the tourism industry in the North West needs to address including:

- low productivity;
- recruitment and retention; and
- skills gaps and shortages – especially in customer service and leadership and management.

The Tourism SSPA has been established to coordinate the Sector Skills Agreement and deliver the National Skills Strategy on behalf of People 1st in the North West. It brings together the key funding and planning partners to develop a skills and business development strategy for the tourism sector in the Region.

Beneficiary Group(s)

All hospitality, leisure, travel and tourism employers covered by the People 1st Sector Skills Council.

What Does the Intervention Involve?

The SSPA enables the key partners to understand and implement the region's skills and business development strategy. A key role for the SSPA is to identify the key regional issues that the sector is facing, to summarise these and then to feed these into the Regional Skills Partnership and up to national level to inform the development of the Sector Skills Agreement.

There are also 2 projects funded by North West Regional Development Agency (NWRDA) as a result of the SSPA:

- Pilot of UK Skills Passport – to address recruitment and retention issues.
- National Hospitality Skills Academy – to establish world class skills delivery to meet needs of employers.

Who Is Involved?

Range of partners in SSPA:

- Blackpool and Lancashire Tourist Board
- NWRDA
- LSC
- Business Link
- Regional Intelligence Unit (RIU)
- People 1st
- Jobcentre Plus
- Cumbria Tourist Board
- North West Universities Association (NWUA).

Who Leads?

People 1st lead many of the interventions, supported by NWRDA including the UK Skills Passport (uksp) and National Hospitality Skills Academy (NHSA).

How Is the Intervention Delivered?

The SSPA:

- Provides demonstrable evidence of sectoral employer demand for training and educational provision, enabling mainstream public sector funds to be aligned to meet the needs of the sector employers (demand side) in the region
- Disseminates details of this initiative across the region to ensure buy-in, cooperation and to avoid duplication.
- Ensures that all other sector skills and productivity activities relate to this wider regional initiative.
- Ensures that the discretionary funds of public bodies are better aligned with key issues facing the sector.

How Is the Intervention Funded?

NWRDA provides funding for a People 1st post to co-ordinate the NW Tourism SSPA and the action plan to deliver the Skills Strategy. NWRDA also provides funding for the UKSP and NHSA projects. These are also supported by the Learning and Skills Council.

Effectiveness of Intervention

The North West Tourism SSPA has achieved its initial outputs and outcomes, within budget. One of the main successes of the approach is that it has encouraged joined up working and greater communication between a diverse range of partners. In addition, the North West Tourism SSPA has helped facilitate employer and FE/HE engagement in the UK Skills Passport and National Hospitality Skills Academy projects.

Key Lessons

Strengths

- The partners involved in the North West Tourism SSPA have a clear understanding of each partner's role and responsibility and are committed to joint working. Key to this process is partners exchange information on a regular basis.
- The North West Tourism SSPA has led to better use of public funding and has helped avoid duplication.

Weaknesses

- The North West Tourism SSPA involves a number of public sector organisations, each with different Government targets that they need to meet. This can be difficult to work around.

Critical Success Factors

- Having dedicated funding and staff to co-ordinate the North West Tourism SSPA helps the group to be effective – as it is not seen as an offshoot of any one partner.
- Key to success has been making sure that the right partners are around the table – and that partners understand each others' roles and responsibilities.
- It has been important to build up a good knowledge of partners' activities - as this helps avoid duplication.

Key Lessons for Scotland

- The North West Tourism Sector Skills and Productivity Alliance helps ensure that the needs of the sector are met by bringing together a wide range of partners.
- Key to success of the Alliance is that the partners have shared information on their objectives, targets and activities and been committed to joint working. This has helped ensure that public funding is used more effectively – both in

terms of ensuring that support is aligned to employers need and by preventing duplication of services.

APPENDIX 2: SECTOR DEFINITIONS

Scottish Government

Industry	SIC
Hotels	5510
Youth hostels and mountain refuges	5521
Camping sites, including caravan sites	5522
Other provision of lodgings not elsewhere classified	5523
Restaurants	5530
Bars	5540
Activities of travel agencies and tour operators; tourist assistance	6330
Library and archive activities	9251
Museum activities and preservation of historical sites	9252
Botanical and zoological gardens and nature reserve activities	9253
Operation of sports arenas and stadiums	9261
Other sporting activities	9262
Gambling and betting activities	9271
Other recreational activities not elsewhere classified	9272

Futureskills Scotland

Industry	SIC
Hotels	5510
Youth hostels and mountain refuges	5521
Other provision of lodgings not elsewhere classified	5523
Restaurants	5530
Bars	5540
Canteens	5551
Catering	5552
Activities of travel agencies and tour operators; tourist assistance	6330
Fair and amusement park activities	9233
Gambling and betting activities	9271

People 1st

Industry	SIC
Hotels	5510
Youth hostels and mountain refuges	5521
Other provision of lodgings not elsewhere classified	5523
Restaurants	5530
Bars	5540
Canteens	5551
Catering	5552
Activities of travel agencies and tour operators; tourist assistance	633
Fair and amusement park activities	9233
Other entertainment activities not elsewhere classified	9234
Gambling and betting activities	9271