

Sectoral Skills Assessment

Tourism

October 2024



Sectoral Skills Assessments

First launched in 2017, Sectoral Skills Assessments (SSAs) provide a robust and consistent evidence base to support partners in strategic skills investment planning. Skills Development Scotland (SDS) has worked with key partners and stakeholders in the production of SSAs to ensure an inclusive approach to their development, dissemination and utilisation.

SSAs include published data sets. Inevitably, when using published data there is a time lag, but the data contained is the most up-to-date available at the time of writing. SSAs also include forecast data that has been commissioned through Oxford Economics. The Technical Note¹ provides full detail on the caveats that must be applied when using forecast data, but broadly, it should be noted that:


- Forecasts are based on what we know now and include past and present trends projected into the future.
- The more disaggregated they become, especially at smaller geographical units, the less reliable they are likely to be.
- Their value is in identifying likely directions of travel rather than predicting exact figures.
- The forecasts do not account for national or sectoral activities, initiatives or investments that are planned.


Industries and occupations used in the SSAs are defined by standard industrial classifications (SIC)² and standard occupational classifications (SOC).³

This SSA report is for the Tourism Sector. The sector encompasses Hotels and Similar Accommodations, 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. Please see Appendix 1 for the SIC definition used in this report.

Key Sectors are central to our Skills Investment Planning approach. Each Key Sector has a tailored Skills Investment Plan (SIP) which outlines trends in skills and qualification supply and employers' perspectives on the skills issues affecting the sector. Regional SIPs have also been developed and are available alongside SIPs on the SDS website.⁴

The SSAs are part of a suite of Labour Market Insight publications by SDS. Other products in the suite include:

 **Economy, People and Skills** report which provides succinct and up-to-date evidence on Scotland's economy, businesses and people. It is updated monthly.

 **Regional Skills Assessments** provide a coherent, consistent evidence base to inform future investment in skills, built up from existing datasets and forecasts for Regional Outcome Agreement areas, Rural Scotland and all City and Growth Deals regions. They are updated annually.



The **Data Matrix** is an interactive tool, offering more detailed data from a variety of sources in a visually engaging format. It is updated frequently.

Alongside the suite of Labour Market Insight publications, SDS also produces a wide range of reports such as statistics on Modern Apprenticeships and the Annual Participation measure for 16-19 year olds. This includes a wide range of data related to equalities. Further information can be found on the [Publications and Statistics](#) section of the SDS website.

We value user feedback on the Sectoral Skills Assessments.

If you would like to provide feedback, please do so [here](#). For any further information or queries on the SSAs or any of our other products, please contact: RSA@sds.co.uk



We held a series of webinars to complement the publication of the Sectoral Skills Assessments.



The recording of the Tourism webinar can be found on the SDS YouTube Channel [here](#).

You can also watch the webinars for other key sectors and regions in Scotland [here](#).

1. SSA Technical Note (2024).

2. Office for National Statistics UK Standard Industrial Classification (SIC) 2007.

3. Office for National Statistics UK Standard Occupational Classification (SOC) 2010.

4. Skills Development Scotland Skills Investment Plans.

The Context for Scotland's Labour Market

Within the last 10 years, the economy has faced significant disruption due to events such as the pandemic, Brexit, the war in Ukraine, and the cost-of-living crisis. In addition, megatrends around demography, technology, and the environment have continued shaping Scotland's economy and labour market, many of which are interdependent. Below is an overview of the drivers expected to have the greatest influence on Scotland's labour market outlook in the near term, based on a comprehensive analysis of structural and cyclical factors.



The Economy

The economic outlook for Scotland has improved, but growth is still expected to be modest in 2024, after annual GDP figures estimated the Scottish economy (like that of the UK) remained broadly flat throughout 2023. While inflation rates have eased from their peak in October 2022, the effects of rising prices and high interest rates continue to impact Scottish households and businesses. Scotland has experienced a tight labour market in recent years, but there have been signs of this loosening in 2024.



Demographic Change

Scotland has an ageing population. In 2022, around 20 per cent of Scotland's population was aged 65 years or over, and around 15 per cent were aged under 15 years old. Population growth is also expected to slow in the next decade, and it is anticipated that the country is likely to rely on in-migration for population growth. These demographic changes in Scotland have important implications for the labour market and economy.



Inclusive Growth and Equality

Scotland continues to experience inequality, which can impact individuals' access to labour market opportunities. Cost-of-living pressures have affected different groups disproportionately, particularly in lower-income households. Geographical inequalities also exist across Scottish regions that can affect individuals' access to opportunities. There have been some advances in improving diversity within the workforce and reducing inequality, but challenges remain.



Technology and Automation

Scotland has a strong technology sector, with specific strengths in digital technology, life sciences and financial technology (fintech). The current makeup of the technology sector suggests AI will likely be the most important technological advance for the foreseeable future. It is estimated that 60 per cent of jobs in developed countries will be affected by AI. This could be disruptive within the labour market, creating challenges and opportunities for job roles and businesses.



Climate Change

The Scottish and UK governments have committed to meeting targets for Net Zero carbon emissions. The transition to Net Zero will directly impact jobs, with potential for job growth in Scotland. Upskilling and reskilling will be vital to equip Scotland's workforce with the skills needed to meet the transition. Scotland is well placed to take a lead in the development of new green technologies building on its significant natural resources and strengths in key sectors.



A fuller report on Scotland's Labour Market Drivers can be found [here](#).

Sectoral Insight¹

The previous page provided an overview of the key drivers expected to have the greatest influence on Scotland's labour market. Below, we explore how some of these drivers, and others, may influence the sector.

Demographic change impacts the sector with significant recruitment required to replace staff leaving the sector and support sectoral expansion.

There is a continual need to improve **digital literacy and analytical skills**, as new technology is used for customer interactions, and as the uptake of digital applications and innovations increases.

Climate change and environmental issues are impacting heavily on the sector. Many employers note an increasing need for skills and awareness around reducing carbon emissions.

Improving diversity within the workforce is an increasing priority for the sector to help address recruitment challenges, along with a greater focus on fair work.

The Tourism sector makes an important contribution to Scotland's economy, especially in rural areas where it is one of the main sources of employment and income.

The labour challenges in the sector are complex and longstanding, relating to social, economic, political and geographic factors. The disruption caused by both Brexit and COVID-19 has exacerbated the challenges.

Employers report that perceptions of work in the sector, of it being demanding, inflexible and relatively low paid, make it difficult to attract staff. Issues of affordable accommodation for staff, particularly in rural areas, also create challenges as does increasing competition for staff from other sectors. Also, staff retention is highlighted by many businesses as a challenge with many experiencing difficulties with high staff turnover.

Within the sector, the occupations in highest demand include kitchen and catering assistants, chefs, housekeepers, cleaners, food service staff and bar staff.

Skills challenges that are impacting the workforce now and are also likely to be prevalent in the future include:

- Soft skills such as communication, storytelling, team working, interpersonal skills and resilience;
- Digital literacy, data, AI and analytical skills;
- Business and entrepreneurial skills;

- Managerial skills – especially the skills needed to manage, motivate and retain staff;
- Environmental skills – including carbon counting, monitoring and evaluation.

Looking to the future, businesses in the sector expect staff shortages to continue. Other factors that could impact the future workforce include:

- Consumer demand;
- Changes impacting business costs including staff costs;
- The sector's response to digital and technological advances;
- Changes to legislation such as Net Zero, salary levels, and health and safety;
- Availability of affordable staff housing;
- Capacity and willingness of the sector to improve fair work practices;
- Climate change and extreme weather events which could impact consumer behaviour.

In 2020, the Scottish Tourism Alliance published the national tourism strategy [Scotland Outlook 2030: Responsible Tourism for a Sustainable Future](#). This strategy includes a priority to attract new talent, develop and retain a skilled and diverse workforce, and address longstanding challenges relating to fair work principles

1. Insight from the sector gathered via Skills Development Scotland (2024).

The [Tourism and Hospitality Industry Leadership Group](#) is responsible for overseeing the implementation of Scotland Outlook 2030. It is developing five missions to drive Scotland's ambition to be a world leader in 21st century tourism. These are:

- Proud and Valued People Working for Scotland;
- Sustainable Transport;
- Data and Technology Empowerment;
- Community Led Tourism;
- Pathway towards Net Zero.

The [Tourism and Hospitality Skills Group](#) is an industry led group that works closely with partners and stakeholders to influence skills solutions that support the industry's growth in line with Scotland Outlook 2030.

The group have developed a [Tourism and Hospitality Staff Induction Toolkit](#) to support businesses in the sector better engage with the training and development of their staff and engage with fair work and inclusion support.

The [Fair Work Convention](#) has completed its Inquiry into fair work in the hospitality sector and how it could be improved for the benefit of both employers and employees. In September 2024, the [Fair Work Convention Hospitality Inquiry Report](#) was published.

The Inquiry has identified a range of recommendations that together would constitute a Fair Work Agreement for hospitality.

Historic Environment Scotland has also refreshed the [Historic Environment Skills Investment Plan](#), which focuses on three priorities over the next five years:

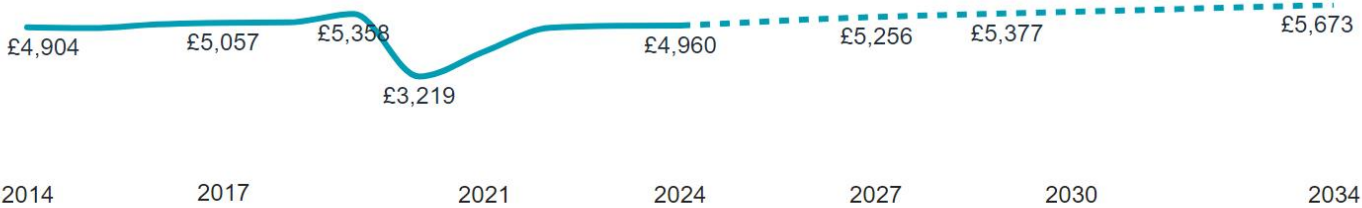
- Building capacity and growing provision;
- Attracting future talent and improving access;
- Fostering innovation.

It is important to note that the forecasts used in this Sectoral Skills Assessment are policy and investment neutral.



This means the figures present a baseline outlook that takes into account historical trends and external economic conditions, but the figures do not reflect investment or policy that is unconfirmed or at planning/development stage. Therefore, the forecasts should be used in conjunction with other sources, and readers are encouraged to overlay these with their own local and sectoral knowledge.

Gross Value Added (GVA, £m) (2014-2034)²



In 2024, GVA in the Tourism sector was estimated to be £4,960m, generating 3.4% of Scotland's total economic output. Between 2014 and 2024, GVA in the sector was estimated to have increased by 1.7% on average each year, compared to growth of 0.5% across Scotland over the same period.

Cost-of-living pressures were expected to continue to affect households in 2024, resulting in slower growth within the Tourism sector. The GVA output was estimated to grow by 0.2% in 2024.

Looking ahead, GVA in the Tourism sector is forecast to grow on average 1.4% each year between 2024 and 2034, which is slightly above Scotland's average. In 2034, the Tourism sector is forecast to account for 3.4% of Scotland's total economic output.



Productivity (GVA per job)³

In this report, we have used Oxford Economics' measure of productivity, which is calculated by dividing total sectoral GVA by total sectoral employment (measured by jobs). Please note, there are different ways of calculating productivity, and caution is needed when interpreting productivity data presented in this report. It must be considered in the context of other data and insight.

In 2024, productivity in the **Tourism** sector was estimated to be **£19,600**. In comparison, the Scottish average was £52,000.



Tourism forecast productivity in 2027: **£20,000**

↑ up 2.1% from 2024



Tourism forecast productivity in 2034: **£21,200**

↑ up 5.8% from 2027



Scotland forecast productivity in 2027: **£53,000**

↑ up 1.9% from 2024

Scotland forecast productivity in 2034: **£57,100**

↑ up 7.9% from 2027

1. SDS (2024). Oxford Economics Forecasts.
2. GVA is the measure of the value of goods and services produced within the economy and is an indicator of the sector's health. GVA in constant

2019 prices.
3. Productivity is the measure of goods and services produced per unit of labour input. The Oxford Economics forecasts of productivity shown here

have been calculated by dividing total sector GVA by total sector employment (measured by jobs).

Current Demand¹



Workforce size 2024: **196,600** people

The sector's workforce was estimated to have **increased** by **11.3%** or **19,900** people between 2014 and 2024.

This compares to a Scotland wide increase of **3.8%** or **97,300** people between 2014 and 2024.

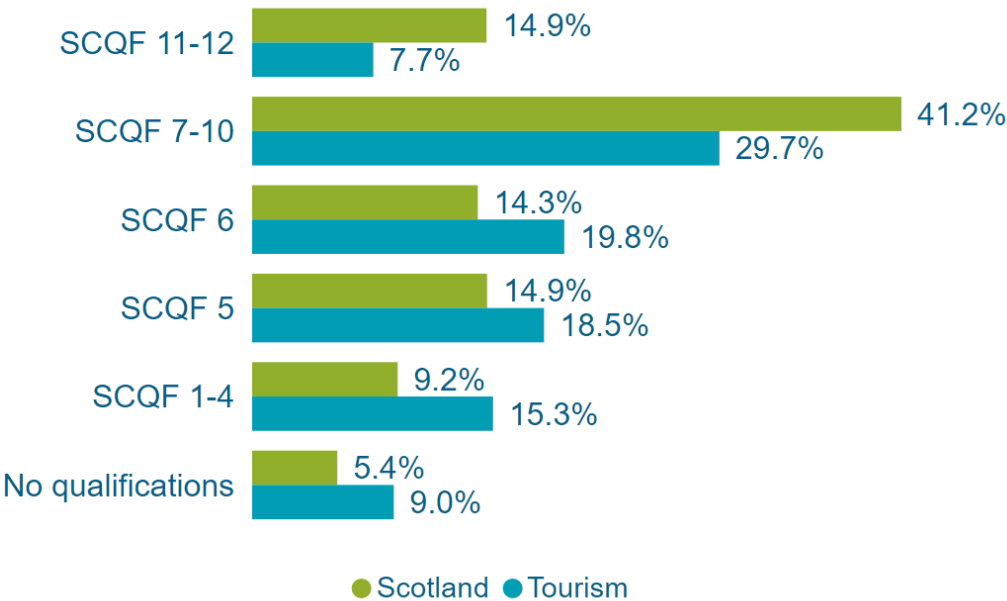
Employment by Region (people), 2024

The greatest number of people employed in **Tourism** were estimated to be in:

Edinburgh, East and Midlothian	Glasgow College Region*	Highlands and Islands	Lanarkshire
36,400	35,400	21,100	16,800

Workforce Qualifications, 2024

The **Tourism** sector was estimated to have a lower proportion of the workforce educated to SCQF Level 7 and above, and a higher proportion educated to SCQF Levels 5 and 6 compared to Scotland.²



Top 10 Employing Occupations (people), 2024



1. SDS (2024). Oxford Economics Forecasts.
2. See [SCQF Framework](#) for further information on SCQF qualification levels.

*Glasgow College Region covers East Dunbartonshire, East Renfrewshire and Glasgow City local authorities.

Current Demand¹

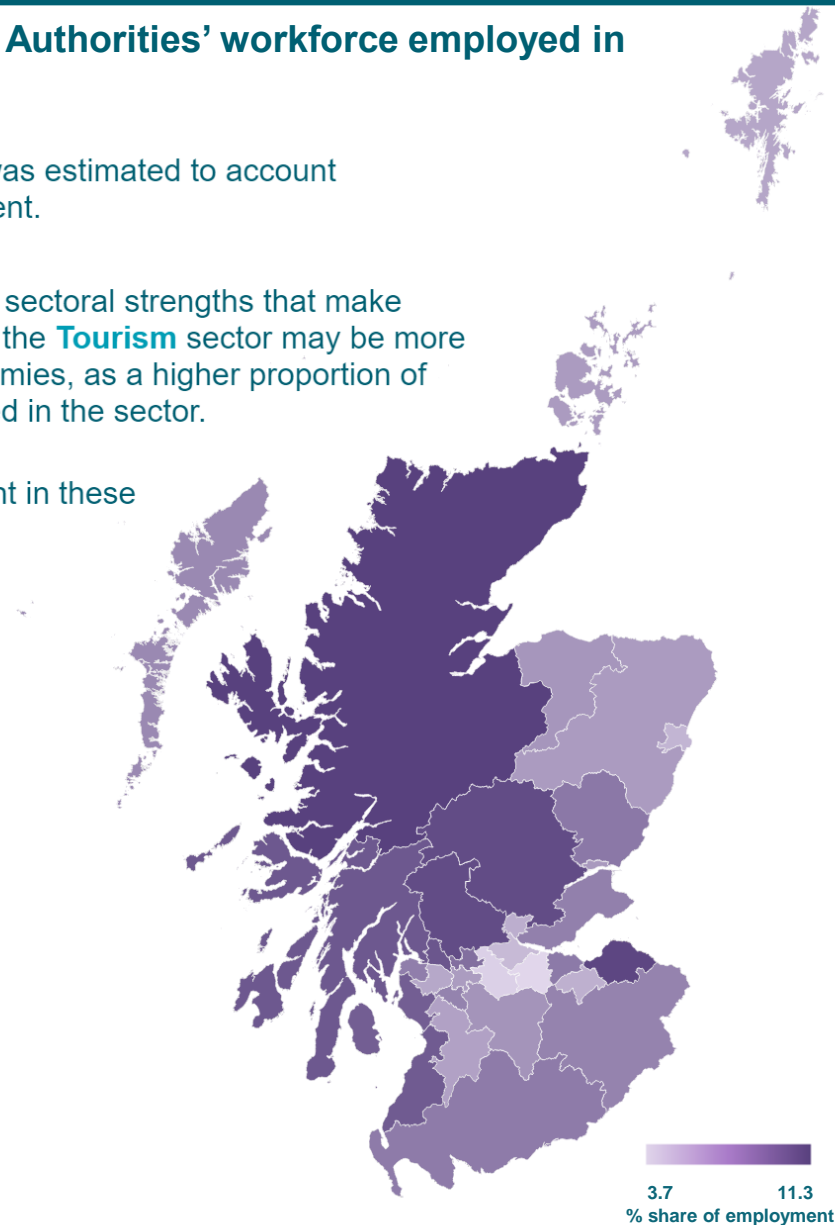
The proportion of Local Authorities' workforce employed in Tourism, 2024²

In 2024, the **Tourism** sector was estimated to account for **7.5%** of Scottish employment.

Scottish local authorities have sectoral strengths that make them unique. This means that the **Tourism** sector may be more important to some local economies, as a higher proportion of the local workforce is employed in the sector.

The sector was most prominent in these local authorities:

- Highland
11.3%
- East Lothian
11.0%
- Stirling
10.7%
- Perth and Kinross
10.7%



Real Living Wage and Gender Pay Gap³

Individuals earning Real Living Wage or more:

In April 2023, the real living wage rate for employees who did not work in London was £10.90.



Accommodation & Food Service Activities

2022: 54.8% 2023: 54.2%

Arts, Entertainment & Recreation

2022: 86.3% 2023: 85.8%

All sectors
2022: 90.6% 2023: 89.9%

Gender Pay Gap for median full-time hourly earnings:



Accommodation & Food Service Activities

2022: 5.2% 2023: 6.0%

Arts, Entertainment & Recreation

2022: -6.0% 2023: 6.8%

Scotland
2022: 3.0% 2023: 1.7%

Due to data availability, a 'best fit SIC code approach' has been used, so sectors definitions here may not fully match key sector definitions.

Modern Apprenticeships⁴



MAs starts for Hospitality & Tourism*:

Q4 2022/23: 1,328 Q4 2023/24: 1,319 Q1 2024/25: 194



MAs in training for Hospitality & Tourism*:

Q4 2022/23: 1,086 Q4 2023/24: 1,013 Q1 2024/25: 925

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

For data on FAs and GAs please see the Publications section of our [website](#). For data on colleges and universities please see [Scottish Funding Council](#) and [Higher Education Statistics Agency](#).

1. SDS (2024). Oxford Economics Forecasts.

2. The proportion of the workforce in the Local Authority employed in the sector is calculated by dividing the sectoral employment in the area by total employment in the area.

3. Scottish Government (2023). Annual Survey of Hours and Earnings: 2023. 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.

4. SDS (2024). Modern Apprenticeship Statistics, Quarter 1, 2024/25.



Spotlight on... Chefs and Cooks³

Between July 2023 and June 2024, there were **8,200 job postings**. Job postings were high in 2022, and as a result the number of job postings has decreased by 13.9% compared to the period between July 2022 and June 2023 (21% decline across all occupations comparatively). Despite the decline, the number of job postings remained above the pre-pandemic level for Chefs and Cooks.

Top Locations between July 2023 and June 2024:



Specialised skills and knowledge requested (July 2023 and June 2024) included:

- Cooking and Food Preparation
- Food Safety and Sanitation
- Restaurant Operation



Median real-time advertised salary:
£26,600



Spotlight on... Tour Guides⁴

Between July 2023 and June 2024, there were **120 job postings**. Job postings were high in 2022, and as a result the number of job postings has decreased by 11.1% compared to the period between July 2022 and June 2023 (21% decline across all occupations comparatively). Despite the decline, the number of job postings remained above the pre-pandemic level for Tour Guides.

Top Locations between July 2023 and June 2024:



Specialised skills and knowledge requested (July 2023 and June 2024) included:

- Communication
- Customer Service
- Languages (English, Spanish, German, Italian)



Median real-time advertised salary:
£31,500



Spotlight on... Waiters and Waitresses⁵

Between July 2023 and June 2024, there were **4,000 job postings**. Job postings were high in 2022, and as a result the number of job postings has decreased by 13.4% compared to the period between July 2022 and June 2023 (21% decline across all occupations comparatively). Despite the decline, the number of job postings remained above the pre-pandemic level for Waiters and Waitresses.

Top Locations between July 2023 and June 2024:



Specialised skills and knowledge requested (July 2023 and June 2024) included:

- Restaurant Operation
- Cash Handling
- Food Safety and Sanitation



Median real-time advertised salary:
£22,300

1. Lightcast 2024. Online job postings data provides a useful barometer for the health of the jobs market. It is important to note that the data does not capture all activity, so it should be considered as an estimate of activity.
2. Job postings are rounded to the nearest 10 or 100.

3. Data is based on SOC 5434 and 5435 for the whole of Scotland. Median salary based on 34% of job postings.
4. Data is based on job titles for the whole of Scotland. Median salary based on 58% of job postings.

5. Data is based on SOC 9264 for the whole of Scotland. Median salary based on 37% of job postings.

Future Demand: Mid-term (2024-2027)¹

In the mid-term (2024-2027), **the number of people in employment is forecast to grow by 3.1% (6,100 people)** in the **Tourism** sector. This is a larger percentage growth than is forecast overall across Scotland where employment is predicted to rise by 1.9% (49,800 people).

In 2027, the top employing regions in the sector are forecast to be **Edinburgh, East and Midlothian** and **Glasgow College Region**, the same as in 2024. Similar to 2024, **the largest proportion of the workforce** is forecast to be educated **to SCQF 7-10**. The top employing occupation is forecast to be **Elementary Occupations: Clerical and Services**.

Forecasts for the mid-term (2024-2027) suggest there could be demand for **41,500 people in the sector**, as a result of the need to replace workers leaving the labour market and opportunities created through expansion demand. Whilst positive, caution is needed as a wide range of factors may impact the future labour market.

Workforce (people), 2027



Workforce size 2027: **202,700** people



The sector's workforce is expected to **grow** by **3.1%** or **6,100** people between 2024 and 2027



Compared to a Scotland wide increase of **1.9%** or **49,800** people

Total Requirement*



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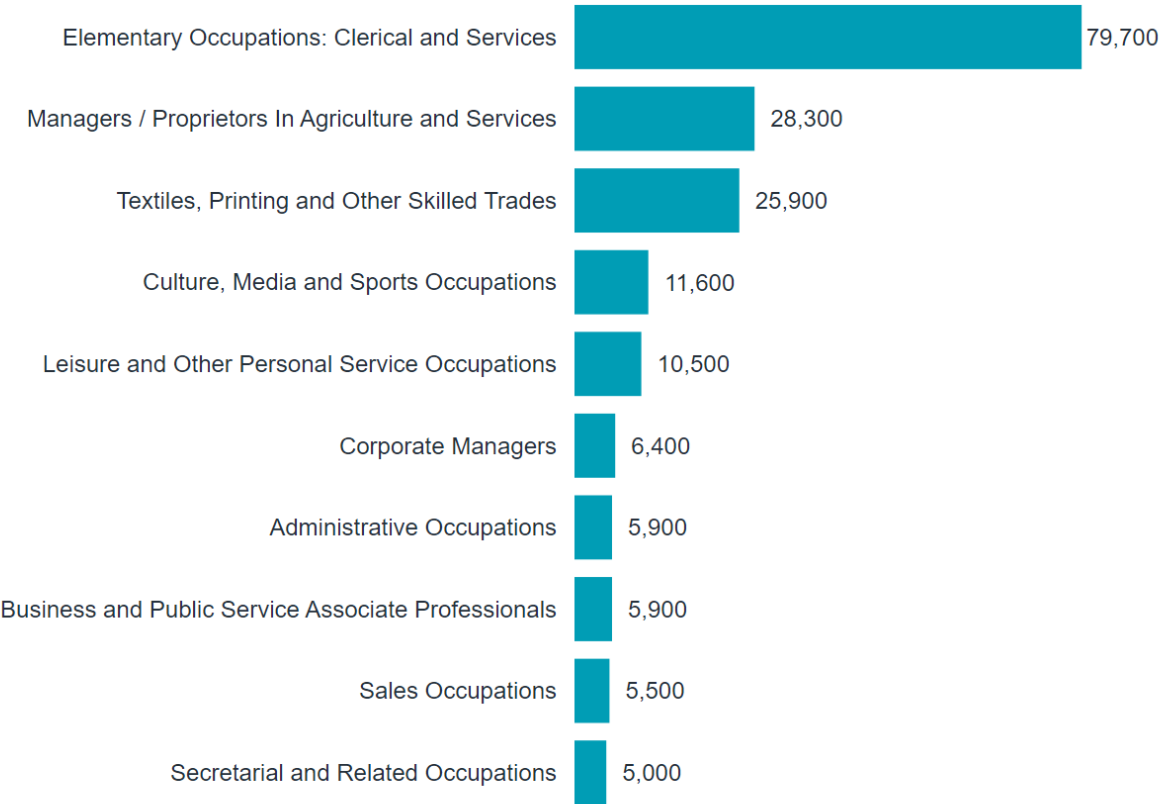
Total requirement:
41,500 people

Replacement demand:
35,400 people

Expansion demand:
6,100 people

Tourism is forecast to account for **11.2%** of Scotland's total requirement for people in the mid-term (2024-2027)

Top 10 Employing Occupations (people), 2027



1. SDS (2024). Oxford Economics Forecasts.

* Total requirement for people is made up of expansion and replacement demand.

The expansion demand is the number of people required as a result of economic growth or contraction.

The replacement demand is the number of people required to replace workers leaving the labour market (i.e. those who retire, move away or change jobs). Please note, figures are rounded to the nearest 100 and as a result totals may not equal the sum of the constituent parts.

Future Demand: Long-term (2027-2034)¹

Employment growth in the **Tourism** sector is forecast to continue, with an increase of 1.4% (2,900 people) in the long-term (2027-2034). This is a larger percentage growth than is forecast overall across Scotland where employment is predicted to rise by 1.2% (32,000 people).

In 2034, **Edinburgh, East and Midlothian** and **Glasgow College Region** are forecast to remain the top-employing regions in the sector. The largest proportion of the workforce employed in the sector is forecast to be educated to **SCQF 7-10** and **Elementary Occupations: Clerical and Services** is forecast to remain the most in-demand occupation within

the sector. Forecasts for the long-term (2027-2034) estimate that **86,700 people** could be required in the sector. This will be driven by **the need to replace workers** leaving the labour market **and the creation of opportunities** through expansion demand.

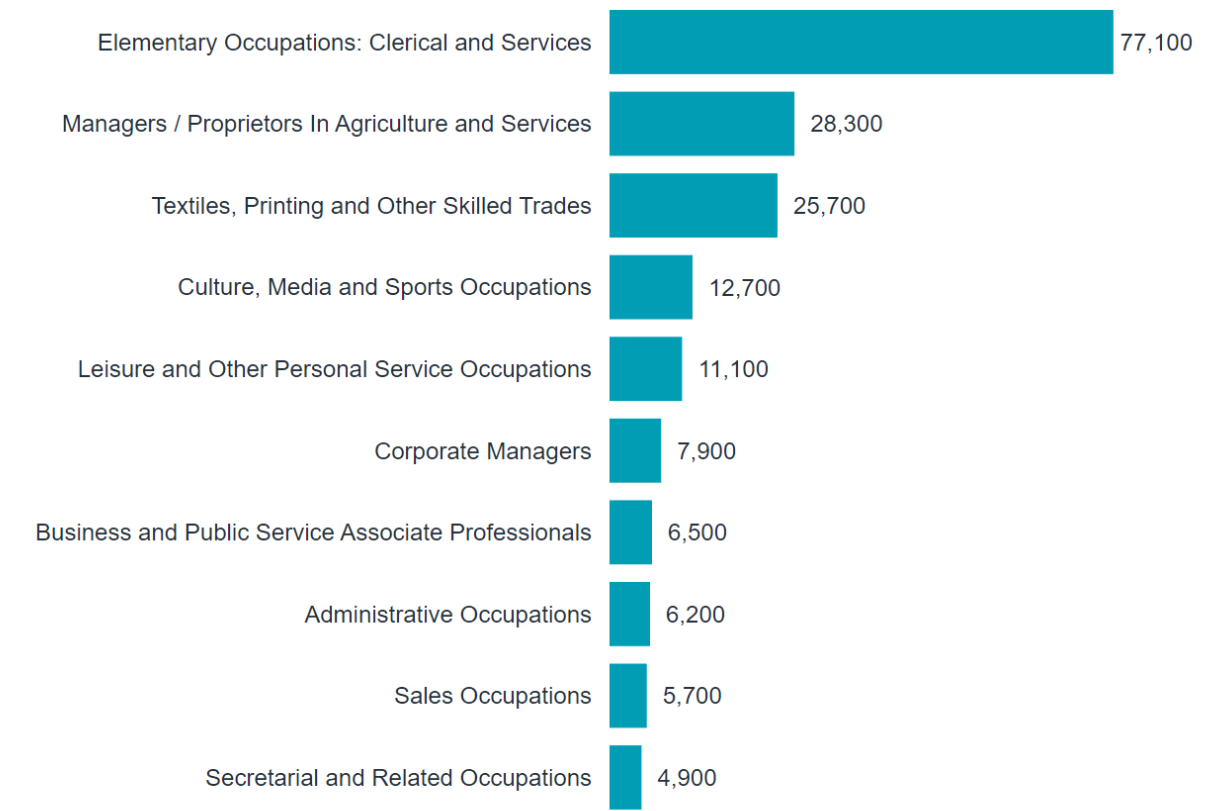
Workforce (people), 2034



Total Requirement*



Top 10 Employing Occupations (people), 2034



1. SDS (2024). Oxford Economics Forecasts.
* Total requirement for people is made up of expansion and replacement demand.
The expansion demand is the number of people required as a result of economic growth or contraction.

The replacement demand is the number of people required to replace workers leaving the labour market (i.e. those who retire, move away or change jobs). Please note, figures are rounded to the nearest 100 and as a result totals may not equal the sum of the constituent parts.

Appendix 1: Tourism Sector Definition (SIC 2007)

SIC	Name
55.1	Hotels and similar accommodation
55.2	Holiday and other short-stay accommodation
55.3	Camping grounds, recreational vehicle parks and trailer parks
56.1	Restaurants and mobile food service activities
56.3	Beverage serving activities
79.12	Tour operator activities
79.9	Other reservation service and related activities
91.02	Museum activities
91.03	Operation of historical sites and buildings and similar visitor attractions
91.04	Botanical and zoological gardens and nature reserve activities
93.11	Operation of sports facilities
93.19/9	Other sports activities (not including activities of racehorse owners) n.e.c.
93.21	Activities of amusement parks and theme parks
93.29	Other amusement and recreation activities

For further information or queries on the SSAs or any of our other products, please contact: [**RSA@sds.co.uk**](mailto:RSA@sds.co.uk)