



Sectoral Skills Assessments

Tourism

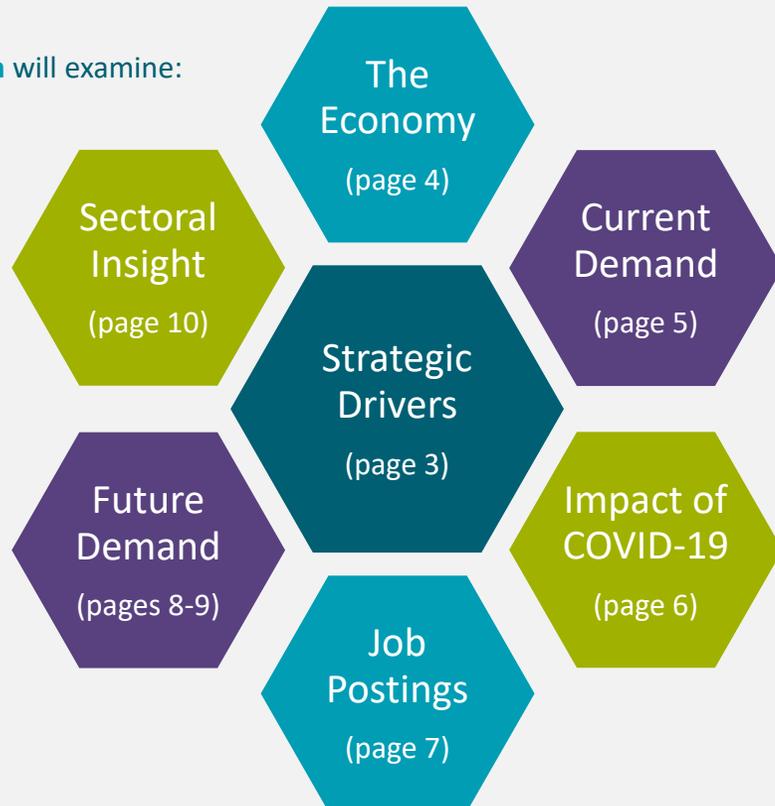
June 2021

Tourism

The sector encompasses: hotels and similar accommodation, camping grounds, restaurants and beverage activities, tour operator activities, museum activities and other visitor attractions, garden and nature reserve activities, and amusement parks and recreation activities.

The Sectoral Skills Assessments (SSAs) are produced by the SDS Evidence and Impact Team which look at current and future skills demand in the key sectors across Scotland. The aim of the SSA is to provide a high-level evidence base to inform future investment in skills, built up from existing datasets. The SSAs are published on a quarterly basis, and will continue to review new data, evidence and insight. For example, our next iteration will contain a feature on the Scottish Employer Skills Survey 2020.

This SSA for **Tourism** will examine:



The SDS Evidence and Impact Team produce a range of labour market insight outputs:

Regional Skills Assessments

- The Regional Skills Assessments (RSAs) provide a coherent evidence base to inform future investment in skills.
- Covering all Regional Outcome Agreement areas and all City and Growth Deal Regions, the RSAs offer a detailed picture of the effect the COVID-19 pandemic is having on local labour markets across the country.
- The March release of the RSAs can be accessed [here](#) alongside the accompanying Data Matrix. The next update is planned for July.

COVID-19 Labour Market Insights

- The COVID-19 Labour Market Insights provides succinct and up-to-date evidence on the impact of the pandemic on Scotland's economy, businesses and people.
- It includes sectoral and regional insight and summarises the key challenges alongside the ongoing response from SDS.
- The June release can be accessed [here](#) alongside previously published reports and the accompanying dashboard which provides more detail on real time data.

For any further information or queries on the SSAs or any of our other products, please contact: RSA@sds.co.uk



The Context for Scotland's Labour Market



Prior to COVID-19, Scotland's labour market was already facing a number of issues and challenges. The impact of COVID-19 has added to these challenges. COVID has hit the economy hard and, although we are beginning to see some signs of recovery, it is thought that it could take between one-three years to return to pre pandemic levels of growth.¹ As Scotland's economy recovers, the interplay of these key drivers will determine Scotland's future course. The development of fit for purpose skills have an important role in supporting economic recovery and inclusive growth. An effective skills system will help to support and attract inward investment, increase productivity and tackle inequality and deprivation.²

The Economy & Productivity



Over 2020 overall, the impact of the pandemic on GDP has been dramatic and COVID-19 has led to the largest annual fall of Scottish GDP on record. At its lowest point in April 2020, GDP fell to 23.4% below its pre-pandemic level.³ Measuring productivity during the pandemic has been challenging but, at a high level, variance in productivity performance is expected across sectors and, in turn, regions.⁴ The Tourism sector was particularly hard hit by the impact of the pandemic.

Demographic Change



As with many economies in the developed world, Scotland's population is ageing.. By 2043, the number of people of pensionable age in Scotland is expected to increase by 23%, (240,000 people) whilst the working-age population is projected to decline by 7,000. This suggests the possibility for a tighter labour market in future and an increasing dependency ratio.⁵ The Tourism sector's workforce is ageing and the pool of talent could be further threatened by loss of EU workers.

Equality & Inclusive Growth



Scotland has led the way in advocating for inclusive growth within a broader economic development strategy. Scottish Government supports 'growth that combines increases in prosperity with greater equity, creates opportunities for all and distributes the dividends of increased prosperity fairly'.⁶ COVID-19 has had an uneven impact on some groups in society including young people, older workers, women, disabled people, ethnic minority groups, low paid and low income households.⁷

Automation



Advances in technological developments were already changing the world of work and they will continue to do so into the future. To give a sense of scale, in Scotland around 46% of jobs have high potential for automation, some 1.2m jobs.⁸ Many jobs will evolve rather than disappear. There will also be the creation of new high-quality jobs and opportunities for more flexible working, which has been expedited by the pandemic.

Climate Change



The Scottish Government has set 2045 as the target for achieving a net zero carbon economy. The labour market will be affected by changes to climate change legislation and consumer behaviours as the economy moves towards greater sustainability.⁹ The pandemic has caused behavioural change to the benefit of the environment, and 'green jobs' are at the forefront of the government's plans for recovery.

Brexit

Prior to the pandemic, Brexit was a key source of uncertainty, and this created downwards pressure across productivity, business investment, retail sales and trade. The risk exists that the number of EU workers in Scotland could decline due to reduced in-migration and/or increased return migration. Ongoing Brexit concerns, and new COVID-19 considerations, create heightened uncertainty regarding the supply of migrant labour from the EU and further afield.¹⁰ There is limited secure evidence on the potential impact of Brexit on Tourism numbers. In 2019, 18% of Tourism employees were from the EU, over 3 times the Scottish average.¹¹



The Economy¹

Gross Value Added (GVA)²

The COVID-19 pandemic led to a sharp fall in activity in the **Tourism** sector, and it has been significantly more affected than the Scottish economy as a whole.

Tourism output recovery will be prolonged, with GVA not expected to return to its pre-pandemic levels until around 2028.



Total **Tourism** GVA in 2021:
£3,690m
down 12% from 2011

Tourism forecast GVA in 2031:
£5,288m
up 43% from 2021

Total **Scotland** GVA in 2021:
£137,109m
up 6% from 2011

Scotland forecast GVA in 2031:
£163,273m
up 19% from 2021

Productivity (GVA per job)

COVID-19 has impacted on productivity, and has created challenges in how it is accurately measured.³ Due to data availability at sector level, a jobs-based measure is presented below. If data supported an hours worked based measure, the data presented below would likely differ due to the impact of interventions like the Coronavirus Job Retention Scheme (CJRS). Under this scheme furloughed individuals are categorised as being employed but working no hours.



Tourism productivity in 2021:
£18,100

Tourism forecast productivity in 2031:
£23,100

Productivity across **all sectors** in 2021:
£50,200

Productivity across **all sectors** in 2031:
£56,600

Fair Work⁴

Fair Work is work that offers all individuals an effective voice, opportunity, security, fulfilment and respect. The impact of COVID-19 has challenged Scotland's progress in working towards Fair Work. However, at a time when many employers are redesigning their business models, the opportunity to build in Fair Work has never been greater.

One element of Fair Work relates to pay, and an associated measure is the number of employed individuals earning the Living Wage or more:⁵

Wholesale and retail trade

2019: **57.9%** 2020: **57.7%**

All sectors

2019: **83.2%** 2020: **84.8%**

Accommodation and food services

2019: **40.0%** 2020: **35.6%**



Gender Pay Gap⁴

The impact of COVID-19 may put further pressure on the gender pay gap as periods of part-time employment or unemployment have long-term effects on pay and progression.⁵

Gender Pay Gap for median full-time hourly earnings:^{5,6,7}

Wholesale and retail trade

2019: **12.0%** 2020: **8.4%**

Accommodation and food services

2019: **3.6%** 2020: **8.6%**

Scotland

2019: **7.2%** 2020: **3.0%**



1. Forecasts by Oxford Economics (unless otherwise stated).

2. GVA is the measure of the value of goods and services produced within the economy. GVA in constant 2018 prices.

3. See Technical Note on our website for more information.

4. Due to data availability, a 'best fit SIC code approach' has been used, so the sectoral definitions and totals in this section may vary from those we have used elsewhere.

5. See Page 11 for source references.

6. Estimates for employees aged 16+ on the PAYE system on adult rates whose pay for the survey period was not affected by absence. Estimates for 2020 include employees who have been furloughed under the Coronavirus Job

Retention Scheme.

7. A 4% gender pay gap denotes that women earn 4% less, on average than men. Conversely, a -4% gender pay gap denotes that women earn 4% more, on average, than men.

Tourism Employment



Workforce size 2021:

176,200 people

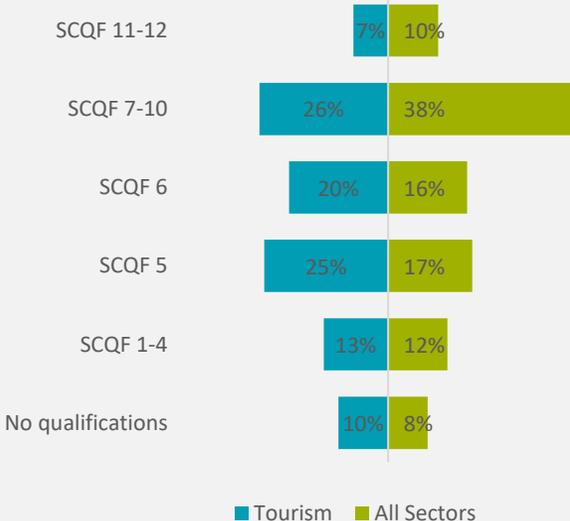


The workforce was expected to shrink between 2020 and 2021: **down by 8.6% or 16,500 people**



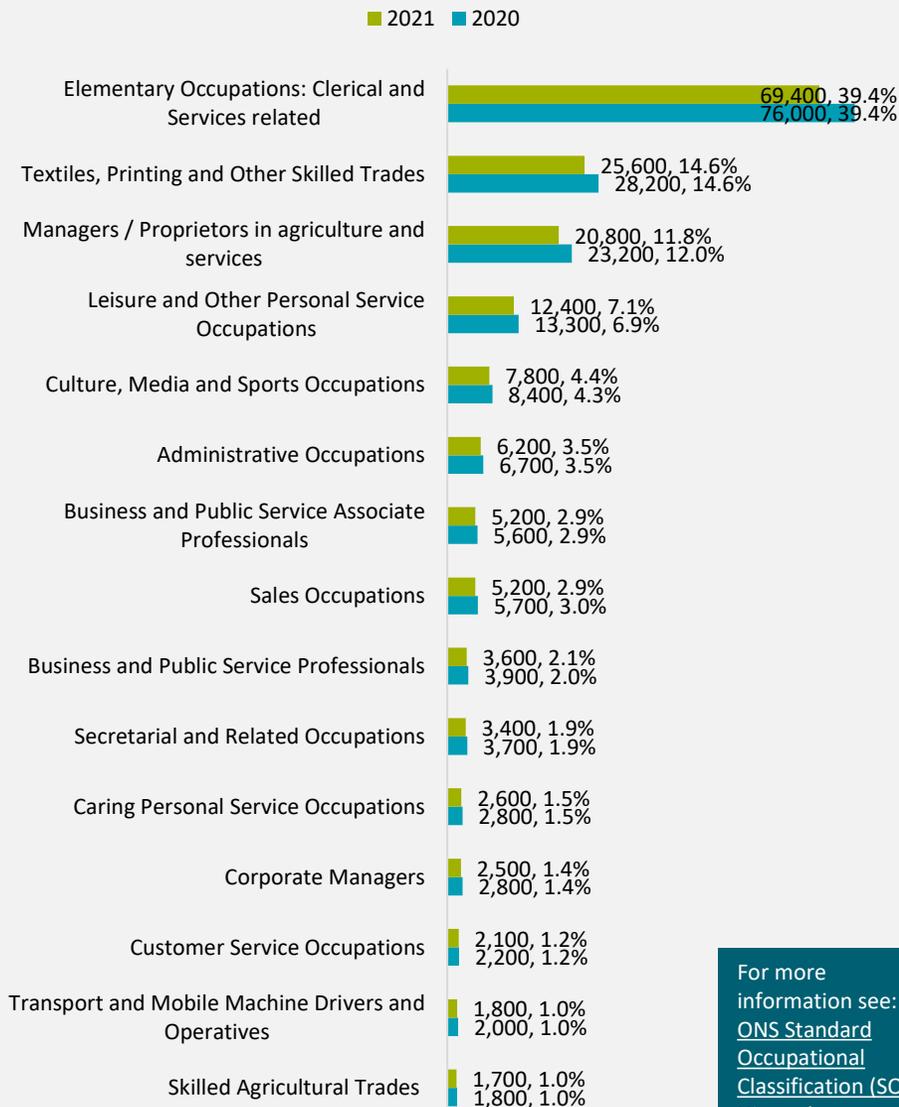
Compared to a Scotland wide decrease of **1.2% or 32,800 people**

Workforce Qualifications, 2021



Compared to all sectors, a higher proportion of the workforce in the **Tourism** sector was qualified to SCQF levels 1-6.

Top Employing Occupations (people), 2021



For more information see: [ONS Standard Occupational Classification \(SOC\) Hierarchy](#)

Top Employing Regions, 2021

The **Tourism** sector is more evenly distributed across Scotland's regions compared to other sectors with the highest numbers not surprisingly encapsulating the two biggest cities.

Edinburgh, East and Midlothian
36,300 people

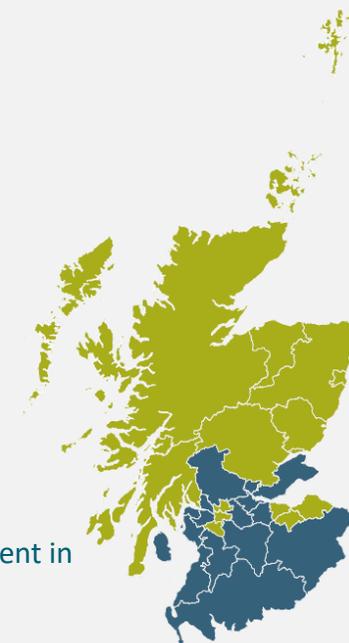
Glasgow Region
31,300 people

Highlands and Islands
22,300 people

Aberdeen City and Shire
15,700 people

Tayside
14,800 people

Scotland total employment in Tourism:
176,200



1. Forecasts by Oxford Economics (unless otherwise stated).

Impact of COVID-19

The COVID-19 pandemic has had a major impact on the Scottish economy. For 2020 as a whole, annual GDP is estimated to have fallen by 9.6% in real terms compared to 2019.¹

All sectors in Scotland have been impacted by COVID-19, with some sectors disproportionately affected. This will lead to differences in sectoral recovery, including continued challenges around social distancing measures and new ways of working.

Furlough

As a result of new restrictions outlined by the UK Government, the Coronavirus Job Retention Scheme (CJRS) has been extended several times. Currently, the furlough scheme has been extended to 30 September 2021. From July employers will be required to contribute to employee earnings (as was the case in September and October 2020).

There are concerns that continued weak economic performance could mean furlough is a precursor to redundancy.

Jobs supported by the furlough scheme (as at 30 April 2021):^{2,3}



Wholesale and retail trade; repair of motor vehicles and motorcycles: 47,270 jobs



Accommodation and food services: 77,010 jobs



Scotland: 269,800 jobs

Redundancy^{4,5}

Partnership Action for Continuing Employment (PACE) aims to help minimise the impact for people and businesses facing redundancy.

PACE information provision (individuals):

Sector	2020/21	1 Apr 21-31 May 21
Wholesale and retail trade; repair of motor vehicles and motorcycles	1,035	225
Accommodation and food service activities	1,260	95
All Sectors	7,995	1,495

PACE information provision (employers):

Sector	2020/21	1 Apr 21-31 May 21
Wholesale and retail trade; repair of motor vehicles and motorcycles	75	20
Accommodation and food service activities	55	5
All Sectors	300	55

Modern Apprenticeships^{6,7}

COVID-19 has fundamentally changed the context in which apprenticeship training is delivered, and the statistics must be considered in this context. In addition, fluctuations throughout the year are expected. Due to the lower number of MA starts, comparisons with the same point year, should be treated with caution.

Data is for Quarter 4 (April - March 2019/20 and 2020/21)



MAs in training:

Hospitality and Tourism*:

Q4 2019/20: **1,945** Q4 2020/21: **1,337**

Scotland:

Q4 2019/20: **38,030** Q4 2020/21: **36,928**



MA redundancies:

Hospitality and Tourism*:

Q4 2019/20: **29** Q4 2020/21: **176**

Scotland:

Q4 2019/20: **398** Q4 2020/21: **936**

* Based on [SDS Occupational Groupings](#).

1, 2, 4, 6. See Page 11 for source references.

3 Please note figures are provisional and will be revised in the future. Sector groupings have been defined by HMRC.

5. Disclosure control has been applied where figures are less

than five or where such numbers can be identified through differencing. (Data rounded to nearest 5).

7. Disclosure control has been applied where figures are less than five or where such small numbers can be

identified through differencing.

Job Postings in Tourism



Number of job postings from 1st June 2020 to 31st May 2021:
7,970



Kitchen and Catering Assistants
1,090 job postings
accounting for 14%



Chefs
870 job postings
accounting for 11%



Waiters and Waitresses
350 job postings
accounting for 4%

Salary 2020

Median real-time
advertised salary in
Tourism:

£21,600*

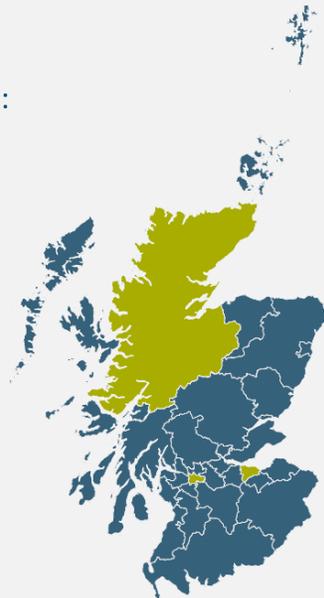


Within **Tourism**, the locations with the most jobs advertised were:

City of Edinburgh
1,500 job postings
accounting for 19%

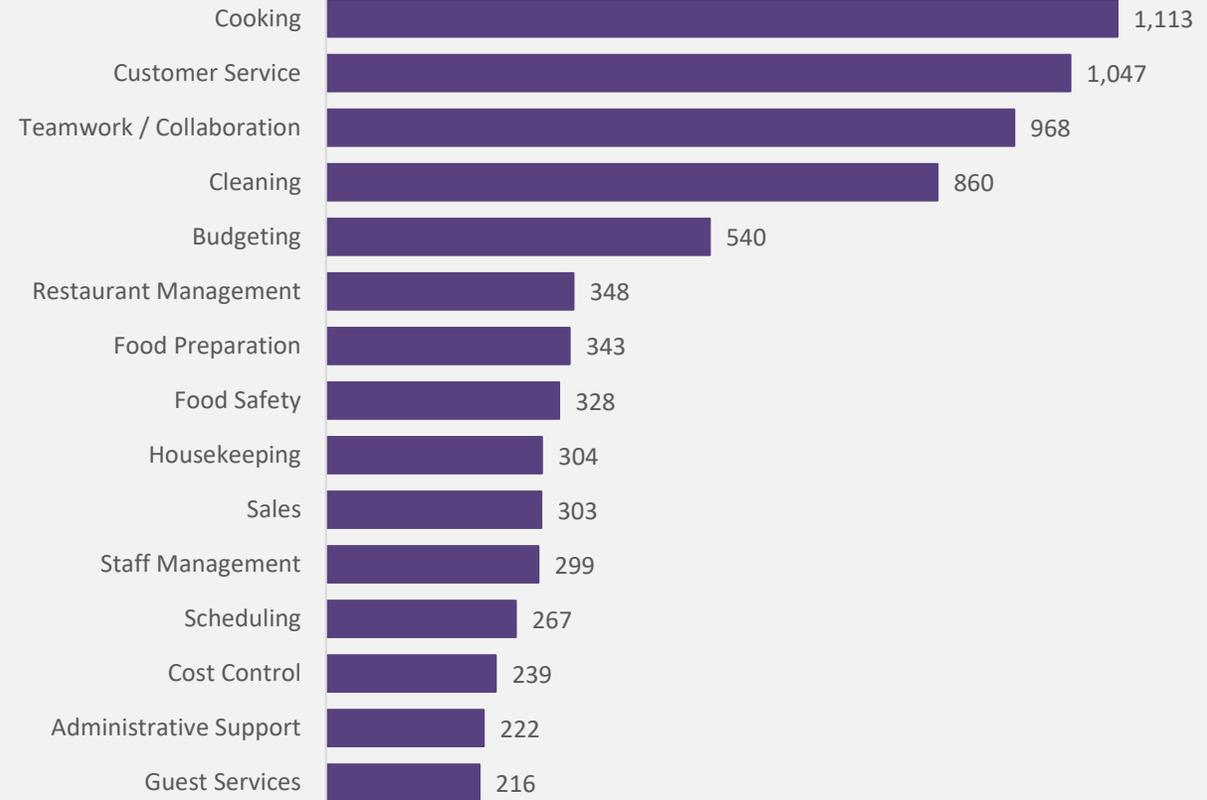
Glasgow City
1,190 job postings
accounting for 15%

Highland
650 job postings
accounting for 8%



Skills

Not all job postings specify the skills required for the role, likewise the detail varies between adverts. Based on information from approximately **57%** of job postings in **Tourism** the most requested specialised skills were:



Online job postings data provides a useful barometer for the health of the jobs market. Important to note that the data does not capture all activity, so it should be considered as an estimate of activity only.



1. See Page 11 for source references.

2. Job postings data is rounded to the nearest 10.

* Median salary based on 47% of records that contain salary information.

Future Demand in the mid-term (2021-2024)¹

In **Tourism**, the labour market is forecast to continue to face some challenges. The forecasts for the mid-term (2021-2024) however suggest there could be some jobs growth and opportunities created as a result of the need to replace workers leaving the labour market due to retirement and other reasons.

Whilst positive, caution is needed as there are still a wide range of unknowns concerning Scotland's post COVID-19 recovery. The jobs market could also be competitive, with the number of people seeking jobs outnumbering the opportunities available. Skills mismatches and job quality will also be important factors to consider.

Tourism Total Employment, 2021-2024



Workforce size 2024:
191,200 people



The workforce is expected to grow between 2021 and 2024:
up by 8.5% or 15,000 people



Compared to a Scotland wide increase of
3.0% or 77,600 people

Tourism Job Openings, 2021-2024



Tourism is forecast to account for **13.1%** of Scotland's total number of job openings in the mid-term (2021-2024)



Top Employing Occupations (people), 2024



Elementary Occupations: Clerical and Services Related
Total Employment:
74,700



Textiles, Printing and Other Skilled Trades
Total Employment:
27,700



Managers / Proprietors in Agriculture and Services
Total Employment:
22,300



Leisure and Other Personal Service Occupations
Total Employment:
13,800



Culture, Media and Sports Occupations
Total Employment:
8,900

1. All data on this page sourced from Oxford Economics, 2021. Total requirement for people is made up of expansion and replacement demand. Expansion demand is the measure of an increase/decrease in jobs as a result of

economic growth or contraction; replacement demand is the number of job openings generated through labour market churn (i.e. those who retire, move away or change jobs). N.B. figures are rounded to the nearest 100 and as a result totals

may not equal the sum of the constituent parts.

Future Demand in the long-term (2024-2031)¹

The forecasts for the long-term (2024-2031) highlight that strong jobs growth is forecast to continue in **Tourism**. It is also expected that there could be an ongoing requirement for skilled people to fill opportunities created by people leaving the labour market. This feature of the labour market is known as the replacement requirement.

The long-term forecast is changeable and could be influenced by a range of factors both related and not to Scotland's post COVID-19 recovery. National and local policy, investment and initiatives could all influence the long-term outlook presented.

Tourism Total Employment, 2024-2031



Workforce size 2031:
193,200 people



The workforce is expected to grow between 2024 and 2031:
up by 1.0% or 2,000 people



Compared to a Scotland wide increase of
0.8% or 21,000 people

Tourism Job Openings, 2024-2031



2,000 people Expansion Demand



75,800 people to fill Job Openings

Tourism is forecast to account for **11.3%** of Scotland's total number of job openings in the long-term (2024-2031)



Top Employing Occupations (people), 2031



Elementary Occupations: Clerical and Services Related
Total Employment:
75,400



Textiles, Printing and Other Skilled Trades
Total Employment:
27,700



Managers / Proprietors in Agriculture and Services
Total Employment:
21,400



Leisure and Other Personal Service Occupations
Total Employment:
14,600



Culture, Media and Sports Occupations
Total Employment:
9,600

1. All data on this page sourced from Oxford Economics, 2021. Total requirement for people is made up of expansion and replacement demand. Expansion demand is the measure of an increase/decrease in jobs as a result of

economic growth or contraction; replacement demand is the number of job openings generated through labour market churn (i.e. those who retire, move away or change jobs). N.B. figures are rounded to the nearest 100 and as a result totals

may not equal the sum of the constituent parts.

Recruitment Challenges



As the sector starts to re-open following the pandemic businesses are reporting major challenges recruiting staff with many having left the sector during the pandemic. These challenges have been exacerbated by the impact of Brexit with many skilled migrant workers having left the sector and new immigration rules preventing the sector from accessing staff from Europe to replace them. The need for a campaign to promote the sector as a career of choice and raise awareness of employment opportunities within the sector is seen as being increasingly important. Staff shortages are reported to be especially high in professional cookery and other kitchen work, waiting staff, reception and housekeeping.

Upskilling of staff



Funding from the Scottish Government for 2021/22 has been made available to support the upskilling of staff within the sector. An on-line supervisory, management and leadership training programme has already been delivered to nearly 2,000 staff within the sector and further blended learning programmes are being developed nationally to support sector recovery.

Fair Work



There is an increasing focus within the sector on the need to support and encourage more businesses to implement the principles of fair and safe work within the sector to support the drive to attract and retain staff.

Digital Skills

Automation technologies are already disrupting many aspects of the sector and this is expected to increase:

- With the increase in new technologies comes greater need for businesses to be better connected digitally and digitally skilled.
- The sector has comparatively low levels of digital maturity. For example, many businesses require support to become online bookable.



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Page 3	<ol style="list-style-type: none">1. Scottish Fiscal Commission, Fraser of Allander, Oxford Economics (2021).2. Scottish Government (2020). Towards a robust, resilient wellbeing economy for Scotland. Available online at: https://www.gov.scot/publications/towards-robust-resilient-wellbeing-economy-scotland-report-advisory-group-economic-recovery/3. Scottish Government (2021). Monthly Economic Brief: March 2021. Available online at: https://www.gov.scot/publications/monthly-economic-brief-march-2021/4. ONS (2021). Coronavirus and the effects on UK productivity measures. Available online at: https://www.ons.gov.uk/economy/economicoutputandproductivity/productivitymeasures/articles/coronavirusandtheeffectsonukproductivitymeasures/previousReleases5. National Records for Scotland (2019). Projected population of Scotland (2018-based): National population projections by sex and age, with UK comparisons. Available online at: https://www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/population/population-projections/population-projections-scotland/2018-based6. Scottish Government (2015). Scotland's Economic Strategy. Available online at: https://www.gov.scot/publications/scotlands-economic-strategy/7. Skills Development Scotland (June 2021). Scotland's Labour Market and Skills Update (collated from various sources).8. IPPR (2018). Preparing for Automation and Ageing. Available online at: https://www.ippr.org/research/publications/preparing-for-automation-and-ageing9. International Labour Office (2019). Skills for a Greener Future: a global view. Available online at: https://www.ilo.org/skills/pubs/WCMS_732214/lang--en/index.htm10. Skills Development Scotland (June 2021). Scotland's Labour Market and Skills Update (collated from various sources).11. ONS (2020). Annual Population Survey, April 2019-March 2020, Working-age EU and non-EU nationals in Scotland areas by occupation groups and Industry. Available online at: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/adhocs/12259workingageeuandnoneunationalsinscotlandareasbyoccupationgroupsandindustry
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Page 9	<ol style="list-style-type: none">1. SDS (2021). Oxford Economics Forecasts (March 2021).
Page 10	<ol style="list-style-type: none">1. Insight provided by Sector Managers who work closely with industry experts and employers.