UK COMMISSION FOR EMPLOYMENT AND SKILLS

Hospitality, tourism and sport sector: Sector Skills Assessment 2012

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Intelligence > Investment > Impact

Sector Skills Assessment for the Hospitality, tourism and sport sector

Alastair Galbraith

People 1st

Muriel Bankhead

SkillsActive

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Foreword

The UK Commission for Employment and Skills is a social partnership, led by Commissioners from large and small employers, trade unions and the voluntary sector. Our ambition is to transform the UK's approach to investing in the skills of people as an intrinsic part of securing jobs and growth. Our strategic objectives are to:

- Maximise the impact of employment and skills policies and employer behaviour to support jobs and growth and secure an internationally competitive skills base;
- Work with businesses to develop the best market solutions which leverage greater investment in skills;
- Provide outstanding labour market intelligence which helps businesses and people make the best choices for them.

The third objective, relating to intelligence, reflects an increasing outward focus to the UK Commission's research activities, as it seeks to facilitate a better informed labour market, in which decisions about careers and skills are based on sound and accessible evidence. Related, impartial research evidence is used to underpin compelling messages that promote a call to action to increase employers' investment in the skills of their people.

Intelligence is also integral to the two other strategic objectives. In seeking to lever greater investment in skills, the intelligence function serves to identify opportunities where our investments can bring the greatest leverage and economic return. The UK Commission's third strategic objective, to maximise the impact of policy and employer behaviour to achieve an internationally competitive skills base, is supported by the development of an evidence base on best practice: "what works?" in a policy context.

Our research programme provides a robust evidence base for our insights and actions, drawing on good practice and the most innovative thinking. The research programme is underpinned by a number of core principles including the importance of: ensuring **'relevance'** to our most pressing strategic priorities; **'salience'** and effectively translating and sharing the key insights we find; **international benchmarking** and drawing insights from good practice abroad; **high quality** analysis which is leading edge, robust and action orientated; being **responsive** to immediate needs as well as taking a longer term perspective. We also work closely with key partners to ensure a **co-ordinated** approach to research.

Sector Skills Assessments (SSAs) are key sources of authoritative and focused sectoral labour market intelligence (LMI), designed to inform the development of skills policy across the UK. They combine "top-down" analysis of official data with bottom-up intelligence to provide a consistent, comparable and rich understanding of the skills priorities within different sectors of the economy, across the four UK nations.

This report has been prepared by People 1st (the sector skills council for hospitality, passenger transport, travel and tourism) and SkillsActive (the sector skills council for active leisure, learning and well-being).

Sharing the findings of our research and engaging with our audience is important to further develop the evidence on which we base our work. Evidence Reports are our chief means of reporting our detailed analytical work. All of our outputs can be accessed on the UK Commission's website at www.ukces.org.uk

But these outputs are only the beginning of the process and we are engaged in other mechanisms to share our findings, debate the issues they raise and extend their reach and impact. These mechanisms include our *Changing Behaviour in Skills Investment* seminar series and the use of a range of online media to communicate key research results.

We hope you find this report useful and informative. If you would like to provide any feedback or comments, or have any queries please e-mail info@ukces.org.uk, quoting the report title or series number.

Lesley Giles

Deputy Director

UK Commission for Employment and Skills

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Executive Summary

The *hospitality, tourism and sport* sector employs 2,046,000 people (roughly seven per cent of total UK employment) across 223,370 business establishments (nine per cent of all establishments).

Whilst the sector is an important contributor to the UK's economy (*hotels and restaurants* alone contribute over £36bn[1] in Gross Value Added (GVA), 2.9 per cent of the total across the economy), GVA per employee job is considerably lower than the average for the economy as a whole (£23,000 compared to £46,000).

The *hospitality, tourism and sport* sector has the lowest proportion of full-time employees of all sectors (55 per cent compared to 73 per cent) and employs a particularly young workforce (33 per cent are aged under 25 compared to 11 per cent across the economy). In addition, 11 per cent of workers in the sector are self-employed (compared to 14 per cent across the economy), 10 per cent are employed on a temporary basis (six per cent for the economy as a whole) and 52 per cent are female (46 per cent across the economy). There are some clear demographic imbalances across the sector: for example, women are significantly under-represented in managerial roles

The vast majority of establishments in the sector (91 per cent) employ fewer than 25 people. With 23,300 business start-ups in 2009, this is a sector where many small start-up businesses may be unaware of the range of training available or how to access training relevant to their needs and to help them grow.

The workforce is also relatively low skilled. Only a fifth of the workforce are qualified to level 4 and above (compared to 37 per cent across the whole economy), though this varies by sub-sector.

In terms of recruitment issues, 32,700 establishments (15 per cent of all sector establishments) have vacancies, according to the UK Commission's Employer Skills Survey 2011 (Davies *et al*, 2012). Five per cent of sector establishments report hard-to-fill vacancies, with three per cent reporting skills shortage vacancies.

1 NB: Hotels and restaurants do not cover the whole hospitality, tourism and sport sector.

In total 73,700 vacancies were reported across the sector. A quarter of these (18,243) are classed as hard-to-fill and a further 15 per cent (11,178) are skills shortage vacancies.

With regard to the incidence of workers who are not fully proficient in their roles, 43,000 establishments (a fifth of all those in the sector) report having skills gaps, with the number of workers affected by gaps standing at 194,000, equivalent to eight per cent of employment. The most common reasons cited for having skills gaps are that staff are new to their roles (mentioned by 56 per cent of employers with skills gaps) and their training is only partially completed (52 per cent).

The Hospitality, tourism and sport sector has the highest incidence of retention problems of any of the 15 SSA sectors (nine per cent compared to five per cent across the economy as a whole).

The most common skills lacking in sector establishments with skill shortage vacancies are job specific skills (mentioned by two thirds of establishments) followed by customer handling skills (56 per cent), team working skills (53 per cent) and planning and organisation skills (52 per cent).

Whilst the sector[2] provides relatively high levels of training (61 per cent of establishments have provided training, with 53 per cent of employees receiving training, compared to 59 and 53 respectively across the economy) it appears that skill levels are being adversely affected by a number of factors; including temporary employment, transient workers, poor retention rates and low skills utilisation).

Hospitality, tourism and sport is set to grow at a faster rate than the economy as a whole (with a forecast 11 per cent increase in workforce size compared to five per cent for the period 2010 to 2020). Furthermore, the fastest growth is forecast in higher skilled occupations, with 32 per cent growth predicted in *professional occupations*, 26 per cent in *associate professional and technical*, 24 per cent in *caring, leisure and other service occupations*, and 19 per cent in *managers, directors and senior officials*. To support this shift towards higher skilled occupations, a number of key solutions have been developed to professionalise the sector.

[2] Data in this paragraph refer to the accommodation, food and tourism activities sector as defined by Davies *et al* (2012). This sector has a similar but not identical footprint to the hospitality, leisure and sport sector. See technical annex for further details.

With a quarter of all vacancies proving hard-to-fill and 20 per cent of establishments reporting skills gaps (compared to 13 per cent across the whole economy), the sector requires a better skilled workforce and steps must be put in place to provide more effective training mechanisms. Employers need to be reassured that those entering the workforce are capable of performing to a high standard and that effective training solutions are in place to develop staff once they are in the workforce. Apprenticeships are an important tool to address both these needs.

In summary, the *hospitality, tourism and sport* sector faces a number of significant challenges which may hamper its productivity and overall performance. Many of these are linked in to the current demographics of the sector workforce, the nature of employment and low levels of skills utilisation. If the sector is to realise its potential it needs to provide opportunities for staff to develop and take on the expanding number of senior level positions in the future. By adopting innovative approaches to workforce recruitment and development, the sector has can take advantage of opportunities to maximise its potential for economic growth.

1 Introduction

1.1 Purpose of the report

The aim of this report is to provide authoritative labour market intelligence (LMI) for the *hospitality, tourism and sport* sector to inform the strategic decision making of national governments in the development of employment and skills policy. It is one of 15 UK Sector Skills Assessment (SSA) reports produced by Sector Skills Councils[3] and the UK Commission for Employment and Skills.

SSAs combine top-down data from official sources with bottom-up sectoral intelligence to provide a consistent, comparable and rich understanding of the skills priorities within sectors across the four UK nations. The reports have been produced to a common specification (developed by the UK Commission in consultation with the four UK governments) and follow a consistent structure.

Reports have been produced for the following sectors of the economy:

- Agriculture, forestry and fishing
- Energy production and utilities
- Manufacturing
- Construction building services, engineering and planning
- Wholesale and retail trade
- Transportation and storage
- Hospitality, tourism and sport
- Information and communication technologies
- Creative media and entertainment
- Financial, insurance & other professional services
- Real estate and facilities management
- Government

[3] The Education report was produced by LSIS, who are not a licensed Sector Skills Council.

- Education
- Health
- Care

The reports contain intelligence on sectors and sub-sectors of particular interest to the four UK governments. As each nation has different ‘key sectors’, that are defined in different ways, it has not been possible to define the SSA sectors in a way that matches precisely the key sectors identified by each nation government. Therefore, as far as possible, data has been reported in such a way that it can be aggregated to produce an overall picture for key sectors of interest. In some cases this will involve gathering information from more than one SSA report.

The reports are designed to provide sectoral intelligence at a relatively broad level for strategic decision making purposes. Whilst they do contain some sub-sectoral and occupational intelligence, further intelligence at a more granular level may be available from individual Sector Skills Councils.

In addition to the main UK reports, executive summaries will be produced for Scotland, Wales and Northern Ireland. The UK reports contain information on key regional variations between the four UK nations and within England where appropriate (for example if sectoral employment is focused in a particular geographic area). However, the reports are not designed to provide a comprehensive assessment of sectoral skills issues beyond the national level.

1.2 Defining the sector

The *Hospitality, tourism and sport* sector includes establishments in the following Standard Industrial Classification (SIC 2007) categories:

- 55: accommodation
- 56: food and beverage services
- 79: travel agencies, tour operators, etc
- 92: gambling and betting
- 93: sports activities and amusement and recreation activities[4].

[4] Referred to throughout this report as ‘sport and active leisure’

1.3 Sector Skills Council

This SSA has been produced by People 1st and SkillsActive.

People 1st

> *People 1st is the sector skills council for hospitality, passenger transport, travel and tourism.*
>
> *The areas covered under hospitality, leisure, travel and tourism include contract food service providers, events, gambling, holiday parks, hospitality services, hostels, hotels, membership clubs, pubs, bars and nightclubs, restaurants, self-catering accommodation, tourist services, travel services and visitor attractions.*
>
> *Under passenger transport, the industries which People 1st cover are aviation, bus and coach, taxi and private hire, community transport, rail, light rail and metro, driver training, transport planning and UK waterways.*

SkillsActive

> *SkillsActive is the sector skills council for the active leisure, learning and well-being sector, working with five sub-sectors: sport, fitness, playwork, the outdoors[5] and caravans.*

Both SSCs carry out a wide range of research into skills and labour market issues of relevance to their footprints. More information is available from www.**people1st**.co.uk/**research** and www.**skillsactive**.com/what_we_do/**research**.

1.4 Summary of methodology

This report combines top-down data with bottom-up intelligence to provide a rich assessment of sectoral skills priorities that is consistent and comparable with assessments produced for other sectors of the economy.

Three main types of information have been drawn on in the preparation of this report:

[5] The outdoors industry covers a wide range of leisure, learning and well-being activities undertaken within the natural environment.

- Economy-wide quantitative data from core labour market information sources (such as the Labour Force Survey and the UK Employer Skills Survey)
- Sectoral, sub-sectoral and occupational specific quantitative data generated by SSCs / sector bodies and others (including Government departments and agencies, academics and professional associations)
- Qualitative information collected by SSCs / sector bodies and other organisations

To ensure consistency and comparability across all 15 SSA reports, data from core labour market information sources was centrally collected, processed and formatted. It was then distributed by the UK Commission to Sector Skills Councils / sector bodies for inclusion within the reports. This data was quality assured by contractors, the UK Commission and by Sector Skills Councils.

To meet consistency requirements, sub-sector analysis of data from core sources has primarily been undertaken at a 2-digit Standard Industrial Classification (SIC) code level (or by combining 2-digit SIC codes where appropriate).

Data from core sources has been supplemented within the report with data from sector specific sources.

In addition, each employment sector experiences unique challenges. For this reason, sector skills councils undertake extensive research into their own sectors. This permits them to develop authoritative labour market intelligence, allows for an in-depth understanding of employment trends and ultimately helps towards improving the skills of their respective workforces. Much of this research is referred to throughout this report.

The report also draws on research that has been undertaken to explore sectoral skills issues in more detail. Qualitative research with small samples of employers (and others), most commonly through interviews and focus groups, seeks to provide rich and detailed understanding and insight, rather than measurement. Samples tend to be designed to be broadly representative of the wider population, to gather a range of views. In terms of skills research with employers, size and sector tend to be key drivers of demand and therefore these are usually the main characteristics that are taken into account when designing samples.

The report synthesises and contextualises information from the sources identified above and, by undertaking a rigorous analysis of it, turns the information into intelligence.

1.5 Further information

Further methodological information is provided within the annex. This includes descriptions of the main quantitative and qualitative sources used within the report.

2 Current performance of the sector

Chapter Summary

- Hotels and restaurants contributes over £36bn to UK gross valued added (GVA), around 2.9 per cent of total GVA.
- GVA per employee job for *hospitality, tourism and sport* is considerably lower than the whole economy average (£23,00 compared to £46,000).
- The level of GVA per employee job varies across the sector, with the highest levels in gambling and betting and travel and tourism and the lowest levels in sports activities and food and beverage services.
- The sector operates from 223,400 business establishments across the UK (nine per cent of total establishments).
- The number of establishments grew by 2 percent between 2006 and 2010, in line with the overall UK economy.
- The sector employs 2,046,000 people (around seven per cent of total UK employment).
- Nine in ten (91 per cent) of establishments in the sector employ fewer than 25 people.
- In 2009, 23,345 businesses opened in the sector and 28,030 closed: a net loss of 4,685 businesses.

2.1 Economic performance

2.1.1 The economic performance and competitive position of the sector

Across the UK, *hotels and restaurants*[6] contribute over £36 billion in GVA to the country as a whole; this equates to around 2.9 per cent of total GVA (Table 2.1).

At around 3.2 per cent of GVA (£3.3 billion) *hotels and restaurants* contribute a greater proportion of GVA in Scotland than in other nations. Scotland is extremely active in tourism promotion and there is a strong political backing for further development (see section 6.3). Sector GVA as a proportion of total GVA is also slightly higher in Wales (3.1 per cent or £1.4 billion) than it is in England or the UK as a whole.

In Northern Ireland *hotels and restaurants* contributed £770 million to GVA. In some respects tourism in Northern Ireland is still at a stage of redevelopment. For many years the country was beset with political difficulties which may have made people reluctant to travel there. In recent years though the country has been working hard to change this reputation and this will provide an avenue for significant economic growth in the future.

Table 2.1: GVA by nation (£m in current basic prices) (2008)

	UK	England	Scotland	Wales	Northern Ireland
	£m	£m	£m	£m	£m
Agriculture, hunting, forestry & fishing	9715	7982	1180	145	407
Mining and quarrying of energy producing materials	2661	1298	1277	60	27
Other mining and quarrying	2365	1777	282	134	173
Manufacturing	150298	124860	13555	7734	4149
Electricity, gas and water supply	21342	17414	2653	729	545
Construction	80756	68247	7328	2924	2256
Wholesale and retail trade (including motor trade)	147158	127900	10441	5166	3651
Hotels and restaurants	36428	30938	3297	1424	770
Transport, storage and communication	91347	80262	7065	2529	1491
Financial intermediation	116801	104574	8501	2305	1422
Real estate, renting and business activities	303179	268770	20829	8380	5200
Public administration and defence	63281	51275	6148	3275	2583
Education	76493	64478	6322	3502	2191
Health and social work	93775	76336	9851	4788	2800
Other services	65563	57177	4804	2420	1162
All sectors	1261162	1083288	103533	45515	28827

Source: ONS (2010)

Across England, the proportional contribution of *hotels and restaurants* to the economy is lowest in the East of England (£3bn or 2.5 per cent of local GVA) and the East Midlands

[6] NB: Hotels and restaurants do not cover the whole hospitality, tourism and sport sector. The figures given here are therefore less than would be calculated for the sector as a whole.

(£2bn or 2.5 per cent of local GVA) (Table 2.2). *Hotels and restaurants* contribute over three per cent of regional GVA in only three areas: the South West (£3.2bn, 3.3 per cent of GVA); London (£7.7bn, 3.1 per cent of GVA); and the West Midlands (£2.9bn, 3.1 per cent of GVA). The South West enjoys high GVA (relative to overall regional GVA) due partly to the many coastal resorts in the areas, where tourism and hospitality are extremely important to the local economy.

Table 2.2: GVA by English region (£m in current basic prices) (2008)

	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East	London	South East	South West
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Agriculture, hunting, forestry & fishing	303	777	966	996	915	1387	86	1168	1383
Mining and quarrying of energy producing materials	81	90	140	130	82	164	280	270	61
Other mining and quarrying	178	142	156	379	84	132	60	202	442
Manufacturing	6706	19336	14332	13299	13974	13518	13651	18084	11961
Electricity, gas and water supply	979	1622	1511	1952	1920	1948	1823	3061	2598
Construction	2990	8236	6266	5835	6588	8946	10262	12482	6643
Wholesale and retail trade (including motor trade)	4424	14906	11348	10850	12313	15933	22016	24588	11522
Hotels and restaurants	1123	3527	2383	2012	2905	3041	7717	5063	3166
Transport, storage and communication	2668	8846	6518	5866	6596	9871	17509	16218	6170
Financial intermediation	2195	8356	6641	3702	5260	9352	48190	13828	7050
Real estate, renting and business activities	7842	26072	17146	16325	20405	29769	74039	55440	21733
Public administration and defence	2623	5843	4753	3919	4376	5634	7642	10218	6267
Education	3156	8008	6302	4877	6541	6725	11972	10861	6036
Health and social work	4004	10080	7552	5894	7215	8201	13719	11975	7696
Other services	1715	5174	3459	3314	4583	5577	18190	10551	4615
All sectors	40987	121015	89473	79350	93757	120198	247156	194009	97343

Source: ONS (2010)

Between 1999 and 2008 GVA contributed by *hotels and restaurants* has increased at a steady rate year on year (Table 2.3). This consistent increase is in line with much of the rest of the economy and the proportional contribution from *hotels and restaurants* has remained relatively stable at around three per cent each year.

Table 2.3: UK GVA (£m in current basic prices) (1999-2008)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Agriculture, hunting, forestry & fishing	9022	8532	8333	9007	9807	10670	7530	7792	8632	9715
Mining and quarrying of energy producing materials	2059	1998	1874	1661	1456	1643	2055	2297	1861	2661
Other mining and quarrying	1700	1784	1750	1469	1519	1848	2115	2145	2291	2365
Manufacturing	151157	150009	149223	146308	144845	145689	148110	151455	154726	150298
Electricity, gas and water supply	15703	15798	15660	16052	16405	16106	16685	20279	21884	21342
Construction	42236	45626	50526	54684	59522	66029	69868	74619	80675	80756
Wholesale and retail trade (including motor trade)	99509	103410	110249	113777	120520	127367	129810	135366	141735	147158
Hotels and restaurants	24146	25605	26928	28639	30120	31870	32902	34594	35962	36428
Transport, storage and communication	64961	69201	70502	73064	76587	79020	80889	83655	88280	91347
Financial intermediation	48545	44989	48202	63367	71530	75117	79553	90807	103731	116801
Real estate, renting and business activities	173329	188361	204041	214849	232204	248677	260116	276108	296955	303179
Public administration and defence	39891	41645	43855	46212	49768	53779	58229	60385	61503	63281
Education	44914	48111	51675	55099	58328	61934	65739	68926	72766	76493
Health and social work	51577	55282	59549	64492	70593	75154	79965	85965	89381	93775
Other services	39821	42085	44560	48311	51804	54947	57961	60166	62824	65563
All sectors	808570	842436	886927	936991	995008	1049850	1091527	1154559	1223206	1261162

Source: ONS (2010)

Compared to the average across all sectors (£46,000 per employee job), productivity in the *hospitality, tourism and sport* sector is low, at £23,000 (Table 2.4). This is due largely to the fact that, relative to other areas of employment, the sector is a low value added mode of operation with low profit margins. This is further compounded by high labour turnover in the sector and a resultant struggle to maintain a high performing workforce.

Table 2.4: Estimated workplace gross value added (GVA) per employee job at current basic prices, 2009

SSA Sector	UK	England	Wales	Scotland	Northern Ireland
	£000s	£000s	£000s	£000s	£000s
Agriculture, forestry and fishing	35	41	11	21	25
Energy production and utilities	131	134	118	127	107
Manufacturing	52	51	49	61	53
Construction, building services, engineering and planning	65	66	54	60	56
Wholesale and retail trade	33	33	27	29	27
Transportation and storage	50	51	44	50	41
Hospitality, tourism and sport	**23**	**23**	**21**	**22**	**20**
Information and communication technologies	83	84	72	77	63
Creative media and entertainment	45	49	30	12	38
Financial, insurance & other professional services	86	89	57	69	63
Real estate and facilities management	85	86	103	67	98
Government services	39	40	33	35	40
Education	33	33	32	36	33
Health	27	27	26	25	23
Care	30	30	28	31	26
Not within scope	32	33	27	35	30
All sectors	46	47	38	43	38

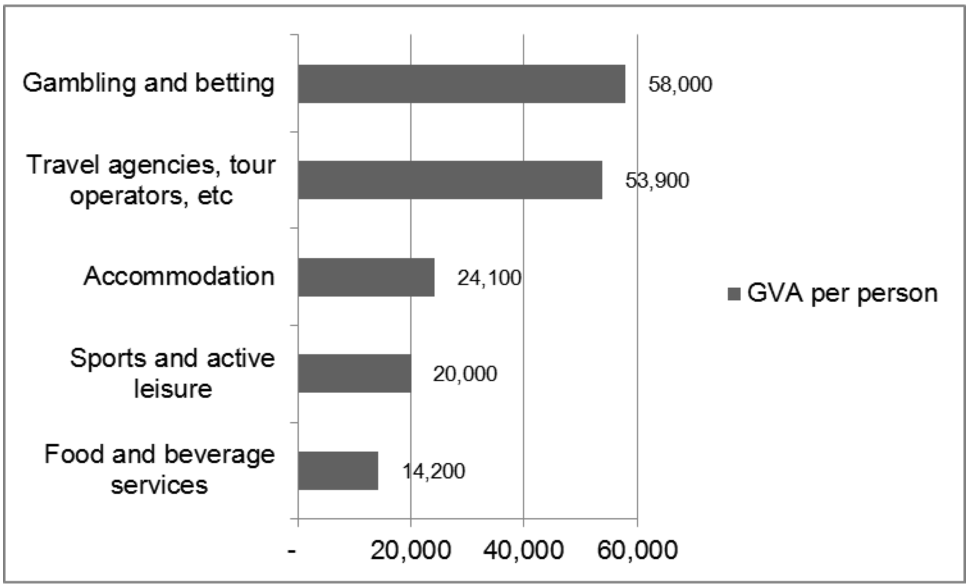
Source: UK Commission estimates based on Regional Accounts; Annual Business Survey; Business Register and Employment Survey (BRES). See technical appendix for basis for estimates.

Notes: Figures for Real estate and facilities management sector include contribution from owner-occupier imputed rental. All figures exclude Extra-Regio element. Estimates will tend to overstate the level of GVA per job in those sectors with high levels of self-employment.

There are also variations by sub-sector[7] (Figure 2.1). *Gambling and betting* is the most productive area (GVA of £58,000 per person), followed by *travel and tourism* (£54,000), and *accommodation* (£24,000). The *sport and active leisure* workforce contributes less per person (£20,000) with *food and beverage services* being the least 'productive' (£14,000).

[7] These sub-sector figures are calculated using the Annual Business Survey and Business Register and Employment Survey (both 2009) and unlike Table 2.4 are not constrained to the Regional Accounts totals.

Figure 2.1: GVA contributed per person, sector sub-industries (UK 2010)



Source: ONS (2010)

These variations are linked to a number of factors, such as the nature of the sector, workforce characteristics, labour turnover levels, and qualification levels.

The Working Futures model (Wilson and Homenidou, 2011) provides historic estimates of productivity (output per job) by sector on a constant price (chained volume measure) basis. This analysis indicates an average rate of productivity growth for the hospitality, tourism and sport sector for the first half of the last decade (2000-2005) of 0.2 per cent per annum, rising to 0.9 per cent in the second half of the decade. This is in contrast to the average rates for the two periods for the wider UK economy of 1.4 per cent and 0.7 per cent respectively. Productivity is believed to have grown more slowly than the UK average in the first part of the decade before accelerating to a rate above the average in the second part. The accommodation sub-sector was a key source of productivity growth during this period, responding to the impact of the recession more effectively than many other parts of the economy.

Major events such as the London 2012 Olympics and the Queen's Jubilee celebrations mean that the sector may benefit from a larger than usual influx of visitors. The legacy of the Games also has considerable potential to catalyse interest in the sport industry. Similarly, it is hoped that Northern Ireland will be able to capitalise on a number of new tourism initiatives (such as the Titanic centenary museum) and that Scotland will benefit from holding the Glasgow Commonwealth Games in 2014.

2.1.2 Employer profile (number of employers, size, start-ups and closures)

Across the UK, the *hospitality, tourism and sport* sector operates from 223,370 business establishments (Table 2.5). At nine per cent across the UK, the sector has the fourth largest number of establishments. England is home to 185,390 establishments in the sector (83 per cent of the UK's total). The sector is over-represented in Scotland and (20,515 or 11 per cent of total establishments in Scotland and 11,580 or 10 per cent in Wales) and under-represented in Northern Ireland (5,885 or seven per cent of all establishments).

Table 2.5: Number of establishments by sector and nation (2010)

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Agriculture, forestry and fishing	144895	6%	96770	4%	17625	9%	14210	13%	16290	19%
Energy production and utilities	13290	1%	10365	0%	1495	1%	865	1%	565	1%
Manufacturing	144115	6%	124235	6%	9395	5%	6040	5%	4445	5%
Construction, building services, engineering and planning	358455	14%	303300	14%	27845	14%	14280	13%	13030	15%
Wholesale and retail trade	509215	20%	431330	20%	38165	20%	23000	20%	16720	20%
Transportation and storage	83825	3%	70685	3%	6370	3%	3925	3%	2845	3%
Hospitality, tourism and sport	223370	9%	185390	8%	20515	11%	11580	10%	5885	7%
Information and communication technologies	131065	5%	120095	5%	6610	3%	3130	3%	1230	1%
Creative media and entertainment	134115	5%	121900	6%	6830	4%	3640	3%	1745	2%
Financial, insurance & other professional services	255000	10%	228725	10%	14770	8%	7160	6%	4345	5%
Real estate and facilities management	149325	6%	129340	6%	10610	5%	5730	5%	3645	4%
Government services	52210	2%	40870	2%	5625	3%	2985	3%	2730	3%
Education	67125	3%	55020	3%	5535	3%	3250	3%	3320	4%
Health	55135	2%	46925	2%	3895	2%	2515	2%	1800	2%
Care	85935	3%	70460	3%	7810	4%	4710	4%	2955	4%
All economy	2574230	100%	2183845	100%	193305	100%	112810	100%	84270	100%

Source: Inter-departmental Business Register (IDBR), ONS (2010a)

In absolute terms, London is home to the greatest number of sector establishments (32,470) closely followed by the South East (31,885) (Table 2.7). The regional distribution of establishments in the *hospitality, tourism and sport* sector closely reflects the distributions of establishments across the whole economy.

Hospitality, tourism and sport establishments account for eight per cent of all establishments in England and between eight and nine per cent of all establishments in each region (Table 2.6), with the exception of the North East (11 per cent).

Table 2.6: Number of establishments by sector and English region (2010)

	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East	London	South East	South West
Agriculture, forestry and fishing	3870	11305	11205	10770	11880	12170	935	11785	22850
Energy production and utilities	475	1460	1155	1025	1065	1320	950	1605	1310
Manufacturing	4650	15950	13100	12915	15930	15235	13350	20025	13080
Construction, building services, engineering and planning	10845	35520	26035	24975	28750	41485	42520	58785	34385
Wholesale and retail trade	16630	55955	41975	36895	45695	48635	67620	71850	46075
Transportation and storage	2610	8775	7270	6830	7930	9305	9190	11570	7205
Hospitality, tourism and sport	8395	23095	17600	14030	16700	19290	32470	31885	21925
Information and communication technologies	2325	10885	6685	6900	9260	14735	29655	28805	10845
Creative media and entertainment	2660	10035	6735	6215	7425	12210	43255	22760	10605
Financial, insurance & other professional services	5440	23475	14900	14950	18300	23850	61915	45495	20400
Real estate and facilities management	4185	14800	10225	9390	11925	15045	27475	22980	13315
Government services	1815	4810	4260	4270	4040	4215	6495	6340	4625
Education	2495	6890	4965	4810	5465	6330	8215	9925	5925
Health	2010	6255	4265	3830	4570	4850	8045	8280	4820
Care	3575	9340	6950	6110	6940	7210	10725	11700	7910
All economy	75975	255705	187810	174700	210065	253120	392540	394505	239425

Source: Inter-departmental Business Register (IDBR), ONS (2010a)

With a rise of two per cent in the number of establishments between 2006 and 2010, the sector has grown in line with the overall UK economy (Table 2.7).

Table 2.7: Number of establishments by sector 2006-2010 (UK)

	2006	2007	2008	2009	2010	% Change 2006-2010
Agriculture, forestry and fishing	146485	158080	163715	146620	144895	-1%
Energy production and utilities	18170	18260	11435	12980	13290	-27%
Manufacturing	165675	163525	167335	151165	144115	-13%
Construction, building services, engineering and planning	230610	240535	258055	374320	358455	55%
Wholesale and retail trade	533105	532905	532060	520070	509215	-4%
Transportation and storage	70425	70750	71665	86680	83825	19%
Hospitality, tourism and sport	219770	222920	227430	229690	223370	2%
Information and communication technologies	136395	140505	144080	134805	131065	-4%
Creative media and entertainment	125100	130185	131180	132225	134115	7%
Financial, insurance & other professional services	271310	283920	287015	256915	255000	-6%
Real estate and facilities management	180305	191195	201915	155855	149325	-17%
Government services	159395	164690	54875	52060	52210	-67%
Education	28935	28880	66055	66725	67125	132%
Health	25860	25810	53300	53900	55135	113%
Care	40150	40075	82755	83675	85935	114%
All economy	2533855	2600065	2643215	2634790	2574230	2%

Source: Inter-departmental Business Register (IDBR), ONS (2010a)

Note: Data for 2006-2008 is based on SIC 2003 whereas data beyond this use SIC 2007. Some of the data for 2006-2008 is based on estimates. For full details please see technical appendix.

In 2010 there were 72,580 restaurants in the UK, a drop of one per cent on the previous year but an overall jump of almost a fifth (19 per cent) since 2005 (People 1st, 2011). Whilst the restaurant industry has experienced a recent overall drop in the number of businesses, the workforce has continued to rise (see section 2.2). This is probably because smaller restaurants with fewer staff are more likely to close, whilst larger chain businesses (with more staff) are more likely to have opened.

The number of pubs, bars and nightclubs fell by around five per cent between 2009 and 2010 (People 1st, 2011). The industry continues to face a number of challenging issues (such as the smoking ban, increases in 'beer tax', increased competition from supermarkets, and reduced consumer spending).

Meanwhile the fitness industry grew by one per cent to a market value of £3.81bn in the year to March 2010. There are now around 3,200 private health and fitness clubs with 2,700 public gyms (FIA, 2011).

Sport England's Active Places database shows a total of 85,299 sports facilities available in England in October 2010. The majority of facilities available are grass pitches (58,865) followed by sports halls (9,272) and health and fitness suites (6,370). There are 2,000 facilities available in Wales (Sport England, 2010). However, sporting facilities that are run by public sector organisations may not be included in these figures. For example, local authority leisure centres may be officially classed as a local authority business establishment. This suggests that the 'official' number of sporting related businesses is likely to be an underestimation.

The vast majority of establishments in the sector (91 per cent) employ less than 25 people (Table 2.8). This is slightly higher than the average across the UK economy (89 per cent). *Hospitality, tourism and sport* has a slightly lower than average number of establishments with 2-4 employees (42 per cent compared to 52 per cent) but, of all sectors, it has the highest proportion of businesses with 5-9 employees (30 per cent).

Table 2.8: Size of establishments by sector (UK) (2010)

	Number of employees						
	1-4	5-9	10-24	25-49	50-250	251+	All
	%	%	%	%	%	%	Number
Agriculture, forestry and fishing	80	14	5	1	0	0	97,910
Energy production and utilities	36	22	20	10	10	2	10,265
Manufacturing	43	22	18	8	8	1	108,050
Construction	67	18	10	3	2	0	211,710
Wholesale and retail trade	49	27	16	4	3	1	385,760
Transportation and storage	48	20	16	7	8	1	52,620
Hospitality, tourism and sport	42	30	19	6	3	0	198,630
Information and communication technologies	68	15	10	4	3	1	56,710
Creative media and entertainment	66	17	10	4	3	0	62,305
Financial, insurance & other professional services	57	21	14	4	3	1	134,900
Real estate and facilities management	62	21	11	3	3	1	95,270
Government services	34	21	20	10	12	4	41,505
Education	20	14	20	23	21	2	56,740
Health	31	24	25	10	7	2	47,570
Care	26	24	28	13	8	0	75,725
All economy	52	22	15	6	4	1	1,742,370

Source: Inter-departmental Business Register (IDBR), ONS (2010a)

Wales has the highest proportion of sector businesses with 2-4 employees (46 per cent). For all the home nations the proportion of businesses with fewer than 25 staff members is 90 per cent or above (Table 2.9).

Table 2.9: Size of establishments within sector by nation (2010)

	England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%
2-4	69,115	42	7,225	39	4,765	46	1,895	36
5-9	49,145	30	5,790	31	2,960	29	1,700	32
10-24	30,590	19	3,670	20	1,820	18	1,185	22
25-49	10,305	6	1,180	6	490	5	355	7
50-250	5,130	3	550	3	270	3	155	3
251+	300	0	25	0	5	0	5	0
Total	164,585	100	18,440	100	10,310	100	5,295	100

Source: Inter-departmental Business Register (IDBR), ONS (2010a)

Tables 2.10 and 2.11 show the number and proportions establishments by size for sub-industries within the *hospitality, tourism and sport* sector.

At 89 per cent of establishments *gambling and betting* has the highest proportion of establishments with less than 10 employees, followed by *travel and tourism* (77 per cent), *food and beverage services* (73 per cent). Across the economy as a whole, 74 per cent of establishments employ less than 10 people. As 66 per cent of *sport and active leisure* and 57 per cent of *accommodation services* employ less than 10 employees this indicates these industries are populated by larger organisations than average.

Table 2.10: Number of establishments within hospitality, tourism and sport by size (2010)

	2-4	5-9	10-24	25-49	50-99	100-199	200-250	251-499	500+
Accommodation	6600	3340	3605	1930	1180	510	65	70	20
Food and beverage services	59220	41895	27410	7845	1995	360	40	60	35
Travel agents and tour operators	3400	3095	1290	330	175	85	15	25	5
Gambling and betting	3560	6615	700	350	135	55	5	10	5
Sport activities	10220	4650	4260	1875	1045	400	40	75	30

Source: Inter-departmental Business Register (IDBR), ONS (2010a)

Table 2.11: Proportion of establishments within sub-sectors by size (2010)

	2-4	5-9	10-24	25-49	50-99	100-199	200-250	251-499	500+
Accommodation	38%	19%	21%	11%	7%	3%	0%	0%	0%
Food and beverage services	43%	30%	20%	6%	1%	0%	0%	0%	0%
Travel agents and tour operators	40%	37%	15%	4%	2%	1%	0%	0%	0%
Gambling and betting	31%	58%	6%	3%	1%	0%	0%	0%	0%
Sport activities	45%	21%	19%	8%	5%	2%	0%	0%	0%

Source: Inter-departmental Business Register (IDBR), ONS (2010a)

In 2009, 23,345 businesses opened in the sector. *Hospitality, tourism and sport* therefore had the sixth highest number of new businesses of all sectors. However, the sector experienced a greater number of closures at 28,030, giving a net loss of 4,685 businesses (Table 2.12).

Food and beverage services (including restaurants, food and service management and pubs, bars and nightclubs) accounts for the largest proportion of start-ups at 78 per cent, but also produces 76 per cent of closures.

Research in the *hospitality, leisure, travel and tourism* sector indicates that, despite the wealth of support and advice available for new business start-ups, over half (56 per cent) do not take advantage of this. In addition, 41 per cent believe their businesses would have benefited from further assistance and, for those that did take advice, the vast majority (74 per cent) said it had made either a very or fairly positive impact on their business (People 1st, 2011).

Table 2.12: Business (enterprise) start-ups and closures 2009 (UK)

Sector	Start-ups	Closures
	Number	Number
Agriculture, forestry and fishing (SIC 75 only)	285	190
Energy production and utilities	1270	408
Manufacturing	10570	15445
Construction, building services, engineering and planning	35835	51040
Wholesale and retail trade	38760	47090
Transportation and storage	6980	10805
Hospitality, tourism and sport	23345	28030
Information and communication technologies	16120	19935
Creative media and entertainment	24290	20805
Financial, insurance & other professional services	25640	25765
Real estate and facilities management	12805	16275
Government services (SIC 94 only)	1010	1260
Education	3485	3160
Health	4135	3110
Care	2745	2165
Other sectors	28750	32135
All economy	236,025	277,618

Source: Business Demography - Enterprise Births, Deaths and Survivals (ONS, 2009a)

2.1.3 Extent to which sector employers compete internationally

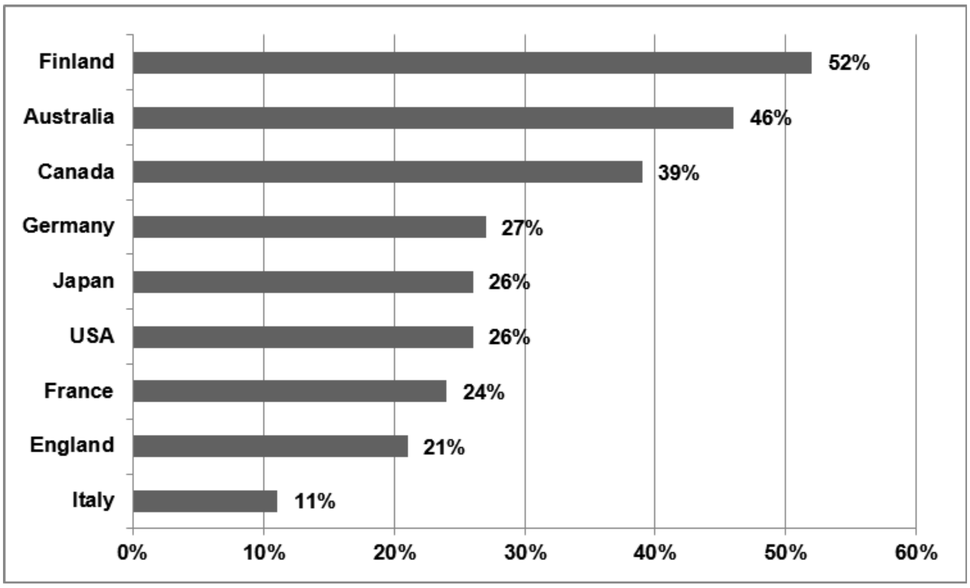
One way of examining the extent to which the sector competes internationally is Future Brand's 'Country Brand Index'. This ranks countries on a variety of different scales, including value systems, quality of life, good for business, heritage and culture and tourism.

In the latest edition of the Country Brand Index the UK has, for the first time since the study began, fallen out of the top ten in terms of overall rankings. The UK performs relatively poorly especially in areas such as *value for money* (Future Brand, 2011). *Value for money* is a difficult issue for the UK to counter as day-to-day living is undeniably more expensive than other parts of the world. In order to be more competitive the UK must therefore work on areas such as ensuring a first rate welcome for visitors and world class customer service.

In first position in the Country Brand Index's overall rankings is Canada, helped in part by the brand development the country engaged in in connection with the Vancouver 2010 Winter Olympics. The UK can capitalise on this approach through its hosting of the London Olympic 2012.

The participation rate in sport and physical activity (at least three times/week) in 2005 was 21 per cent in England, which 'trails the world's best by some margin' (Carter, 2005) (Figure 2.2).

Figure 2.2: Sport and physical activity participation levels in England and peer countries (at least 3 times per week)

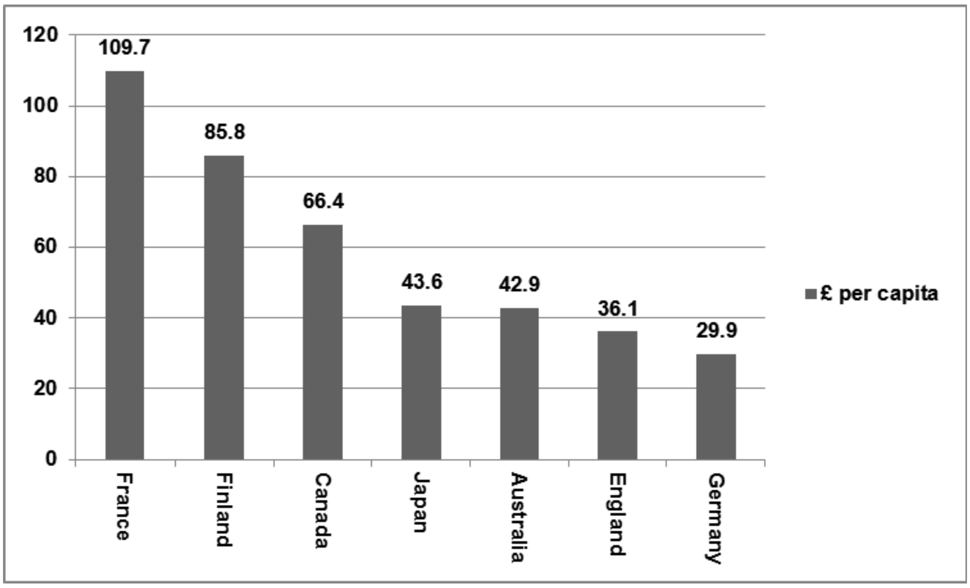


Source: Carter (2005)

A number of studies agree that participation has shown worrying signs of decline among children. Physical Education is included in the National Curriculum, so that children are effectively obliged to engage in physical activity, for which facilities and coaching are provided.

Public investment plays an important role. One of the big challenges facing public provision is that of ageing of the public network of local leisure centres. Carter (2005) concluded that levels of state intervention in other countries (per capita spending) are often higher than in the UK (for example France and Finland) (Figure 2.3).

Figure 2.3: Public investment in sport in England and peer countries



Source: Carter (2005)

NB: Average of 58.9

2.2 Employment

2.2.1 Employment level

The hospitality, tourism and sport sector employs 2,046,000 people across the UK and accounts for seven per cent of total employment across the economy as a whole. Food and beverage services accounts for over half of UK sector employment at 54 per cent, followed by sport and active leisure (20 per cent) and accommodation (16 per cent). Travel agents and tour operators and gambling and betting are smaller, totalling ten per cent of total employment in hospitality, tourism and sport (Table 2.13)

Table 2.13: UK employment by sub-sectors 2010

	UK employment	
	000s	Percentage
Food and beverage services	1,110	54%
Sports and active leisure	415	20%
Accommodation	325	16%
Travel and tourism	116	6%
Gambling and betting	80	4%
Hospitality, tourism and sport total	2,046	100%

Source: Labour Force Survey, ONS (2010b)

2.2.2 Distribution of employment

Hospitality, tourism and sport is the seventh largest sector across the UK and the eighth largest in England (Table 2.14). It makes up a greater share of the overall workforce in

Scotland, where it is the sixth largest sector. In Wales and Northern Ireland it is the seventh largest.

Table 2.14: Total employment by sector and nation (2010) ('000s)

	UK		England		Scotland		Wales		Northern Ireland	
	000s	%	000s	%	000s	%	000s	%	000s	%
Agriculture, forestry and fishing	406	100	296	73	51	13	31	8	27	7
Energy production and utilities	473	100	346	73	88	19	25	5	14	3
Manufacturing	2,970	100	2,542	86	199	7	138	5	91	3
Construction, building services, engineering and planning	2,697	100	2,270	84	244	9	113	4	71	3
Wholesale and retail trade	4,140	100	3,471	84	353	9	205	5	112	3
Transportation and storage	1,448	100	1,252	86	117	8	46	3	33	2
Hospitality, tourism and sport	2,046	100	1,704	83	198	10	100	5	44	2
Information and communication technologies	761	100	675	89	56	7	18	2	13	2
Creative media and entertainment	987	100	876	89	65	7	32	3	14	1
Financial, insurance & other professional services	2,001	100	1,768	88	138	7	53	3	41	2
Real estate and facilities management	978	100	848	87	75	8	38	4	18	2
Government services	2,209	100	1,835	83	173	8	111	5	89	4
Education	3,088	100	2,625	85	235	8	154	5	75	2
Health	2,087	100	1,713	82	199	10	111	5	64	3
Care	1,729	100	1,409	81	183	11	97	6	40	2
Whole Economy	28,855	100	24,331	84	2,446	8	1,312	5	766	3
Unweighted bases	194.45	100	161.5	83	17.022	9	8.693	4	7.232	4

Source: Labour Force Survey, ONS (2010b)

Across the English regions, the proportional share of the workforce based in *hospitality, tourism and sport* varies little. This is unsurprising given that services like accommodation, restaurants and sports are present in all communities rather than being concentrated in particular regions to the exclusion of others. It is lowest in the East of England (six per cent) and highest in London (where it rises to eight per cent) (Table 2.15)[8]. Relating the earlier GVA figures to regional employment is difficult as the GVA figures only refer to a sub-sample of the overall sector (ie *hotels and restaurants*). However, lower levels of pay in certain areas may play a part in depressing regional GVA.

[8] Please note that the earlier GVA data only referred to hotels and restaurants, making it difficult to draw comparisons with the regional employment distribution of the sector presented in this section.

Table 2.15: Total employment by sector and English region, % share within region (2010)

	London	South East	East of England	South West	West Midlands	East Midlands	Yorkshire and the Humber	North West	North East
Agriculture, forestry and fishing	0	1	1	3	2	2	1	1	1
Energy production and utilities	1	2	1	2	2	2	1	2	2
Manufacturing	4	9	11	11	14	15	12	12	11
Construction, building services, engineering and planning	9	10	10	9	9	9	9	9	9
Wholesale and retail trade	12	14	14	14	14	16	16	16	15
Transportation and storage	5	5	5	4	5	6	5	5	4
Hospitality, tourism and sport	8	7	6	7	7	7	7	7	7
Information and communication technologies	3	4	3	3	2	2	2	2	2
Creative media and entertainment	8	4	3	3	2	2	2	2	2
Financial, insurance & other professional services	13	8	8	6	6	5	6	6	4
Real estate and facilities management	5	4	3	4	3	3	3	4	3
Government services	8	8	7	7	7	7	8	8	9
Education	10	11	11	11	11	11	11	10	11
Health	6	7	6	7	7	7	8	8	8
Care	5	5	5	6	6	5	6	6	8
Whole Economy	100	100	100	100	100	100	100	100	100
Weighted base	3,726	4,147	2,779	2,515	2,413	2,099	2,382	3,126	1,145
Unweighted bases	18.925	26.614	18.998	17.015	16.534	15.044	17.467	22.418	8.486

Source: Labour Force Survey, ONS (2010b)

2.2.3 Changes in employment patterns

Employment numbers within *hospitality, tourism and sport* have risen between 2002 and 2010. Workforce numbers across the economy as a whole fell by four per cent between 2009 and 2010. However, the sector's workforce held up well and actually increased by three per cent from 1,991,000 to 2,046,000 over the same period (Table 2.16).

Table 2.16: Total employment by sector 2002-2010 (UK) ('000s)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
	000s	000s	000s	000s	000s	000s	000s	000s	000s
Agriculture, forestry and fishing	394	389	396	421	417	422	448	364	406
Energy production and utilities	434	389	407	422	436	479	486	483	473
Manufacturing	4,153	3,870	3,687	3,615	3,562	3,575	3,368	2,915	2,970
Construction, building services, engineering and planning	2,223	2,333	2,434	2,500	2,560	2,615	2,639	2,875	2,697
Wholesale and retail trade	4,368	4,545	4,536	4,489	4,404	4,349	4,446	4,143	4,140
Transportation and storage	1,486	1,485	1,461	1,511	1,501	1,490	1,517	1,489	1,448
Hospitality, tourism and sport	1,718	1,720	1,730	1,714	1,773	1,807	1,799	1,991	2,046
Information and communication technologies	813	813	839	832	835	851	871	784	761
Creative media and entertainment	1,102	1,139	1,108	1,111	1,138	1,142	1,156	975	987
Financial, insurance & other professional services	1,671	1,662	1,623	1,677	1,696	1,744	1,736	2,038	2,001
Real estate and facilities management	898	869	924	946	984	1,036	1,028	948	978
Government services	2,115	2,166	2,194	2,251	2,282	2,285	2,323	2,265	2,209
Education	2,295	2,414	2,543	2,580	2,642	2,636	2,664	2,939	3,088
Health	1,811	1,881	1,980	2,048	2,079	2,033	2,118	2,038	2,087
Care	1,288	1,338	1,408	1,456	1,479	1,446	1,506	1,721	1,729
Whole Economy	27,908	28,172	28,456	28,740	28,987	29,164	29,382	28,811	28,855
Unweighted base	247.273	238.005	230.951	227.794	222.196	221.046	217	203.221	194.448

Source: Labour Force Survey, ONS (2010b)

Some industries within the sector have seen significant workforce growth whilst others have been less resilient. The restaurant industry, for example has grown by 29 per cent between 2004/05 and 2010 (People 1st, 2011). It is a highly diverse industry which reflects consumer behaviour particularly in the growth of the 'eating out' market.

On the other hand, the pubs, bars and nightclubs workforce has remained relatively stable (an increase of three per cent over 2004/05 to 2010). Many pubs have begun diversifying into food service, with gastro-pubs offering high quality fare on the increase. Some have even begun incorporating shops, conference and business facilities in an attempt to survive in the economic climate and adapt to changing consumer preferences (People 1st, 2011). The relatively stable workforce initially seems at odds with the earlier discussed five per cent decline in the number of pubs. However, smaller, independently run pubs are having more difficulty weathering the economic storm than larger pub chains which are better equipped to expand under such circumstances. In short, there is a trend towards smaller pubs with relatively few staff closing down whilst larger chain pubs with a greater number of staff opening up, thereby reducing the overall number of pubs but maintaining the workforce levels.

3 The workforce

Chapter Summary

- The largest occupational group in the sector is elementary occupations (38 per cent of total employment) followed by managers and senior officials (19 per cent) and personal service occupations (12 per cent).
- The sector has a higher than average concentration of employment in low level occupations compared to the economy as a whole.
- The sector has the lowest proportion of full-time employees of any of the 15 broad SSA sectors (accounting for 55 per cent of total employment in the sector compared to an all-sector average of 73 per cent).
- 11 per cent of the workforce is self-employed (compared to an average of 14 per cent across the wider economy).
- 10 per cent of workers are employed on a temporary basis (compared with six per cent for the economy as a whole).
- 52 per cent of the sector workforce is female (46 per cent across the economy). There are significant variations in the gender balance of employment by occupation within the sector.
- A third (33 per cent) of the workforce is aged under 25 years (compared to 11 per cent across the economy).
- 14 per cent of the sector workforce is from a Black or Minority Ethnic group (BAME) (compared to 9 per cent across the economy).

3.1 The jobs people do

3.1.1 Occupational structure

Across the UK economy as a whole, the three largest occupational groups are the higher skilled positions, namely managers and senior officials (which make up 15 per cent of the overall workforce), professional occupations (14 per cent) and associate professional and technical (15 per cent) (Table 3.1).

The patterns across the home nations are broadly similar to the UK. However, Northern Ireland has a higher proportion of skilled trades (16 per cent compared to 11 per cent).

Table 3.1: Employment by occupation, 2010 (UK)

	UK		England		Scotland		Wales		Northern Ireland	
	000s	%	000s	%	000s	%	000s	%	000s	%
Managers and Senior Officials	4,455	15	3,866	16	331	14	173	13	85	11
Professional Occupations	4,028	14	3,454	14	299	12	176	13	100	13
Associate Professional and Technical	4,265	15	3,638	15	353	14	186	14	88	12
Administrative and Secretarial	3,181	11	2,670	11	270	11	135	10	106	14
Skilled Trades Occupations	3,061	11	2,502	10	285	12	149	11	125	16
Personal Service Occupations	2,544	9	2,123	9	226	9	131	10	64	8
Sales and Customer Service Occupations	2,146	7	1,772	7	209	9	111	8	54	7
Process, Plant and Machine Operatives	1,907	7	1,570	6	174	7	99	8	63	8
Elementary Occupations	3,257	11	2,724	11	300	12	153	12	81	11
All occupations	28,842	100	24,319	100	2,446	100	1,311	100	765	100
Unweighted base	194.37		161.44		17.02		8.69		7.224	

Source: Labour Force Survey, ONS (2010b)

The occupation employing the highest number of people across the UK economy is sales and retail assistants (1,233,000). Kitchen and catering assistants are the 12th largest occupational group (Table 3.2).

Table 3.2: Largest occupational groups, UK (2010)

Rank	Occupation	000s	% workforce
1	7111 Sales and retail assistants	1,233	4
2	6115 Care assistants and home carers	741	3
3	4150 General office assistants or clerks	656	2
4	9233 Cleaners, domestics	588	2
5	1132 Marketing and sales managers	532	2
6	4122 Accnts wages clerk, bookkeeper	523	2
7	6124 Educational assistants	513	2
8	3211 Nurses	509	2
9	2314 Secondary eductn teaching prfsnals	445	2
10	2315 Prim & nurs eductn teaching profs	432	1
11	1121 Prod. works & maintenance managers	414	1
12	9223 Kitchen and catering assistants	411	1
13	1163 Retail and wholesale managers	394	1
14	9149 Oth good hndlng & storage occup nec	382	1
15	2132 Software professionals	327	1
	Other occupations	20,742	72
	Total workforce	28,842	100

Source: Labour Force Survey, ONS (2010b)

Unweighted base 194,372

Within the *hospitality, tourism and sport* sector the spread of individuals working across broad occupational groupings is much less even than across the economy as a whole (Table 3.3). Furthermore, this disparity is accentuated to a greater degree when we look at the industries within *hospitality, tourism and sport*.

In describing the occupational profile of the sector compared to the rest of the economy, there is significant under representation in professional occupations; just one per cent of the workforce compared to 14 per cent across the whole economy. Similarly, as *hospitality, tourism and sport* is a service sector, occupations that are typically found in manufacturing, such process, plant and machine operatives are low compared to the whole economy (two per cent compared to seven per cent) (Table 3.3).

Table 3.3: Employment by occupation and sector, 2010 (UK)

	Hospitality, tourism and sport		All economy	
	000s	%	000s	%
Managers and Senior Officials	391	19	4,455	15
Professional Occupations	24	1	4,028	14
Associate Professional and Technical	168	8	4,265	15
Administrative and Secretarial	140	7	3,181	11
Skilled Trades Occupations	244	12	3,061	11
Personal Service Occupations	147	7	2,544	9
Sales and Customer Service Occupations	111	5	2,146	7
Process, Plant and Machine Operatives	41	2	1,907	7
Elementary Occupations	781	38	3,257	11
All occupations	2,046	100	28,842	100
Unweighted base	13.183		194.372	

Source: Labour Force Survey, ONS (2010b)

Almost two in five (38 per cent) of the sector's workforce are in elementary occupations. This is a considerably higher proportion than across the economy as a whole (11 per cent). However, this varies within the sector: 52 per cent of employees in the *food and beverage services* industry work in elementary occupations, as do 37 per cent in *accommodation*, compared to 16 per cent for *sport and active leisure*, 13 per cent in *gambling and betting* and just one per cent in *travel and tourism*.

The largest occupational group in *sport and active leisure* is associate professional and technical occupations. This accounts for 30 per cent of employment, compared to just three per cent for the other industries within the *hospitality, tourism and sport* sector. The whole economy proportion is 15 per cent.

Looking at *travel and tourism*, 45 per cent of the workforce is employed in *personal service occupations* with a further 22 per cent *managers and senior officials*. *Personal service occupations* (45 per cent) are also more prevalent in *sport and active leisure* (12 per cent), compared to nine per cent for the whole economy and six per cent for the remainder of industries which fall within *hospitality, tourism and sport* (ie *accommodation, food and beverage services*, and *gambling and betting*). In short, whilst the sector as a whole has a higher than average proportion of low level occupations, there is considerable variation within the sector's sub-industries.

The *Hospitality, tourism and sport* sector also has an above average proportion of managers (at 19 per cent compared to 15 per cent across the economy) peaking in *accommodation* and *travel and tourism at* 23 and 22 per cent respectively, although *sport and active leisure* close to the whole economy average at 15 per cent.

3.1.2 Core jobs that are prevalent in the sector

Given that the highest proportion of the hospitality and tourism workforce fall within elementary occupations, it is of little surprise that *waiting staff* and *kitchen and catering assistants* (both of which fall into the elementary occupations category) form the two largest occupational groups within the sector (over a fifth of the workforce combined). There are 190,000 c*hefs and cooks* and a further 189,000 *bar staff* in the sector, with each group accounting for nine per cent of the sector's total workforce (2,046,000) (Table 3.4).

Table 3.4: Largest occupational groups within sector, UK (2010)

Rank	Occupation	000s	% workforce
1	9223 Kitchen and catering assistants	234	11
2	9224 Waiters, waitresses	220	11
3	5434 Chefs, cooks	190	9
4	9225 Bar staff	189	9
5	1223 Restaurant and catering managers	139	7
6	9233 Cleaners, domestics	66	3
7	7111 Sales and retail assistants	54	3
8	1221 Hotel and accommodation managers	49	2
9	4216 Receptionists	46	2
10	1224 Publicans & managrs licensed prmses	46	2
11	6211 Sports and leisure assistants	42	2
12	6212 Travel agents	40	2
13	3442 Sports coaches, instruc & officials	35	2
14	1225 Leisure and sports managers	34	2
15	4150 General office assistants or clerks	31	1
	Other occupations	632	31
	Total workforce	2,046	100

Source: Labour Force Survey, ONS (2010b)

Unweighted base 13,183

Sport and active leisure activities account for a fifth (20 per cent) of the *hospitality, tourism and sport* sector, which may explain why its core occupations like sports coaches, instructors and officials[9] feature relatively low in this list. It is also worth noting that only 51 per cent (or 35,000) of the total 69,000 sports coaches, instructors and officials are employed in *sport and active leisure*. Over 30,000 (43 per cent) of sports coaches, instructors and officials work in sport and recreation education or other areas of primary and secondary education (SkillsActive, 2010).

Sports Coach UK estimate that there are 1,109,000 practicing coaches in the UK (2.2 per cent of the adult population) but less than a quarter (24 per cent) receive payment for their coaching. This means that three quarters (841,716 coaches) are volunteers; 21 per cent are

[9] Standard Occupational Classification (SOC) code 3442

part-time paid coaches and just three per cent are working as a full-time paid coach. The proportion who are paid has increased (Sports Coach UK, 2011)[10].

Asides from those individuals who can be categorised within certain occupations, volunteers also play a key role – particularly within *sport and active leisure*. It is difficult to produce a UK figure for these workers but estimates suggest there could be in excess of 2.3m people volunteering in sport and recreation activities across the UK (SkillsActive, 2010a). Much of the sector would find it difficult to operate without the help of these unpaid workers, performing vital roles.

3.2 Working patterns

3.2.1 Full and part-time employment

Within the *hospitality, tourism and sport* sector 1,127,000 of the workforce are employed on a full-time basis (Table 3.5). The sector has the lowest proportion of full-time employees across the entire economy (55 per cent compared to 73 per cent).

The remainder, 44 per cent, of the UK's *hospitality, tourism and sport workforce* is employed on a part-time basis. This is the highest proportion of all sectors and 17 percentage points higher than the average for the wider economy. In terms of comparability with other sectors, education (at 40 per cent) has the next largest proportion of part-time workers across the UK.

Much of this is due to the volume of those working in *food and beverage services*; over half of whom (52 per cent) are employed on a part-time basis. This helps restaurants, for example, to deal with peak-times of service without the financial implications of employing full-time staff members.

As regards other industries *sport and active leisure* also employ a high proportion of part-time workers (43 per cent). On the other hand, just over a quarter (27 per cent) of *travel and tourism* workers are employed on a part-time basis.

Part-time working may suit both the nature of the business and certain groups of workers (such as housewives and students). It does, however, present a potential barrier to training in terms of time off work (when hours are shorter), affordability and time of delivery. In the case of leisure centres which operate two shifts a day, seven days a week, some part-time

[10] This is based on an omnibus survey of 10,363 UK residents conducted by BMRB between September and December 2008. The definition of practicing is that they must have coached at least 12 times in the last 12 months.

workers do not attend during the standard working week (of 9-5, Monday to Friday), making it harder to use traditional training organisations like further education colleges.

Table 3.5: Employment status by sector, 2010 (UK)

	Full-time	Part-time	Full-time	Part-time	Weighted base	Unweighted base
	000s	000s	%	%	000s	000s
Agriculture, forestry and fishing	326	79	80	19	406	2.976
Energy production and utilities	435	38	92	8	473	3.244
Manufacturing	2,688	281	91	9	2,969	20.4
Construction, building services, engineering and planning	2,435	260	90	11	2,695	17.917
Wholesale and retail trade	2,549	1,590	62	39	4,139	27.571
Transportation and storage	1,218	229	84	16	1,447	9.729
Hospitality, tourism and sport	1,127	920	55	44	2,046	13.183
Information and communication technologies	682	79	90	10	761	4.875
Creative media and entertainment	737	249	75	25	986	6.186
Financial, insurance & other professional services	1,623	377	81	18	2,001	12.804
Real estate and facilities management	643	334	66	35	977	6.561
Government services	1,800	408	82	19	2,208	15.098
Education	1,872	1,215	61	40	3,087	21.537
Health	1,344	742	64	34	2,086	14.742
Care	1,056	672	61	37	1,728	12.001
All economy	21,083	7,760	73	27	28,843	194.363

Source: Labour Force Survey, ONS (2010b)

** Sample size too small for reliable estimate.*

On a national level, full-time working is highest in Northern Ireland (at 62 per cent) while Wales has the highest proportion of part-time workers (49 per cent), followed by Scotland (48 per cent) and England (45 per cent) (Table 3.6).

There are particular roles within *hospitality* that both attract individuals and benefit businesses on account of their flexible working patterns. For example 73 per cent of bar staff work on a part-time basis, 68 per cent of waiting staff and 65 per cent of kitchen and catering assistants (People 1st 2010).

In *sport*, around 53 percent of sport coaches, instructors and officials work on a full-time capacity (SkillsActive, 2010).

The Working in Fitness survey 2009 provides additional detail about average hours worked in *sport and active leisure*. Overall, the median average for both full-time and part-time staff is 40 hours whilst the self-employed work 20 hours (overall median average is 30 hours). The hours worked vary by occupation with group exercise and aqua instructors / teachers working a median average of nine hours per week, followed by yoga, pilates or Keep Fit Association teachers working 15 hours per week. Personal trainers work 28 hours per week whilst senior management average 40 hours a week (SkillsActive, 2010a).

In short, a number of the industries in the sector allow opportunities for flexible working. This makes it an attractive option for many and offers the potential to help many of the UK's unemployed back into the workforce.

Table 3.6: Working hours by sector and nation, 2010 (%)

	England				Scotland				Wales				Northern Ireland			
	Full-time	Part-time	Weighted base	Unweighted base	Full-time	Part-time	Weighted base	Unweighted base	Full-time	Part-time	Weighted base	Unweighted base	Full-time	Part-time	Weighted base	Unweighted base
	%	%	000s	000s	%	%	000s	000s	%	%	000s	000s	%	%	000s	000s
Agriculture, forestry and fishing	79	21	296	2.112	83	17	51	0.385	85	*	31	0.198	88	*	27	0.281
Energy production and utilities	92	8	346	2.336	91	9	88	0.620	96	*	25	0.157	92	*	14	0.131
Manufacturing	90	10	2,541	17.233	92	8	199	1.431	93	7	138	0.905	93	*	91	0.831
Construction, building services, engineering and planning	90	10	2,268	14.834	93	7	244	1.702	93	7	112	0.717	93	*	71	0.664
Wholesale and retail trade	62	38	3,469	22.822	58	42	352	2.369	57	42	205	1.325	63	37	112	1.055
Transportation and storage	84	16	1,251	8.292	83	17	117	0.822	80	23	46	0.308	87	*	33	0.307
Hospitality, tourism and sport	55	45	1,704	10.849	52	48	198	1.295	51	49	100	0.636	62	38	44	0.403
Information and communication technologies	90	10	675	4.269	89	11	56	0.377	88	*	18	0.114	88	*	13	0.115
Creative media and entertainment	75	25	875	5.406	68	32	64	0.436	70	23	32	0.214	72	*	14	0.130
Financial, insurance & other professional services	82	18	1,768	11.123	78	22	138	0.948	77	22	53	0.358	81	19	41	0.375
Real estate and facilities management	65	35	847	5.623	73	27	75	0.519	63	35	38	0.254	74	*	18	0.165
Government services	81	19	1,835	12.302	84	16	173	1.210	81	23	111	0.744	84	16	89	0.842
Education	60	40	2,624	18.075	64	36	234	1.677	66	32	154	1.059	67	33	75	0.726
Health	64	36	1,712	11.931	65	35	198	1.409	67	31	111	0.771	71	29	64	0.631
Care	61	39	1,409	9.629	60	40	183	1.308	61	40	97	0.665	62	38	40	0.399
All economy	73	27	24,321	161.435	73	27	2,444	17.008	72	27	1,311	8.689	77	23	766	7.231

Source: Labour Force Survey, ONS (2010b)

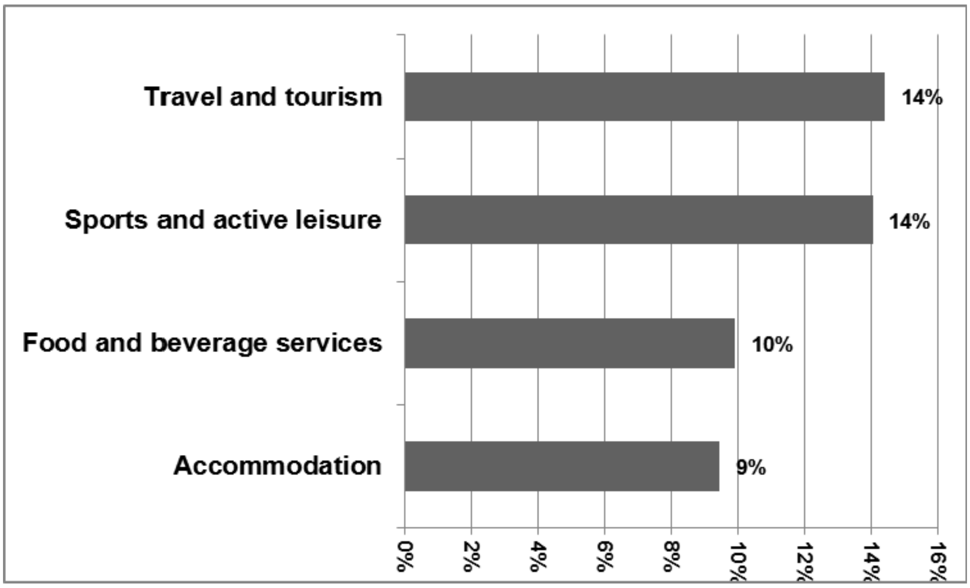
** Sample size too small for reliable estimate.*

3.2.2 Self employment

There are 219,000 self-employed individuals working in the *hospitality, tourism and sport* sector, accounting for 11 per cent of the sector's total workforce (Table 3.7).

Overall, this is slightly lower than the national average of 14 per cent. However, both *sport and active leisure* and *travel and tourism* are on a par with the national average. *Food and beverage* services account for fewer (10 per cent) self-employed workers whilst in *accommodation* it falls to nine per cent (figure 3.1).

Figure 3.1: Self-employment, by sector sub-industries (UK)



Source: Labour Force Survey, ONS (2010b)

NB – Information on gambling and betting activities excluded due to low sample sizes.

With regard to particular occupations 28 per cent of fitness instructors are self-employed as are almost a third of sports coaches, instructors or officials (32 per cent) (SkillsActive, 2010).

Table 3.7: Employment status by sector (UK) 2010 ('000s)

	Employee	Self-employed	Employee	Self-employed	Weighted base	Unweighted base
	000s	000s	%	%	000s	000s
Agriculture, forestry and fishing	189	202	47	50	405	2.973
Energy production and utilities	446	25	95	5	472	3.24
Manufacturing	2,776	184	94	6	2,968	20.397
Construction, building services, engineering and planning	1,716	964	64	36	2,692	17.897
Wholesale and retail trade	3,731	390	90	9	4,133	27.534
Transportation and storage	1,194	250	83	17	1,447	9.729
Hospitality, tourism and sport	1,817	219	89	11	2,044	13.168
Information and communication technologies	635	124	84	16	761	4.871
Creative media and entertainment	672	310	68	31	987	6.191
Financial, insurance & other professional services	1,706	291	85	15	2,001	12.804
Real estate and facilities management	744	229	76	23	977	6.561
Government services	2,145	58	97	3	2,207	15.091
Education	2,891	188	94	6	3,082	21.507
Health	1,928	155	92	7	2,085	14.74
Care	1,577	140	92	8	1,723	11.971
All economy	24,774	3,952	86	14	28,817	194.2

Source: Labour Force Survey, ONS (2010b)

The average proportion of self-employed workers in the sector is less than that found across England (10 per cent compared to 14 per cent), but stands at roughly the same proportion with the rest of the economy across Scotland, Wales and Northern Ireland (Table 3.8).

Table 3.8: Employment status by sector and nation, 2010 (%)

	England				Scotland				Wales				Northern Ireland			
	Employee	Self-employed	Weighted base	Unweighted base	Employee	Self-employed	Weighted base	Unweighted base	Employee	Self-employed	Weighted base	Unweighted base	Employee	Self-employed	Weighted base	Unweighted base
	%	%	000s	000s	%	%	000s	000s	%	%	000s	000s	%	%	000s	000s
Agriculture, forestry and fishing	50	46	295	2.110	49	50	51	0.385	33	62	31	0.197	*	75	*27*	0.281
Energy production and utilities	94	6	346	2.334	95	*	87	0.619	99	*	25	0.157	95	*	*14*	0.130
Manufacturing	93	6	2,540	17.229	95	5	199	1.432	94	6	138	0.905	93	7	*91*	0.831
Construction, building services, engineering and planning	63	37	2,266	14.822	77	23	244	1.701	65	35	112	0.717	55	45	*70*	0.657
Wholesale and retail trade	91	9	3,466	22.800	91	9	351	2.359	86	14	204	1.323	84	16	*112*	1.052
Transportation and storage	83	17	1,252	8.294	85	15	117	0.820	76	23	46	0.308	77	23	*33*	0.307
Hospitality, tourism and sport	89	10	1,702	10.836	89	11	198	1.295	87	12	100	0.634	82	17	*44*	0.403
Information and communication technologies	84	16	674	4.266	82	18	56	0.377	77	*	18	0.113	87	*	*13*	0.115
Creative media and entertainment	68	32	875	5.409	76	24	65	0.438	60	39	32	0.214	75	*	*14*	0.130
Financial, insurance & other professional services	85	15	1,768	11.122	90	10	138	0.948	81	19	53	0.359	92	*	*41*	0.375
Real estate and facilities management	75	24	847	5.624	85	15	75	0.520	78	21	37	0.252	67	*	*18*	0.165
Government services	97	3	1,834	12.298	97	3	173	1.209	97	*	111	0.742	99	*	*89*	0.842
Education	94	6	2,619	18.049	95	5	234	1.676	96	4	153	1.056	95	*	*75*	0.726
Health	92	8	1,712	11.930	94	6	199	1.410	92	8	111	0.769	95	*	*64*	0.631
Care	91	9	1,404	9.601	93	6	183	1.306	95	*	97	0.665	90	*	*40*	0.399
All economy	86	14	24,301	161.314	89	11	2,442	16.995	85	14	1,309	8.674	84	16	765	7.217

Source: Labour Force Survey, ONS (2010b)

** Sample size too small for reliable estimate.*

Weighted & unweighted bases also include unpaid family workers

3.2.3 Permanent or temporary employment

Across the UK, 183,000 individuals are employed on a temporary basis in *hospitality, tourism and sport*; representing 10 per cent of the sector's workforce, compared to six per cent across the whole economy.

In absolute terms, the sector has the second largest number of temporary workers. It has the second highest proportion of temporary workers, after *education* where 11 percent are employed temporarily (Table 3.9).

Table 3.9: Permanent and temporary employees by sector, UK, 2010 ('000s and %)

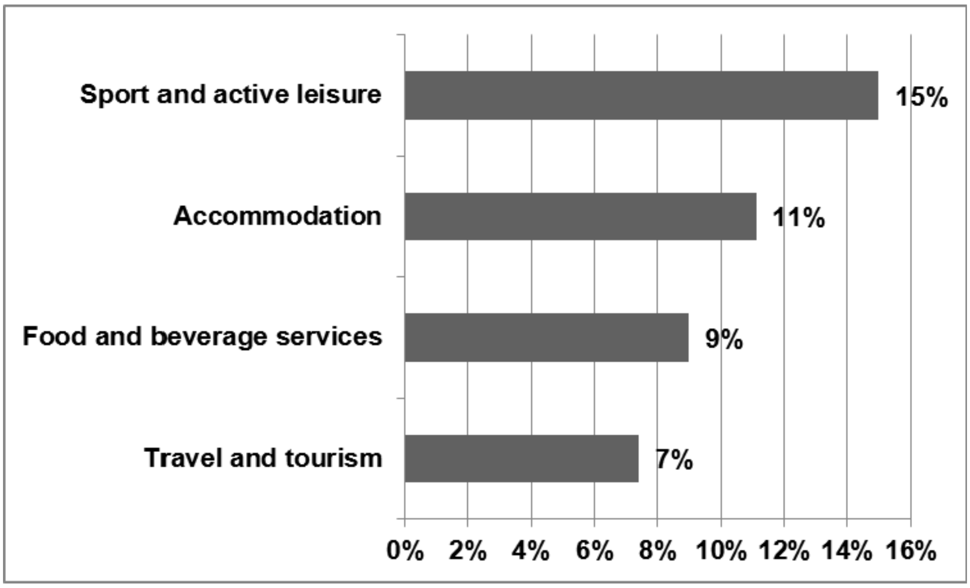
	Permanent	Temporary	Permanent	Temporary	Weighted base	Unweighted base
	000s	000s	%	%	000s	000s
Agriculture, forestry and fishing	181	8	96	4	189	1.306
Energy production and utilities	430	16	96	4	446	3.06
Manufacturing	2652	123	96	4	2775	18.984
Construction, building services, engineering and planning	1648	66	96	4	1714	11.317
Wholesale and retail trade	3573	156	96	4	3728	24.614
Transportation and storage	1132	62	95	5	1194	7.97
Hospitality, tourism and sport	1631	183	90	10	1814	11.563
Information and communication technologies	612	22	97	3	635	4.048
Creative media and entertainment	615	56	92	8	671	4.181
Financial, insurance & other professional services	1651	55	97	3	1706	10.835
Real estate and facilities management	704	39	95	5	743	4.957
Government services	2028	117	95	5	2145	14.642
Education	2563	327	89	11	2890	20.195
Health	1825	103	95	5	1928	13.639
Care	1474	103	93	7	1576	10.953
All economy	23247	1513	94	6	24760	166.2

Source: Labour Force Survey, ONS (2010b)

** Sample size too small for reliable estimate.*

Looking within the *hospitality, tourism and sport* sector again, *sport and active leisure* hosts the highest proportion of workers on temporary contracts (15 per cent) followed by *accommodation* (11 per cent), *food and beverage services* (eight per cent) and *travel and tourism* (six per cent) (figure 3.2).

Figure 3.2: Temporary employees by sector sub-industries, UK, 2010 (%)



Source: Labour Force Survey, ONS (2010b)

NB – Information on gambling and betting activities excluded due to low sample sizes.

Much of the high proportion of temporary workers in the sector can be attributed to seasonality. Seasonal employment is important throughout almost all facets of the sector from holiday parks to sport.

In *sport and active leisure*, part time employment is higher than average in the summer to winter months with levels fluctuating in line with holiday seasons (SkillsActive, 2010).

Hospitality based industries (most notably *restaurants* and *pubs, bars and nightclubs*) experience their highest level of custom towards the end of the year and particularly around the Christmas period. *Hotels*, on the other hand, are especially busy throughout the summer months and take on seasonal staff accordingly.

In some circumstances, seasonal employment patterns can make the life of an employer in the sector difficult. They may, for example, invest resources in training only for their newly skilled staff to be lost to the industry after a few months. Whilst this, unfortunately, is the nature of the industry to a certain extent, some employers have taken steps to retain the skills of seasonal employees within their workforce by offering annualised hour contracts to staff. This ensures that, over the course of a year, staff will be guaranteed a certain amount of hours per week and sustainable income but will effectively be working full-time over certain periods of the year and part-time at others. Importantly for the employer, this process has a number of benefits: it dispatches with the time and cost involved in training new staff, it removes the low productivity of new workers whilst they learn the job and the skills already learned by staff can be developed even further.

Some employers have developed ‘repeat’ seasonal employment programmes to welcome back students or other regular seasonal staff.

3.3 Workforce characteristics

3.3.1 Gender

Across the UK workforce as a whole, 54 per cent of the workforce is male with little variation across the home nations (Table 3.10).

Table 3.10: Employment by gender and nation (2010)

	Male	Female	Total	Male	Female	Total	Unweighted base
	000s	000s	000s	%	%	%	000s
UK	15,439	13,416	28,855	54	46	100	194.448
England	13,081	11,250	24,331	54	46	100	161.501
Scotland	1,257	1,189	2,446	51	49	100	17.022
Wales	692	620	1,312	53	47	100	8.693
Northern Ireland	409	358	766	53	47	100	7.232

Source: Labour Force Survey, ONS (2010b)

The *hospitality, tourism and sport* sector also has a fairly even split between male (48 per cent) and female (52 per cent) workers, but this conceals some variation across the sector’s sub-industries. For example, 62 per cent of the workforce in *travel and tourism* are female, 56 per cent in *accommodation*, 53 per cent in both *food and beverage services* and *gambling and betting*, and 44 per cent in *sport and active leisure*.

At a national level the sector gender split varies slightly. In Northern Ireland almost six in ten (57 per cent) employees are women whilst Scotland and Wales also have a slightly higher proportion of women (53 per cent) (Table 3.11).

Table 3.11: Employment within sector by gender and nation (2010)

	Male	Female	Total	Male	Female	Total	Unweighted base
	000s	000s	000s	%	%	%	000s
UK	982	1,064	2,046	48	52	100	13.185
England	823	881	1,704	48	52	100	10.85
Scotland	93	105	198	47	53	100	1.296
Wales	48	53	100	47	53	100	0.636
Northern Ireland	19	25	44	43	57	100	0.403

Source: Labour Force Survey, ONS (2010b)

As discussed in section 3.1 *hospitality, tourism and sport* has a higher than average proportion of elementary occupations, managers and senior officials and skilled trades occupations. Occupational breakdowns vary across the sector: the main activity in *sport* *and active leisure* is *associate professional and technical* whilst the proportion of *elementary occupations* in *travel and tourism* is just one per cent. *Gambling and betting* has the highest proportion of *managers and senior officials*.

The proportion of women working in elementary occupations is considerably higher than average across the whole economy (61 per cent compared to 45 per cent). Similarly, women form a higher proportion of the sector's managers and senior officials than average (43 per cent compared to 35 per cent). However, women are significantly under-represented in skilled trades occupations (22 per cent) although this is still considerably above the average found across the UK economy (eight per cent) (Table 3.12).

Across the sector there are significant variations in the male/female split in particular roles with a polarisation across certain roles. For example 95 per cent of housekeepers are female but only three per cent of hotel porters (People 1st, 2010).

In *sport and active leisure*, occupational areas of yoga, pilates, keep fit teachers and group exercise instructors are female dominated. On the other hand, the male workforce has stronger representation in management roles, ranging from 54 per cent in club/duty management to 63 per cent for directors.

Similarly, People 1st research has found significant under-representation of females at more senior levels and identified that progression is sometimes easier for their male counterparts. This has led to the development of the Women 1st initiative which aims to help more women develop into senior roles in hospitality. This both assists women to progress in their careers and helps industry benefit from their wealth of experience[11].

As the economy and job market changes, initiatives like these can aid employers to recruit staff from a demographic they may not have recruited from before.

[11] Please see www.people1st.co.uk/business-and-training-support/women-1st for further details on Women 1st.

Table 3.12: Gender profile by broad occupational group (UK)

	Hospitality, tourism and sport			All economy		
	Male	Female	Total	Male	Female	Total
	%	%	000s	%	%	000s
1 Managers and Senior Officials	57	43	391	65	35	4,455
2 Professional occupations	68	32	24	56	44	4,028
3 Associate Professional and Technical	58	42	168	50	50	4,265
4 Administrative and Secretarial	19	81	140	22	78	3,181
5 Skilled Trades Occupations	78	22	244	92	8	3,061
6 Personal Service Occupations	32	68	147	17	83	2,544
7 Sales and Customer Service Occupations	36	64	111	35	65	2,146
8 Process, Plant and Machine Operatives	87	*	41	88	12	1,907
9 Elementary Occupations	39	61	781	55	45	3,257
All occupations	48	52	2,046	54	46	28,842

Source: Labour Force Survey, ONS (2010b)

** Sample size too small for reliable estimate*

3.3.2 Age profile

Across the UK's overall workforce, 13 per cent are aged under 25, 22 per cent are between 25-34 years old, 24 percent aged 35-44 with almost a third (32 per cent) aged 45-59. This pattern is broadly reflected across the home nations (Table 3.13).

Table 3.13: Age profile of workforce by nation (2010)

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Under 16	0	0	0	0	0	0	0	0	0	0
16-18	673	2	569	2	58	2	35	3	10	1
19-24	3,037	11	2,541	10	274	11	136	10	85	11
25-34	6,324	22	5,365	22	500	20	267	20	192	25
35-44	7,029	24	5,932	24	589	24	311	24	197	26
45-59	9,331	32	7,826	32	834	34	434	33	236	31
60-64	1,631	6	1,394	6	129	5	79	6	30	4
65 +	831	3	702	3	62	3	49	4	17	2
Total	28,855	100	24,331	100	2,446	100	1,312	100	766	100
Unweighted base	194.45		161.5		17.022		8.693		7.232	

Source: Labour Force Survey, ONS (2010b)

In 2002 there were 10,060,000 workers over 45 (36 per cent of the workforce). This increased to 11,793,000 in 2010 (41 per cent of the workforce) (Table 3.14). On the other hand, the number of workers under 25 has declined by 316,000, perhaps linked to the growth in the number of people entering higher education.

Table 3.14: Age profile of workforce 2002-2010 (UK)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
	000s	000s	000s	000s	000s	000s	000s	000s	000s
Under 18	1,078	1,076	1,077	1,028	976	938	925	765	673
19-24	2,948	2,973	3,072	3,097	3,179	3,224	3,221	3,048	3,037
25-34	6,505	6,361	6,279	6,289	6,250	6,242	6,279	6,186	6,324
35-44	7,317	7,416	7,490	7,525	7,533	7,528	7,442	7,241	7,029
45-59	8,474	8,638	8,748	8,915	9,017	9,046	9,171	9,182	9,331
60-64	1,107	1,186	1,252	1,306	1,405	1,545	1,652	1,650	1,631
65 +	479	522	538	580	625	641	693	739	831
Total	27,908	28,172	28,456	28,740	28,987	29,164	29,382	28,811	28,855
Unweighted base	247.273	238.005	230.951	227.794	222.196	221.046	217	203.221	194.448

Source: Labour Force Survey, ONS (2010b)

A much higher proportion (33 per cent) of the sector's workforce are aged under 25, with a further 24 per cent aged 25-34. Across the home nations, the pattern for under 25s does not vary greatly with the lowest proportion in Northern Ireland (32 per cent) and the highest proportion in Scotland (34 per cent) (Table 3.15).

This high proportion of younger workers can, to some extent, be attributed to the seasonal and part-time nature of work which is more suitable for a youthful workforce than older workers with greater financial responsibilities and resultant need for a steady, secure income. However, this does also lead to a more 'transient' workforce where some people enter the sector's workforce with limited intentions of remaining for a prolonged period.

One quarter (26 per cent) of the sector workforce is over the age of 45 while six per cent are above 60. Wales has a slightly higher proportion of workers aged over 60 (seven per cent); Northern Ireland has the lowest proportion (four per cent).

Table 3.15: Age profile of sector workforce (by nation)

	UK		England		Scotland		Wales		Northern Ireland	
	000s	%	000s	%	000s	%	000s	%	000s	%
Under 25	680	33	566	33	67	34	33	33	14	32
25-34	483	24	406	24	45	23	23	23	9	22
35-44	362	18	302	18	34	17	16	16	10	22
45-59	403	20	331	19	43	22	21	21	9	20
60+	119	6	100	6	9	5	7	7	2	4
Total	2,046	100	1,704	100	198	100	100	100	44	100
Unweighted base (000s)	13.185		10.85		1.296		0.636		0.403	

Source: Labour Force Survey, ONS (2010b)

** Sample size too small for reliable estimate.*

Between 2002 and 2010 the sector's age profile has remained relatively stable, with the proportion of under 25s accounting for around a third of workers (Table 3.16).

Table 3.16: Age profile of sector workforce 2002-2010 (UK)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
	000s	000s	000s	000s	000s	000s	000s	000s	000s
Under 25	565	569	583	573	591	581	579	661	680
25-34	384	370	365	366	367	384	397	449	483
35-44	333	347	340	325	351	350	333	346	362
45-59	346	343	348	360	366	386	379	407	403
60+	90	90	93	90	98	105	111	128	119
Total	1,718	1,720	1,730	1,714	1,773	1,807	1,799	1,991	2,046
Unweighted base (000s)	14.892	14.192	13.611	13.133	13.099	13.211	12.79	13.533	13.185

Source: Labour Force Survey, ONS (2010b)

Travel and tourism employs a lower proportion of under 25s (10 per cent), and higher than average concentrations of workers in the 25-34 age group and the 45-49 age group (36 and 25 per cent respectively).

Over half of sport and leisure assistants are aged 16-24 (partly attributable to the large number of younger individuals using the role as an entry route into sports-related careers). Youth is also critical for the performance of sports players, half of whom are under 24 years old. Leisure and sport managers have an older than average age profile, with 64 per cent of the workforce being over the age of 35 (SkillsActive, 2010).

3.3.3 Ethnicity

Across the entire UK workforce, 91 per cent of the workforce is white. However, the proportion is higher in Scotland and Wales (both 97 per cent) and Northern Ireland (98 per cent) (Table 3.17).

Table 3.17: Ethnicity of workforce across whole economy, four nations (2010)

	White	BAME	Total	White	BAME	Total	Unweighted base
	000s	000s	000s	%	%	%	000s
UK	26,151	2,686	28,837	91	9	100	194.336
England	21,755	2,558	24,313	89	11	100	161.395
Scotland	2,370	76	2,445	97	3	100	17.019
Wales	1,272	40	1,312	97	3	100	8.691
Northern Ireland	754	12	766	98	2	100	7.231

Source: Labour Force Survey, ONS (2010b)

A total of 280,000 people (14 per cent) working in *hospitality, tourism and sport* in the UK belong to a Black or Minority Ethnic group (BAME) (Table 3.18). This is considerably higher than the average of nine per cent across the whole economy. However, some of this is attributable to *food and beverage services* (and, in particular, to the vast range of cuisines from around the world available throughout the UK). The food and beverage services industry accounts for over 50 per cent of employment in the combined *hospitality, tourism* *and sport* sector (where 19 per cent of workers are BAME). By way of example, almost a quarter (23 per cent) of restaurant and catering assistants are BAME (People 1st, 2010).

The rest of the *hospitality, tourism and sport* sector has a rather different profile, with the proportion of BAME workers ranging from just five per cent in *sport and active leisure* to 11 per cent in *accommodation*.

Table 3.18: Ethnicity of workforce within sectors, UK (2010)

	White	BAME	Total	White	BAME	Total
	'000	'000	'000	%	%	%
Agriculture, forestry and fishing	402	*	402	100	*	100
Energy production and utilities	453	20	472	96	4	100
Manufacturing	2,769	199	2,968	93	7	100
Construction, building services, engineering and planning	2,567	130	2,697	95	5	100
Wholesale and retail trade	3,722	416	4,139	90	10	100
Transportation and storage	1,266	180	1,445	88	12	100
Hospitality, tourism and sport	1,766	280	2,045	86	14	100
Information and communication technologies	660	100	760	87	13	100
Creative media and entertainment	913	73	986	93	7	100
Financial, insurance & other professional services	1,776	224	2,000	89	11	100
Real estate and facilities management	852	125	977	87	13	100
Government services	2,037	171	2,208	92	8	100
Education	2,875	210	3,085	93	7	100
Health	1,814	272	2,086	87	13	100
Care	1,526	200	1,726	88	12	100
All economy	26,151	2,686	28,837	91	9	100

Source: Labour Force Survey, ONS (2010b)

** Sample size too small for reliable estimate.*

Across the UK economy as a whole, 87 per cent of the workforce were born in the UK with five percent from the rest of Europe and nine per cent the rest of the world (Table 3.19). Across the home nations, England has the lowest proportion of UK born workers (86 per cent) with Northern Ireland the highest (92 per cent). Northern Ireland does have a level of workers from Europe comparable with England (five per cent) but, as only two per cent of the workforce is BAME, it seems likely that many of these are from the Republic of Ireland.

Table 3.19: Employment by country of birth and nation, 2010

	UK		England		Scotland		Wales		Northern Ireland	
	000s	%	000s	%	000s	%	000s	%	000s	%
UK	25,054	87	20,856	86	2,264	93	1,228	94	706	92
Rest of Europe (EU 27)	1,340	5	1,176	5	85	3	37	3	42	5
Rest of world	2,457	9	2,295	9	96	4	47	4	18	2
Total	28,851	100	24,327	100	2,446	100	1,312	100	766	100
Unweighted base	194.426		161.48		17.022		8.693		7.231	

Source: Labour Force Survey, ONS (2010b)

Over 1.6 million of the *hospitality, tourism and sport* sector were born in the UK (80 per cent of the workforce) (Table 3.20). This is the lowest proportion of all sectors and considerably fewer than the average across the whole economy of 87 per cent. There are variations across the *hospitality, tourism and sport* sector, with 74 per cent of *food and beverage service* workers and 78 per cent of *accommodation* workers born in the UK compared to 94 per cent of those delivering *sport and active leisure* activities.

Around a fifth (21 per cent) of *hospitality, tourism and sport* workers were born overseas: eight per cent of sector workers (156,000) are from within Europe and a further 13 per cent (260,000) from non-EU countries. The *hospitality, tourism and sport* sector has the highest proportion of European workers (the average across the entire economy is five per cent) whilst the percentage from the rest of the world is the same as found in *health*. At 17 per cent of the workforce, *food and beverage services* has a particularly high proportion of workers from the rest of the world, with an additional nine per cent from within Europe. Within *accommodation* 13 per cent are from Europe with a further 10 per cent from the rest of the world. Only two per cent of the *sport and active leisure* workforce was born in Europe and four per cent come from the rest of the world.

Within *hospitality and tourism* some employers have preferred to recruit Eastern European workers, stating that they are often educated to a higher standard, have a positive attitude to work and have better standards of customer service than UK born employees despite speaking English as a second language. The downside is that, from a tourism perspective, many visitors expect staff to be from the local area (People 1st, 2011).

Table 3.20: Employment by country of birth and sector, UK (2010)

	UK	Rest of Europe (EU 27)	Rest of world	Total	UK	Rest of Europe (EU 27)	Rest of world	Total
	'000	'000	'000	'000	%	%	%	%
Agriculture, forestry and fishing	377	21	8	406	93	5	2	100
Energy production and utilities	431	15	26	472	91	3	6	100
Manufacturing	2,567	210	193	2,969	86	7	6	100
Construction, building services, engineering and planning	2,446	124	126	2,696	91	5	5	100
Wholesale and retail trade	3,644	177	318	4,140	88	4	8	100
Transportation and storage	1,213	77	158	1,448	84	5	11	100
Hospitality, tourism and sport	1,630	156	260	2,046	80	8	13	100
Information and communication technologies	640	33	88	761	84	4	12	100
Creative media and entertainment	850	51	87	987	86	5	9	100
Financial, insurance & other professional services	1,719	79	202	2,001	86	4	10	100
Real estate and facilities management	808	55	114	978	83	6	12	100
Government services	2,011	46	152	2,208	91	2	7	100
Education	2,769	106	213	3,088	90	3	7	100
Health	1,737	83	266	2,086	83	4	13	100
Care	1,490	65	174	1,729	86	4	10	100
Other sectors	722	43	71	836	86	5	9	100
All economy	25,054	1,340	2,457	28,851	87	5	9	100

Source: Labour Force Survey, ONS (2010b)

Looking more broadly at migrant workers in general, the sheer range of cuisines on offer throughout the UK's restaurant industry partly explains why 36 per cent of those in the restaurant industry are migrant workers. Restaurants serving Asian/Oriental cuisine are commonly staffed by non-UK born workers with an intimate knowledge of those particular cuisines. In the particular case of chefs, the requirement of specialist cooking skills often requires knowledge which very difficult to source in the indigenous population. However, the introduction of UK based specialist chef academies (see section eight) will help to alleviate this scarcity of skills and open up employment in such establishments to UK nationals.

4 Demand for, and use of and value of skills

Chapter Summary

- Only 20 per cent of the sector's workforce are qualified to level 4 and above (compared to 37 per cent across the whole economy).
- The proportion of the workforce qualified to level 4 or above varies by sub-sector, from 38 per cent for *travel and tourism*, 27 per cent for *sport and active leisure*, 21 per cent for *accommodation* and 16 per cent for *food and beverage services.*
- The proportion qualified to level 4 and above has increased by five percentage points since 2002 but this is lower than the whole economy growth rate of nine points.
- In terms of high performance working practices, 15 per cent of sector employers have formal processes to identify high potential or talented individuals, similar to the whole economy at 14 per cent. Almost a third of employers have informal processes in place, which also reflects the whole economy average
- Compared with the average for the wider UK economy, workers in the sector are just as likely to have access to flexible working but are considerably less likely to have variety in their work and discretion over how they do it.
- 61 per cent of employers in the sector have provided training in the last 12 months, training 53 per cent of sector employees.
- The percentage of employees receiving training in the previous 13 weeks ranges from 25 per cent for *sport and active leisure* to 22 per cent for *travel and tourism*, 18 per cent each for *accommodation* and *food and beverage services*, and just 15 per cent for *gambling and betting*. The whole economy average is 25 per cent.
- The most common form of training in the sector is job specific (provided by 84 per cent of those employers offering training), mirroring the whole economy average. Health and safety/first aid training is equally prevalent.
- The most common reason employers give for not providing training is that all their staff are fully proficient/there is no need for training (62 per cent of employers).
- Skills levels across the sector can be adversely affected by a number of factors, including the prevalence of temporary employment, transient workers, low skills utilisation and poor retention rates.

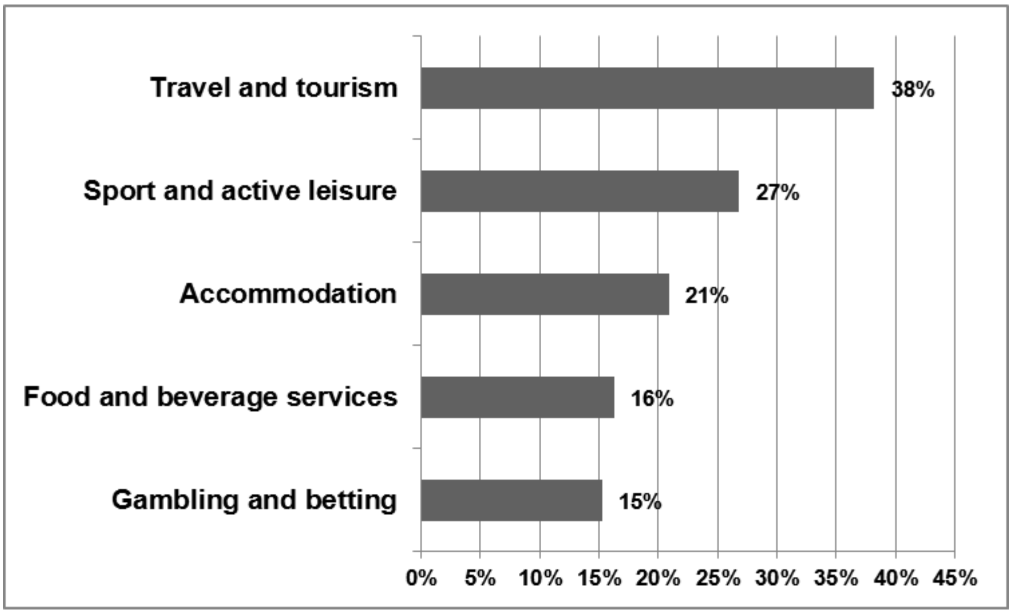
4.1 The nature of skills used in the sector (and within occupations)

To assess the nature and scale of skills issues within a sector, we must consider the distribution of skills and skill levels of its workforce. While there is no perfect indicator for skills or skills levels, qualifications are generally used as a proxy. The following tables show the highest levels of qualification achieved by the workforce.

Compared to the UK workforce as a whole, the hospitality, tourism and sport sector has higher proportions qualified at level 1, 2 and 3 and lower proportions qualified at level 4 and above (Table 4.1). Twenty per cent of the hospitality, tourism and sport workforce have a level 1 qualification compared to 16 per cent for the whole economy, 27 per cent compared to 21 per cent at level 2 and 22 per cent compared to 20 per cent at level 3. However, only 20 per cent of the sector's workforce are qualified to level 4 and above compared to 37 per cent across the whole economy.

Within the sector's sub-industries, travel and tourism has the largest proportion of higher level skills (qualified to level 4 and above) at 38 per cent; followed by sport and active leisure at 27 per cent; then accommodation (21 per cent). At 15 and 16 per cent respectively, gambling and betting and food and beverage services have lower proportions qualified to level 4 (figure 4.1).

Figure 4.1: Proportion of workforce qualified to level 4 and above, sector sub-industries (UK)



Source: Labour Force Survey, ONS (2010b)

Table 4.1: Qualification profile of sector workforces, UK (2010)

	No qualifications	Level 1	Level 2	Level 3	Level 4 +	Total	Unweighted base
	%	%	%	%	%	'000s	'000s
Agriculture, forestry and fishing	18	21	22	15	24	406	2.978
Energy production and utilities	6	16	22	22	33	473	3.244
Manufacturing	9	19	21	22	29	2,969	20.404
Construction, building services, engineering and planning	7	16	23	28	27	2,697	17.927
Wholesale and retail trade	11	22	26	22	19	4,140	27.582
Transportation and storage	11	26	29	19	16	1,447	9.732
Hospitality, tourism and sport	10	20	27	22	20	2,046	13.183
Information and communication technologies	2	10	15	18	55	761	4.874
Creative media and entertainment	3	10	14	14	59	987	6.193
Financial, insurance & other professional services	2	12	18	17	52	2,001	12.805
Real estate and facilities management	14	23	22	17	23	978	6.565
Government services	2	12	19	20	46	2,209	15.1
Education	3	9	12	13	63	3,088	21.544
Health	3	10	14	12	61	2,087	14.749
Care	5	12	23	24	36	1,729	12.006
All economy	7	16	21	20	37	28,854	194.437

Source: Labour Force Survey, ONS (2010b)

As Table 4.2 indicates, across the economy as a whole Scotland has a higher than average number of people qualified to level 4 and above (40 per cent compared to 37 per cent across the UK) whilst Northern Ireland has slightly fewer (35 per cent) (Table 4.2).

Table 4.2: Qualification levels by nation, whole economy (2010)

	UK	England	Scotland	Wales	Northern Ireland
	%	%	%	%	%
Level 4 +	37	37	40	37	35
Level 3	20	20	22	19	19
Level 2	21	21	18	22	20
Level 1 and below	23	23	20	22	25
Total	100	100	100	100	100
Weighted base	1,729	1,409	183	97	40
Unweighted base	194.437	161.49	17.022	8.693	7.232

Source: Labour Force Survey, ONS (2010b)

In the following table (Table 4.3) the variation in qualification level achievements for the *hospitality, tourism and sport* workforce across the four home nations are displayed. This indicates that the higher qualification levels in Scotland are also apparent within the sector.

Table 4.3: Qualification levels by nation, hospitality, tourism and sport (2010)

	UK	England	Scotland	Wales	Northern Ireland
	%	%	%	%	%
Level 4 +	20	20	25	20	19
Level 3	22	22	24	20	21
Level 2	27	27	26	29	23
Level 1 and below	30	30	25	31	37
Total	100	100	100	100	100
Weighted base (000s)	2,046	1,704	198	100	44
Unweighted base (000s)	13.183	10.848	1.296	0.636	0.403

Source: Labour Force Survey, ONS (2010b)

Across the UK economy as a whole since 2002, the rate of those qualified to level 4 and above has risen or remained the same each year, whilst the reverse is true for those qualified to level 1 and below (Table 4.4).

Table 4.4: Qualification levels, whole economy, UK (2002-2010)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Level 4 +	28	29	30	31	32	33	33	35	37
Level 3	20	20	20	20	19	19	20	19	20
Level 2	22	22	21	20	22	22	21	21	21
Level 1 and below	30	29	29	29	27	27	26	24	23
Total	100	100	100	100	100	100	100	100	100
Weighted base	27,905	28,165	28,455	28,741	28,986	29,163	29,380	28,810	28,854
Unweighted base	247.232	237.919	172.402	210.643	222.19	221.039	216.986	203.217	194.437

Source: Labour Force Survey, ONS (2010b)

Turning to look at the trends for *hospitality, tourism and sport*, the proportion of the sector workforce qualified to level 4 and above increased by five percentage points from 15 to 20 per cent between 2002 and 2010 (Table 4.5). Whilst this is less than the nine percentage point increase across the economy as a whole, it does indicate that the sector is moving in the right direction in terms of better qualified staff.

Table 4.5: Qualification levels sector, hospitality, tourism and sport, UK (2002-2010)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Level 4 +	15	15	17	17	18	20	20	19	20
Level 3	21	21	21	21	21	20	21	22	22
Level 2	27	27	25	24	27	26	26	27	27
Level 1 and below	37	37	37	37	34	34	34	32	30
Total	100	100	100	100	100	100	100	100	100
Weighted base (000s)	1,718	1,719	1,730	1,714	1,773	1,807	1,798	1,991	2,046
Unweighted base (000s)	14.888	14.185	10.102	12.171	13.098	13.21	12.788	13.533	13.183

Source: Labour Force Survey, ONS (2010b)

With regards to particular occupations across the sector, leisure and sports managers are considerably higher qualified than average with 45 per cent of the workforce at level 4 or above. Similarly fitness instructors may be qualified to a high level (NVQ or equivalent level 4 or above) (SkillsActive, 2010). With 37 per cent qualified to level 4 and above, hotel and accommodation managers are one of the more highly qualified occupations in *hospitality* (People 1st, 2011). Two thirds (66 per cent) of sports and leisure assistants are qualified to level 2 or 3 (SkillsActive, 2010).

As discussed in section 3, sports coaches, instructors and officials are core job roles in *sport and active leisure*, and three quarters of the 1.1 million coaches work as volunteers, but require the same minimum qualifications as their paid counterparts. Just over half of those working as sports coaches, instructors and officials are qualified to level 2 or 3. Over a third are at level 4 or above (although their highest level qualification may not be related to the occupation) whilst only 14 per cent have no or low level qualifications (SkillsActive, 2010). Over half of fitness instructors identify that their highest level of qualification is at level 2 or 3 (52 percent).

The sector is popular with young people (a third are below the age of 25) and they are likely to join the sector at an entry level before gaining more experience and qualifications. The relatively low proportion of people with low or no qualifications is a promising indication of the professionalisation of the industry.

As we have seen in Section 3.3.1 the largest occupational group is *elementary occupations (781,000 or 38 per cent)* for which low levels of qualifications required. These occupations might be described as having low barriers to entry. In particular, we will see later in this section (4.2.3) that employers in *hospitality, tourism and sport* are much more likely to provide training for *elementary occupations* at 52 per cent compared to 16 per cent across the whole economy, suggesting that sector employers are willing to invest in the young people they have recruited.

4.1.1 Specific skills required across the sector and in different occupations

The skills required across the sector vary significantly. Within hospitality and tourism the main skills that are needed amongst owner managers (who are often the owners of small businesses) are IT skills. Also considered important are the skills to maximise the potential of environmental cost savings, comply with legislation and train and develop staff (People 1st, 2010a).

The need to improve leadership skills is more important for senior managers (who are more likely to work for medium and large businesses) and supervisors/team leaders. However, improving customer service skills appears to be more of a need for supervisors and team leaders than it is for senior managers and owner managers (People 1st, 2010a).

In terms of chefs, the need to improve team working and working attitudes rates highly for both chefs who cook from scratch and chefs who mainly cook pre-prepared food (People 1st, 2010a). Unsurprisingly, with front line staff (such as waiting staff and bar staff), the need to improve customer service skills is the most acute. For travel consultants, the main skills that need improving are cited as IT sales and sales skills (People 1st, 2010a).

Across the *sport and active leisure* industry, the relationship between instructor and participant is recognised as one of the most important components for sector organisations to achieve participation or business targets and customer satisfaction. Employers in *sport and active leisure* therefore often prioritise customer handling skills and communications skills over technical or practical skills when recruiting, as there is a general feeling that technical skills can be trained where customer service and communications skills are more dependent on personality (SkillsActive, 2010).

Whilst IT skills can be important for a number of roles across hospitality and tourism, there are less important in certain areas of sport. Only a minority of staff will use a computer on a day-to-day basis in this setting; the rest will be focusing on interaction with the client base on a face-to-face basis where communication skills are more important. However, the other side to this is that relatively few employees have the opportunities to develop their IT skills that they might have if they were working in a more office-based environment. A lack of IT skills may also constitute a barrier to career progression into more managerial roles (SkilsActive, 2010).

4.1.2 Skill levels of managers and professionals

Only 34 per cent of managers and professionals in *hospitality, tourism and sport* are qualified to Level 4 or higher (compared to 61 per cent across the economy as a whole) (Table 4.6). This varies within the sector from 29 per cent in *gambling and betting*, 31 per cent in *food and beverage services*, 34 per cent in *accommodation,* 41 per cent in *sport and active leisure* and 45 per cent in *travel and tourism*.

Of the home nations, Scotland has the highest proportion of managers and professionals with Level 4 or higher qualifications (39 per cent) whilst the proportion is at its lowest in Wales (30 per cent). In all cases this is still considerably lower than across the economy as a whole.

Table 4.6: Managers and professionals without Level 4 or higher qualifications (% of all managers and professionals)

	UK	England	Scotland	Wales	Northern Ireland
	%	%	%	%	%
Agriculture, forestry and fishing	45	43	*	*	*
Energy production and utilities	49	51	41	*	*
Manufacturing	51	51	51	59	35
Construction	50	51	41	40	*
Wholesale and retail trade	64	64	67	60	50
Transportation and storage	61	59	67	*	*
Hospitality, tourism and sport	66	66	61	70	*
Information and communication technologies	40	40	37	*	*
Creative media and entertainment	38	38	*	*	*
Financial, insurance & other professional services	36	36	38	35	*
Real estate and facilities management	58	59	63	*	*
Government services	31	32	36	29	*
Education	10	11	8	*	*
Health	15	15	*	*	*
Care	30	30	33	*	*
All economy	39	39	37	36	27

Source: Labour Force Survey, ONS (2010b)

** Sample size too small for reliable estimate.*

In 2002, only 29 per cent of *hospitality, tourism and sport* managers and professionals held level 4 or higher qualifications (Table 4.7). Since then the figures have fluctuated and in 2010 show an overall increase whereby 34 per cent are qualified to level 4 or above.

Table 4.7: Managers and professionals in hospitality, tourism and sport without Level 4 or higher qualifications 2002-2010

		2002	2003	2004	2005	2006	2007	2008	2009	2010
Managers or professionals without L4 or higher qualifications	000s	232	250	186	209	233	245	239	272	273
	%	71	70	50	60	67	65	65	67	66
Weighted base (number of managers and professionals)	000s	325	357	370	347	348	375	369	407	415

Source: Labour Force Survey, ONS (2010b)

As Table 4.8 reinforces, the whole economy consistently has a much higher proportion of level 4 qualified managers or professionals than the *hospitality, tourism and sport* sector.

Table 4.8: Managers and professionals without Level 4 or higher qualifications, whole economy, 2002-2010 (UK)

		2002	2003	2004	2005	2006	2007	2008	2009	2010
Managers or professionals without L4 or higher qualifications	000s	3,239	3,336	2,554	3,023	3,460	3,471	3,496	3,371	3,283
	%	45	45	33	38	43	42	42	40	39
Weighted base (number of managers and professionals)	000s	7,214	7,481	7,726	7,866	8,123	8,201	8,356	8,406	8,483

Source: Labour Force Survey, ONS (2010b)

4.2 Value of skills

As indicated above, skills acquired – and qualifications achieved – can, in themselves, be of limited value to the performance of an organisation. Skills must be both directly relevant to the tasks the individual is asked to perform and be deployed effectively. The real contribution of an individual's capabilities will depend on how well their strengths can be guided and harnessed and the degree of commitment to each task. This section examines various elements of leadership, management and work organisation that determine the effective deployment of each business's human resources.

4.2.1 High Performance Working

High Performance Working (HPW) has been a topic of considerable interest for some years, both within the skills policy and relevant academic worlds.

The UK Commission for Employment and Skills describes High Performance Working as follows:

> *HPW encompasses the bringing together and implementation of a number of practices in a holistic way to effectively manage an organisation. As such it must provide an important means to stimulate businesses to: review their business strategies; move up the value chain (i.e. by delivering higher value goods and services); raise their demand for high skills; reorganise their work; and by so doing improve skills utilisation in the workplace and, hence, firm performance* (UKCES, 2010a).

The breadth and variety of the techniques involved limits the amount of quantitative assessment possible on HPW activity, although the UK employer skills survey includes some of the more common indicators. Some of these are discussed in the following pages.

The sector employers' propensity to have formal and informal processes in place to identify 'high potential' or talented individuals is similar to the UK average. Fifteen per cent of the sector's establishments say they do and that this is formally documented (comparable with the 14 per cent across the whole economy) whilst a further 32 per cent say they do this on an informal basis (again similar to the level across the whole economy) (Table 4.9).

Table 4.9: Whether establishment has formal processes in place to identify 'high potential' or talented individuals

	Formal process for identifying 'high potential' individuals									
	Yes, formally documented		Yes, informally		No		Don't know		Unweighted base	Weighted base
Agriculture, forestry and fishing	5,652	5	30,105	27	72,671	64	4,348	4	820	112,776
Energy production and utilities	2,191	17	4,077	31	6,385	49	486	4	866	13,138
Manufacturing	15,955	12	41,908	31	72,179	54	3,456	3	4,001	133,498
Construction	21,136	7	89,742	29	185,426	61	8,056	3	4,570	304,360
Wholesale and retail trade	79,322	17	144,464	31	229,455	49	18,075	4	8,093	471,317
Transportation and storage	12,217	10	30,841	26	73,328	61	4,419	4	2,400	120,805
Hospitality, tourism and sport	32,190	15	69,719	32	109,728	50	7,234	3	5,819	218,871
Information and communication	5,976	8	23,608	32	42,403	58	1,136	2	1,261	73,123
Creative media and entertainment	11,873	8	48,322	33	83,861	57	3,495	2	1,959	147,551
Financial, insurance & other professional services	31,220	18	56,823	33	80,911	47	3,669	2	2,680	172,623
Real estate and facilities management	20,259	13	48,382	30	83,504	52	9,000	6	1,745	161,145
Government	11,426	21	16,967	31	25,307	46	1,600	3	1,379	55,300
Education	18,653	32	20,236	34	18,789	32	1,231	2	2,780	58,909
Health	10,508	20	15,684	30	24,879	47	1,427	3	1,739	52,498
Care	25,788	28	26,675	29	32,817	36	6,485	7	2,455	91,765
All economy	320,952	14	702,866	31	1,198,876	52	77,227	3	44,691	2,299,921

Source: UK Commission's Employer Skills Survey, 2011 (Davies et al, 2012)

Base: All establishments in Module 1 and Scotland

In terms of the extent to which employees have variety in their work, the sector performs relatively poorly. Across the economy as a whole 55 per cent of employers said their employees had variety in their work ‘to a large extent’ (55 per cent) yet only 39 per cent of employers in the sector said this (Table 4.10).

There are a couple of reasons why this might be the case. New starters in the workforce are inevitably given relatively routine tasks to complete until they learn the ropes. Coupled with the high rates of turnover in the sector this can result in a steady stream of temporary workers engaged in very repetitive tasks.

In addition, certain roles are quite ‘production-line’ in nature with an emphasis on delivering consistent levels of service. Lower level jobs in large fast-food chains, for example, do consist of standardised tasks with stringent procedures which need to be followed in order to meet regulatory requirements (eg health and safety standards) and provide consistent quality levels.

Table 4.10: Extent to which employees have variety in their work

	Extent to which employees have variety in their work											
	To a large extent		To some extent		Not much		Not at all		Don't know		Unweighted base	Weighted base
Agriculture, forestry and fishing	76,675	68	24,469	22	7,742	7	2,816	2	1,074	1	820	112,776
Energy production and utilities	5,929	45	4,909	37	1,795	14	406	3	100	1	866	13,138
Manufacturing	67,095	50	48,484	36	12,899	10	3,756	3	1,262	1	4,001	133,498
Construction	179,144	59	88,851	29	24,047	8	9,313	3	3,003	1	4,570	304,360
Wholesale and retail trade	238,562	51	168,884	36	48,318	10	11,692	2	3,861	1	8,093	471,317
Transportation and storage	53,146	44	35,613	29	17,947	15	13,259	11	840	1	2,400	120,805
Hospitality, tourism and sport	86,140	39	83,543	38	37,117	17	9,289	4	2,782	1	5,819	218,871
Information and communication	46,346	63	21,687	30	3,293	5	417	1	1,381	2	1,261	73,123
Creative media and entertainment	99,587	67	37,290	25	7,267	5	2,237	2	1,170	1	1,959	147,551
Financial, insurance & other professional services	94,803	55	60,363	35	12,493	7	3,148	2	1,816	1	2,680	172,623
Real estate and facilities management	92,156	57	51,012	32	15,579	10	1,561	1	837	1	1,745	161,145
Government	33,925	61	17,273	31	2,855	5	391	1	856	2	1,379	55,300
Education	38,306	65	17,346	29	2,187	4	619	1	452	1	2,780	58,909
Health	26,622	51	19,718	38	5,203	10	694	1	260	**	1,739	52,498
Care	54,001	59	31,224	34	4,410	5	972	1	1,159	1	2,455	91,765
All economy	1,256,316	55	745,134	32	212,192	9	64,300	3	21,979	1	44,691	2,299,921

Source: UK Commission's Employer Skills Survey, 2011 (Davies et al, 2012)

Base: All establishments in Module 1 and Scotland

When asked to what extent employees have discretion over how they do their work only 40 per cent said 'to a large extent' (compared to the average of 52 per cent). A higher than average percentage of *hospitality, tourism and sport employers* thought discretion in their work was possible 'to some extent' (40 per cent compared to 35 per cent). Adding both categories together, the sector is lower than the whole economy at 80 per cent compared to 87 per cent (Table 4.11).

Table 4.11: Extent to which employees have discretion over how they do their work

	Extent to which employees have discretion over how they do their work											
	To a large extent		To some extent		Not much		Not at all		Don't know		Unweighted base	Weighted base
Agriculture, forestry and fishing	61,757	55	39,087	35	6,625	6	2,485	2	2,821	3	820	112,776
Energy production and utilities	5,809	44	4,957	38	1,467	11	557	4	348	3	866	13,138
Manufacturing	63,859	48	49,442	37	11,926	9	5,326	4	2,945	2	4,001	133,498
Construction	167,066	55	103,337	34	18,624	6	10,627	3	4,706	2	4,570	304,360
Wholesale and retail trade	222,298	47	182,574	39	44,174	9	13,608	3	8,663	2	8,093	471,317
Transportation and storage	60,073	50	38,390	32	12,736	11	8,160	7	1,446	1	2,400	120,805
Hospitality, tourism and sport	88,190	40	87,712	40	28,331	13	9,926	5	4,712	2	5,819	218,871
Information and communication	48,851	67	20,130	28	3,082	4	614	1	446	1	1,261	73,123
Creative media and entertainment	94,306	64	39,623	27	5,912	4	3,212	2	4,498	3	1,959	147,551
Financial, insurance & other professional services	88,150	51	62,426	36	15,688	9	5,292	3	1,068	1	2,680	172,623
Real estate and facilities management	95,298	59	48,171	30	11,255	7	4,656	3	1,765	1	1,745	161,145
Government	32,235	58	17,718	32	3,674	7	810	1	863	2	1,379	55,300
Education	27,530	47	26,592	45	3,231	5	660	1	897	2	2,780	58,909
Health	22,195	42	21,678	41	6,472	12	1,544	3	608	1	1,739	52,498
Care	48,843	53	36,123	39	3,779	4	1,532	2	1,488	2	2,455	91,765
All economy	1,188,767	52	814,655	35	185,638	8	71,823	3	39,037	2	44,691	2,299,921

Source: UK Commission's Employer Skills Survey, 2011 (Davies et al, 2012)

Base: All establishments in Module 1 and Scotland

The standardised work components discussed above may account for the relatively lower amounts of variety in the work, and in employees' discretion over how they do their work. It may also be a response by employers to coping with higher than average levels of staff turnover and a higher proportion of temporary staff in the workforce.

Access to flexible working for sector employees was on a par with the whole economy: 45 percent of employers said 'to a large extent' (44 per cent on average) and 35 per cent said 'to some extent' (34 per cent on average) (Table 4.12).

Table 4.12: Extent to which employees at establishment have access to flexible working

	Employees have access to flexible working											
	To a large extent		To some extent		Not much		Not at all		Don't know		Unweighted base	Weighted base
Agriculture, forestry and fishing	48,869	43	41,468	37	12,485	11	8,004	7	1,950	2	820	112,776
Energy production and utilities	4,781	36	4,419	34	2,431	19	1,450	11	58	**	866	13,138
Manufacturing	52,687	39	44,362	33	17,955	13	16,667	12	1,827	1	4,001	133,498
Construction	139,674	46	101,224	33	33,585	11	26,266	9	3,610	1	4,570	304,360
Wholesale and retail trade	176,251	37	168,909	36	64,843	14	56,324	12	4,991	1	8,093	471,317
Transportation and storage	44,233	37	38,327	32	16,329	14	20,683	17	1,233	1	2,400	120,805
Hospitality, tourism and sport	99,272	45	77,239	35	22,537	10	17,703	8	2,120	1	5,819	218,871
Information and communication	42,992	59	20,273	28	5,342	7	4,226	6	289	**	1,261	73,123
Creative media and entertainment	83,200	56	44,734	30	10,011	7	7,602	5	2,004	1	1,959	147,551
Financial, insurance & other professional services	89,019	52	55,484	32	15,828	9	11,747	7	546	**	2,680	172,623
Real estate and facilities management	77,691	48	52,389	33	16,393	10	13,861	9	811	1	1,745	161,145
Government	34,229	62	15,040	27	3,343	6	1,865	3	823	1	1,379	55,300
Education	14,445	25	21,754	37	12,772	22	9,545	16	393	1	2,780	58,909
Health	14,407	27	23,130	44	9,761	19	5,025	10	174	**	1,739	52,498
Care	38,920	42	35,210	38	9,701	11	6,858	7	1,075	1	2,455	91,765
All economy	1,012,366	44	783,411	34	264,071	11	216,701	9	23,372	1	44,691	2,299,921

Source: UK Commission's Employer Skills Survey, 2011 (Davies et al, 2012)

*Base: All establishments in Module 1 and Scotland. ** denotes a figure greater than 0% but less than 0.5%*

In short, whilst sector employees have equal access to flexible working, they are considerably less likely to have variety in their work and discretion over how they do it.

4.2.2 Provision of training / investment in training

Data on training provision is available from Davies *et al* (2012). The sector definition varies from that adopted for this series of reports. The closest sector match to *hospitality, tourism and sport* is the accommodation, food and tourism activities sector. Within the accommodation, food and tourism activities sector, 61 per cent of employers provide training (Table 4.13). This is on a par with the average of 59 per cent across the whole economy. In Scotland, the proportion of employers providing training rises to 71 per cent.

Table 4.13: Employers providing training by sector

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Agriculture, forestry and fishing	58,869	53	42,577	54	†7,737	†58	3,536	34	5,019	71
Energy production and utilities	8,743	69	6,858	69	1,040	81	554	67	291	54
Manufacturing	73,972	57	61,935	55	6,629	71	3,464	64	1,944	51
Construction	163,641	53	137,473	53	13,506	63	7,193	55	5,469	51
Wholesale and retail trade	261,948	56	218,681	55	23,692	67	11,347	54	8,228	58
Transportation and storage	55,004	45	46,106	43	5,633	70	2,103	50	1,161	52
Accommodation, food and tourism activities	134,314	61	108,618	60	15,665	71	6,570	58	3,461	59
Information and communication	39,090	54	34,418	52	†2,974	†83	1,215	62	483	44
Creative media and entertainment	74,069	52	63,945	51	†5,976	†54	2,690	57	1,457	71
Financial, insurance & other professional services	114,074	67	101,640	66	5,354	64	4,605	80	2,474	73
Real estate and facilities management	95,068	57	85,826	57	†6,652	†55	1,340	44	1,249	67
Government	41,608	76	32,980	74	4,715	85	2,343	87	1,571	77
Education	55,629	86	45,309	85	4,348	97	2,941	92	3,031	92
Health	44,797	86	38,133	85	3,208	99	2,216	79	1,239	84
Care	73,669	84	60,516	84	6,798	81	3,562	81	2,793	86
All economy	1,361,250	59	1,141,560	58	119,847	68	58,171	59	41,668	64
Weighted base	2,299,921		1,960,298		175,115		98,952		65,558	
Unweighted base	87,572		75,053		2,503		6,012		4,004	

Source: UK Commission's Employer Skills Survey, 2011 (Davies et al, 2012)

Base: All establishments.

† Treat figures with caution due to small unweighted base size of 50-99 establishments in Scotland

In terms of the proportion of employees who receive training, over half (53 per cent) of accommodation, food and tourism activities sector employees receive training; the same as across the economy as a whole. This proportion is lowest in Wales (49 per cent) and highest in Scotland (55 per cent) (Table 4.14).

Table 4.14: Employees receiving training by sector and nation

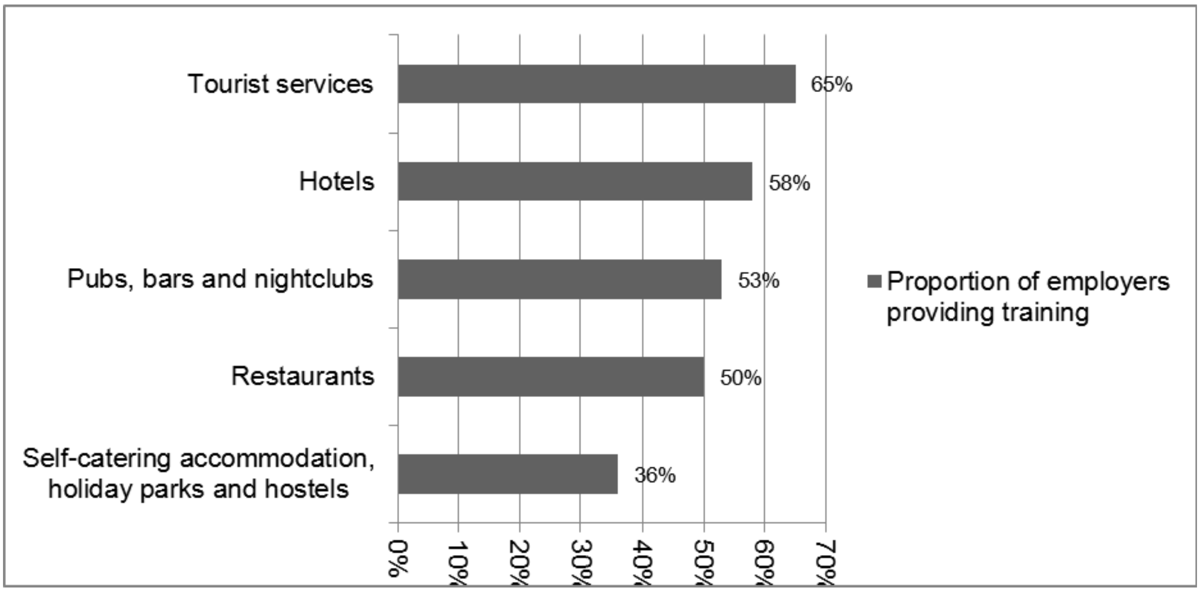
	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Agriculture, forestry and fishing	198,736	43	152,352	43	†25,724	†47	8,993	29	11,667	51
Energy production and utilities	167,507	50	120,687	49	32,976	55	11,072	66	2,772	38
Manufacturing	1,146,654	45	934,516	44	93,562	48	74,719	54	43,857	52
Construction	1,072,552	48	884,923	48	116,140	47	39,666	44	31,826	46
Wholesale and retail trade	2,340,353	50	1,960,109	49	201,879	55	109,603	55	68,761	48
Transportation and storage	538,494	41	448,580	39	49,954	44	22,489	58	17,468	63
Accommodation, food and tourism activities	1,221,736	53	1,017,791	53	124,328	55	48,807	49	30,809	50
Information and communication	233,240	38	205,944	37	†15,377	†51	5,255	28	6,663	65
Creative media and entertainment	524,081	48	451,335	47	†30,017	†43	24,215	69	18,513	69
Financial, insurance & other professional services	1,109,888	54	949,712	52	101,444	73	32,505	60	26,224	69
Real estate and facilities management	560,354	47	492,799	47	†36,284	†49	19,985	60	11,286	50
Government	1,004,866	56	835,514	58	82,550	47	49,901	53	36,901	59
Education	1,598,280	63	1,354,826	63	116,696	62	84,527	72	42,231	58
Health	1,300,684	65	1,032,851	64	187,638	81	58,505	49	21,690	52
Care	969,487	64	780,108	64	89,130	63	52,831	84	47,414	64
All economy	14,476,138	53	12,050,111	52	1,337,833	56	661,045	56	427,137	54
Weighted base	27,547,123		23,198,475		2,381,601		1,182,314		784,732	
Unweighted base	2,816,693		2,345,213		201,868		178,922		90,690	

Source: UK Commission's Employer Skills Survey, 2011 (Davies et al, 2012). Base: All employment.

† Treat figures with caution due to small unweighted base size of 50-99 establishments in Scotland

Further information about particular sub-industries of the *hospitality and tourism* sector, reveals levels of training (per annum) are highest in tourist services (65 per cent of employers had made provision for training), hotels (58 per cent) and pubs, bars and nightclubs (53 per cent) (figure 4.2). Restaurants are slightly less likely to provide training (50 per cent) but with self-catering accommodation, holiday parks and hostels the proportion is much lower (36 per cent). This is likely to be on account of the limited number of staff such establishments employ (People 1st, 2011a).

Figure 4.2: Proportion of employers providing training (hospitality industry 2011)



Source: People 1st (2011)

4.2.3 Training frequency

Information on training frequency for the hospitality, tourism and sport sector is available from the Labour Force Survey (ONS, 2010b). Over the period 2002 to 2010 and in line with the whole UK economy, the proportion of sector employees receiving training in the last four weeks was at its highest in 2002 (13 per cent) (Table 4.15). Since then it gradually fell to its lowest level of 10 per cent in 2007. It remained at this level before rising slightly to 11 per cent in 2010[12].

Overall, however, rates of training in the last four weeks are slightly lower in the *hospitality, tourism and sport* sector than they are across the economy as a whole (11 per cent compared to 13 per cent), ranging from eight per cent in *gambling and betting* to 15 per cent in *sport and active leisure*.

[12] Please note that these figures differ from previous calculations of training levels discussed earlier in the report (ie table 50 which indicate the proportion of employees receiving training over the course of a year)

Table 4.15: % of employees receiving training in last 4 weeks, 2002-2010 (UK)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Agriculture, forestry and fishing	7	7	6	6	6	6	6	6	6
Energy production and utilities	15	14	13	13	13	13	12	11	12
Manufacturing	10	9	9	10	9	9	9	9	9
Construction, building services, engineering and planning	10	9	10	9	9	9	9	9	8
Wholesale and retail trade	11	10	10	10	10	10	9	8	8
Transportation and storage	10	10	9	9	8	8	8	7	7
Hospitality, tourism and sport	13	12	12	11	11	10	10	10	11
Information and communication technologies	13	12	12	11	11	10	10	10	10
Creative media and entertainment	13	12	12	12	11	11	10	9	8
Financial, insurance & other professional services	18	17	17	16	15	15	15	14	15
Real estate and facilities management	14	13	14	12	13	12	12	7	8
Government services	20	20	20	20	19	18	19	19	17
Education	22	21	21	21	20	20	20	20	18
Health	24	25	25	25	24	23	22	24	24
Care	24	25	25	25	24	23	22	21	20
All economy	15	14	14	14	14	13	13	13	13
Weighted base (000s)	4,095	3,987	4,074	4,061	3,949	3,863	3,834	3,685	3,642
Unweighted base (000s)	35.781	33.324	32.626	31.674	29.781	28.888	27.829	25.468	24.012

Source: Labour Force Survey, ONS (2010b)

Between 2002 and 2010, the proportion of sector employees receiving training in the last 13 weeks declined at a faster rate (five percentage points) than the economy as a whole (two percentage points). (Table 4.16).

Looking across the sector's sub-industries in 2010, the proportion of UK employees receiving training in the last 13 weeks ranges from 15 per cent in *gambling and betting*, 18 per cent in both *food and beverage services* and *accommodation* through to 22 per cent in *travel and tourism* and 25 per cent in *sport and active leisure*.

Table 4.16: % of employees receiving training in last 13 weeks, 2002-2010 (UK)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Agriculture, forestry and fishing	15	13	14	13	13	12	13	13	13
Energy production and utilities	33	31	30	28	28	28	26	25	27
Manufacturing	21	20	19	20	19	20	19	18	18
Construction, building services, engineering and planning	19	19	20	19	19	19	19	19	18
Wholesale and retail trade	20	20	20	20	18	18	18	16	16
Transportation and storage	21	21	20	19	19	18	18	17	18
Hospitality, tourism and sport	24	22	22	21	21	20	19	19	19
Information and communication technologies	27	25	24	23	23	22	21	21	20
Creative media and entertainment	24	24	23	23	23	21	21	18	17
Financial, insurance & other professional services	35	33	32	33	30	30	29	29	29
Real estate and facilities management	27	26	27	26	26	25	24	15	16
Government services	40	41	40	39	38	37	36	37	35
Education	44	42	42	42	40	39	40	39	38
Health	45	46	46	47	46	44	44	47	46
Care	45	46	46	47	46	44	44	41	40
All economy	28	28	28	28	27	26	26	26	26
Weighted base (000s)	7,952	7,873	7,917	8,037	7,883	7,681	7,669	7,382	7,359
Unweighted base (000s)	69.767	65.973	63.658	63.118	59.87	57.81	56.008	51.497	48.93

Source: Labour Force Survey, ONS (2010b)

Sector employees in Wales are more likely than their counterparts in the other home nations to have received training in the last four weeks (15 per cent compared to 11 per cent on average) (Table 4.17). Furthermore, Wales is the only country to have a higher proportion of sector employees trained than the rest of the country.

Table 4.17: % of employees receiving training in last 4 weeks, 2010 (all nations)

	UK	England	Scotland	Wales	Northern Ireland
	%	%	%	%	%
Agriculture, forestry and fishing	6	7	*	*	*
Energy production and utilities	12	12	13	*	*
Manufacturing	9	9	9	11	8
Construction, building services, engineering and planning	8	8	9	10	*
Wholesale and retail trade	8	8	9	9	6
Transportation and storage	7	7	8	*	*
Hospitality, tourism and sport	11	11	12	15	*
Information and communication technologies	10	10	*	*	*
Creative media and entertainment	8	8	*	*	*
Financial, insurance & other professional services	15	15	17	19	*
Real estate and facilities management	8	8	11	*	*
Government services	17	17	18	16	8
Education	18	19	17	19	*
Health	24	25	21	22	11
Care	20	20	19	26	*
All economy	13	13	13	14	7
Weighted base (000s)	3,642	3,085	317	188	52
Unweighted base (000s)	24.012	20.155	2.164	1.215	0.478

Source: Labour Force Survey, ONS (2010b)

**Sample size too small for reliable estimate*

Similarly to above, employees in Wales received more training than in the other home nations (Table 4.18).

Table 4.18: % of employees receiving training in last 13 weeks, 2010 (all nations)

	UK	England	Scotland	Wales	Northern Ireland
	%	%	%	%	%
Agriculture, forestry and fishing	13	15	12	*	*
Energy production and utilities	27	27	30	*	*
Manufacturing	18	18	18	20	18
Construction, building services, engineering and planning	18	18	21	18	12
Wholesale and retail trade	16	17	17	15	13
Transportation and storage	18	18	19	16	*
Hospitality, tourism and sport	19	19	20	21	*
Information and communication technologies	20	20	22	*	*
Creative media and entertainment	17	17	18	20	*
Financial, insurance & other professional services	29	29	28	32	17
Real estate and facilities management	16	16	23	18	*
Government services	35	35	35	34	24
Education	38	39	34	38	26
Health	46	47	42	44	32
Care	40	40	40	46	27
All economy	25	25	27	24	18
Weighted base (000s)	7,181	6,065	668	312	137
Unweighted base (000s)	48.93	40.947	4.41	2.282	1.291

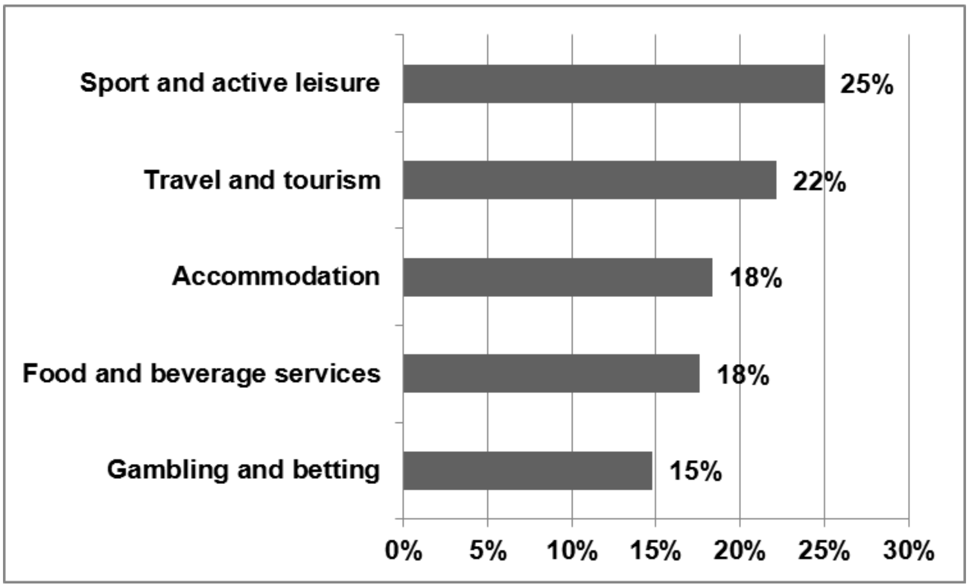
Source: Labour Force Survey, ONS (2010b)

**Sample size too small for reliable estimate*

The proportion of UK employees receiving training in the last 13 weeks ranges from 15 per cent for *gambling and betting* 25 per cent for *sport and active leisure* (figure 4.3).

In terms of occupational groups for which employers provide training, 51 per cent of employers in the accommodation, food and tourism activities sector provide training to individuals in elementary occupations (Table 4.19). This is considerably higher than the 16 per cent found across the economy and is likely to reflect the high number of elementary occupations found within this sector.

Figure 4.3: % of employees receiving training in last 13 weeks (sector sub-industries), 2010



Source: Labour Force Survey, ONS (2010b)

Table 4.19: Employers providing training to employees by occupational group

	Hospitality, tourism and sport		All economy	
	Number	%	Number	%
Managers, Directors and senior officials occupations	79,350	59	825,928	61
Professional occupations	2,669	2	152,106	11
Associate professional and technical occupations	4,509	3	124,610	9
Administrative and secretarial occupations	20,327	15	372,218	27
Skilled trades occupations	17,717	13	192,480	14
Personal service occupations	14,710	11	129,265	9
Sales and customer service occupations	25,992	19	261,082	19
Process, plant and machine operatives	2,751	2	96,592	7
Elementary occupations	68,411	51	217,981	16
Other	2,259	2	35,410	3
Don't know	1,991	1	20,638	2
Arrange training for all categories of staff employed	69,818	52	714,095	52
Arrange training for some (but not all) categories of staff employed	64,496	48	647,154	48
Weighted base	134,314		1,361,249	
Unweighted base	8,532		66,916	

Source: UK Commission's Employer Skills Survey, 2011 (Davies et al, 2012)

Base: All establishments providing training

The occupational groups within the accommodation, food and tourism activities sector which are least likely to receive training are administrative and secretarial occupations and process, plant and machine operatives (45 per cent), which both account for relatively low concentrations of employment in the sector, at seven and two per cent respectively. Nonetheless, these two groups still receive slightly more training across the economy as a whole (45 and 47 per cent respectively) (Table 4.20).

At 64 per cent, associate professional and technical occupations are the most likely sector employees to receive training. Within the accommodation, food and tourism activities sector this includes such job roles as sports players and fitness instructors for whom training is a major part of their job; it is of little surprise then that they rank as the most likely to receive training.

Table 4.20: Employees receiving training by occupational group

	Hospitality, tourism and sport		All economy	
	Number	%	Number	%
Managers, Directors and senior officials occupations	211,979	47	2,413,145	45
Professional occupations	16,656	56	1,904,780	61
Associate professional and technical occupations	29,861	64	1,022,510	56
Administrative and secretarial occupations	64,293	45	1,607,984	45
Skilled trades occupations	67,900	58	1,041,373	55
Personal service occupations	101,342	61	1,606,254	70
Sales and customer service occupations	180,671	56	1,937,670	55
Process, plant and machine operatives	16,956	45	902,782	47
Elementary occupations	525,907	52	1,938,793	48
Other	6,171	n/a	100,845	n/a
All occupations	1,221,736		14,476,137	
Weighted base	1,221,736		14,476,137	
Unweighted base	144,535		1,517,802	

Source: UK Commission's Employer Skills Survey, 2011 (Davies et al, 2012)

Base: All employees

Note: % figures refer to % of those working in x occupation who have received training

Across both the whole economy and accommodation, food and tourism activities sector employees the most common form of training is job specific (84 per cent across the economy, 85 per cent in the sector) (Table 4.21). Health and safety/first aid training is equally prevalent (85 per cent) in the sector and, with so many of the workforce employed in food service and physical activities, it is of little surprise that this is higher than across the economy as a whole (where it stands at 71 per cent).

Table 4.21: Type of training funded or arranged for employees

	Hospitality, tourism and sport		All economy	
	Number	%	Number	%
Job specific training	114,616	85	1,149,860	84
Health and safety/first aid training	113,929	85	970,183	71
Induction training	84,426	63	702,846	52
Training in new technology	43,150	32	641,023	47
Management training	54,771	41	457,763	34
Supervisory training	57,602	43	437,577	32
Personal Development Training*	2,825	2	45,451	3
Other	1,146	1	4,101	**
None of these	524	**	8,809	1
Don't know	215	**	2,412	**
Weighted base	134,314		1,361,249	
Unweighted base	8,532		66,916	

Source: UK Commission's Employer Skills Survey, 2011 (Davies et al, 2012)

Base: All establishments providing training

*** denotes a figure greater than 0% but less than 0.5%*

4.2.4 Barriers to training

By far the most common reason employers in the accommodation, food and tourism activities sector give for not providing training is that all their staff are fully proficient/there is no need for training (Table 4.22). This is mentioned by 62 per cent of sector employers across the UK and between 52 per cent in Scotland and two thirds (66 per cent) in Wales. Looking beyond these reasons a lack of finances is instrumental for some employers whilst others simply don't consider it to be a priority.

Table 4.22: Barriers to training within sector

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
All our staff are fully proficient / no need for training	51,838	62	44,244	63	*	*	3,059	66	1,294	55
No money available for training	8,008	10	6,682	9	*	*	433	9	336	14
Training is not considered to be a priority for the establis	6,753	8	6,292	9	*	*	268	6	193	8
No training available in relevant subject area	4,818	6	4,172	6	*	*	200	4	163	7
Managers have lacked the time to organise training	2,579	3	1,821	3	*	*	63	1	79	3
Learn by experience/Learn as you go	2,554	3	2,311	3	*	*	134	3	8	**
External courses are too expensive	2,060	2	1,874	3	*	*	51	1	6	**
Small firm/training not needed due to size of establishm	1,047	1	936	1	*	*	111	2	0	0
Employees are too busy to undertake training and devel	949	1	859	1	*	*	32	1	8	**
Employees are too busy to give training	453	1	434	1	*	*	19	*	0	0
Business not operating long enough/New business (inc. t	1,949	2	1,748	2	*	*	195	4	6	**
Trained staff will be poached by other employers	914	1	881	1	*	*	0	0	33	1
I Don't know what provision is available locally	397	**	324	**	*	*	5	**	69	3
The start dates or times of the courses are inconvenient	1,184	1	712	1	*	*	9	**	33	1
The courses interested in are not available locally	577	1	490	1	*	*	15	**	72	3
No new staff (only train new staff)	249	**	245	**	*	*	4	**	0	0
The quality of the courses or providers locally is not satis	106	**	106	**	*	*	0	0	0	0
Difficult to get information about the courses available lo	194	**	185	**	*	*	9	**	0	0
Other	3,022	4	2,516	4	*	*	195	4	132	6
No particular reason	5,663	7	4,383	6	*	*	256	6	219	9
Don't know	1,522	2	1,187	2	*	*	53	1	16	1
Weighted base	83,877		70,713		*		4,645		2,344	
Unweighted base	2,691		2,288		*		237		129	

Source: UK Commission's Employer Skills Survey, 2011 (Davies et al, 2012)

Base: All establishments that do not provide training

**Data suppressed as unweighted base < 25 (<50 in Scotland)*

*** Denotes a figures of greater than 0% but less than 0.5%*

The main barriers preventing *sport and active leisure* organisations from providing more training were lack of funds for training /training expensive, and not being able to spare more staff time, at 62 and 46 per cent respectively (Shury *et al*, 2010).

People 1st's State of the nation 2011 report asked employers across the hospitality, leisure, travel and tourism (HLTT) sector what factors would be likely to increase their training investment. Whilst the composition of industries within HLTT differs to those in *hospitality, tourism and sport* it is interesting to note their responses: 70 per cent stated a tax incentive for businesses delivering specific training would increase their training investment; 68 per cent said a greater understanding of what's available would help; 67 per cent required greater support; and 59 per cent mentioned greater evidence on the business benefits of specific training (People 1st, 2011).

4.3 Skills and sectoral performance

In this section of the report we examine the relationship between investment in skills/training and the extent to which companies compete on quality versus price.

The service sector

Hospitality, tourism and sport is primarily a service sector and, as such, there are a broad range of business types catering to different clientele within the sector's sub-industries. At one extreme in the eating-out market are budget establishments (for example large pub chains which serve pre-prepared, mass produced fare at very low cost to the customer). At the other extreme are fine dining restaurants where food is carefully prepared with fresh ingredients cooked to order. Prices are considerably higher here.

Similarly within the sports sector there are 'no-frills' 24-hour gyms; overheads are cut to the minimum making it much cheaper for the customer. At the other end of the spectrum is the luxury spa where there are many more staff, specialist treatments and a relative wealth of extras. Obviously though, there are significantly higher charges for the customer.

Being a service sector, there is room for different business types catering for different customers right across the spectrum and, in many respects, there is a mutual understanding between business and customer that 'you get what you pay for'. Therefore the relationship between what investment a business makes towards skills and training and the extent to which they compete on quality versus price is very much dependent on what area of the market they operate within.

A key point here is that the nature of the training given between these varying business types focuses on different aspects of the customer experience. In the pub which serves cheap food it is clearly important that the food served is of a reasonable standard but, as many of the dishes will simply be reheated on the premises, training will be based more on efficiency of service and speed of delivery rather than traditional culinary skills.

With the high-end fine dining restaurant, efficiency of service and speed of delivery are undoubtedly important but the depth of training in other areas will be greatly advanced. In short, different business types provide training which is in tune with their clientele and their business offer; whilst it would be fair to say that the chef working in a fine dining restaurant is much higher skilled than a cook preparing ‘pub grub’, this is not to say that the cook is less competent in his role, simply that the client base he/she is catering to only demands a certain level of service.

Productivity, skills/qualifications and training

Regardless of what level a business is operating (whether it be high end or budget for example), some research suggests that productivity can be raised within that business by investment in training.

Research has found that two thirds of employers (65 per cent) in England that provided training for their employees over the previous 12 months attributed an increase in productivity to that training (Spilsbury, 2002). Furthermore, with regard to the perceived effect of training on productivity from a sectoral perspective, all sectors perceive the benefits of training equally upon their productivity. Similarly, it has been shown that productivity growth is greatest in industries where the proportion of workers with higher level skills is highest. Perhaps even more telling is that industries where the proportion of skilled workers is rising are those that experience the fastest productivity growth (O’ Mahoney *et al*, 1994). Therefore, to develop the most efficient workforce, the above theory suggests that training will lead to higher level skills which in turn will lead to higher productivity. Conversely, it can be argued that productivity gains will only result from higher level skills if they are used in the business.

The *hospitality, tourism and sport* sector contributes a sizeable £3.2bn towards the UK economy; around 2.9 per cent of the UK total. At a contribution of £18,800 GVA per person, levels are considerably lower than the average across the economy (£36,500).

If we examine qualification levels across the sector’s sub-industries, we see that the proportion of the *hospitality, tourism and sport* workforce qualified to level 4 and above is only 20 per cent compared to 37 per cent across the UK economy. At the management level this disparity is even more pronounced; only 34 per cent of sector managers are qualified to level 4 and above compared to 61 per cent across the UK economy.

Looking further at this relationship, there is some evidence to suggest that qualification levels may be a reasonable predictor of productivity. In *travel and tourism*, for example, 38 per cent of the workforce is qualified to level four and above. This makes it the highest qualified sub-industry in the sector and it is arguably no coincidence that at £54,000 GVA contributed per person, it is also the most productive. At the other end of the scale the least qualified workforce in the sector is *food and beverage services* (16 per cent qualified to level four and above). It is also the least productive with just £14,000 contributed per person.

Productivity levels are often greatest in manufacturing or ‘added value’ industries where profit margins are highest in relation to the cost of the raw materials or investment. While this could still apply to some of the sector’s sub-industries (such as *gambling and betting* or *travel and tourism* which contribute £58,000 and £54,000 per employee respectively), the pricing structure in many service industries is less ‘elastic’ and can result in what appears to be lower productivity (ie £14,000 GVA per capita contribution in *food and beverage services*, £20,000 for *sport and active leisure* and £24,000 for *accommodation*).

To some extent businesses catering to the higher end of the market will be those requiring higher skills (whether they be a fine dining chef or a highly qualified sports instructor), who will be able to charge higher prices, command higher wages and will provide a higher quality service to customers.

In looking at the relationship between skills and productivity, *sport and active leisure* in particular seem to defy any strong link. It has the second highest overall qualification level within the sector (27 per cent qualified to level 4 or above) and 41 per cent of *managers and professionals* have a level 4 qualification. However, as productivity levels are still low (£20,000), there doesn’t appear to be a strong correlation between qualification levels and ‘value added’ productivity in this sub-industry. This may be explained by the prevalence of voluntary sports clubs and public provision by local authority leisure centres rather than private companies.

The difference in the type of businesses between the sector’s sub-industries would support the theory of different relative levels of ‘value added’ productivity. Overall 94 per cent of the *hospitality and tourism* sector workforce excluding *sport and active leisure* work in a private firm or business (ONS, 2010b) where skills levels tend to correlate more with ‘value added’ productivity. In the *sport and active leisure* workforce, 71 per cent of the workforce work for a private firm or business, which is similar to the whole economy workforce average of 70 per cent.

To add to this debate, there are other important factors which need to be taken into account. One of these is the low skills utilisation within sector businesses. Elementary occupations form the largest occupational group, accounting for 38 per cent of the sector workforce (see Section 3.1.1). Over half the workforce in food and beverage services (52 per cent) and 37 per cent in accommodation work in elementary occupations, which by definition would not present the opportunities to utilise high level skills. It could be argued that workers with higher levels of qualification attainment in these elementary roles are more likely to contribute to higher levels of underemployment in the sector than to boost productivity. We will see in Section 5.3 that sector employers are the most likely to concur that they have employees who are over-qualified and over-skilled.

Recent research into labour turnover found that in *pubs, bars and nightclubs* (which makes up a considerable proportion of *food and beverage services*), the rate of annual turnover was 31 per cent. Rates within *travel and tourism* though were much lower at 16 per cent (People 1st, 2011).

Labour turnover rates might also impact on productivity, at least in *food and beverage service* (GVA of £14,000 per capita) and *travel and tourism* (£54,000). In the latter, staffing levels are more stable and allow for a more skilled workforce to be developed.

Poor retention rates across certain sub-industries of the sector - nine per cent of sector employers report retention problems compared to five per cent across the economy as a whole – (see Section 5.1.3) may also encourage employers to reorganise their service delivery to operate successfully without the need for higher skilled labour in response to the need for short term, often seasonal, contracts or higher staff turnover. In this scenario the jobs will tend to be low value added and low wage, leading to lower productivity.

Summary

In short, qualification levels and investment in training *can* have a considerable impact on service levels within *hospitality, tourism and sport.* However, this does not always directly translate into traditional measures of productivity and factors such as labour turnover need to be addressed (ie continually providing training for the high number of staff who leave negates the benefits of the training).

Moreover, establishments must play to their strengths in order to build their business (ie identify who their clientele are and cater to them) and train their staff accordingly. However, it is essential to address over-arching issues such as labour turnover if productivity is to be improved.

5 Extent of current skills mis-match

Chapter Summary

- A quarter of vacancies in the sector are classed as hard-to-fill (HtFV) with 15 per cent being skills-shortage-vacancies (SSV).
- There are 74,000 vacancies reported across the hospitality, tourism and sport sector, with 18,245 HtFVs and 11,179 SSVs. Proportionally, the level of vacancies is equivalent to three per cent of overall employment in the sector, HtFVs one per cent and SSVs around 0.5 per cent.
- In terms of the proportion of employers who experience recruitment difficulties, 15 per cent have vacancies, five per cent have HtFVs whilst three per cent have SSVs.-
- The most common skills lacking amongst employers with skill shortages are *job specific skills* (mentioned by two thirds of employers) followed by *customer handling skills/technical or practical skills* (56 per cent), *team working skills* (53 per cent) and *planning and organisation skills* (52 per cent).
- *Skilled trades occupations* are the most difficult to recruit for in the sector (48 per cent of vacancies are classed as hard-to-fill) followed by *associate professional* (44 per cent of vacancies are hard-to-fill).
- The impact of hard-to-fill vacancies manifests itself in terms of an increased workload for other staff (mentioned by 82 per cent of employers with hard-to-fill vacancies), difficulties meeting customer service objectives (45 per cent) and quality standards (40 per cent).
- At 60 per cent, the sector has the highest level of under-employment (defined as employers with employees who are over qualified and over skilled) compared to 24 per cent across the whole economy.
- *Hospitality, tourism and sport* employers are the most likely to report retention problems. This is at an incidence of nine per cent compared to five per cent across the economy as a whole.
- A fifth of employers report having skills gaps. The most common step taken to overcome skills gaps is to increase training (82 per cent of those with skills gaps).
- At £9.52 an hour, average hourly earnings in the *hospitality, tourism and sport* sector are still the lowest of all sectors and considerably below the all sector average of £14.60.

5.1 Extent and nature of vacancies

The nature of vacancies can be described by two means – hard-to-fill vacancies and skill-shortage vacancies.

- Hard-to-fill vacancies (HtFVs) are those vacancies described by employers as being hard-to-fill. Whilst the reasons for this often include skills-related issues, they can equally be non-skills related such as poor pay or conditions, or remote location of the vacancy.

- Skill-shortage vacancies (SSVs) are those HtFVs where the reason given for the difficulty in filling the position is a low number of applicants with the required skills, work experience or qualifications.

5.1.1 Level of vacancies

Almost 74,000 vacancies are reported across the *hospitality, tourism and sport* sector with 18,245 HtFVs and 11,179 SSVs (Table 5.1). Proportionally, vacancies represent three per cent of overall employment in the sector, HtFVs one per cent and SSVs around 0.5 per cent. A quarter of vacancies are classed as hard to fill, with 15 per cent being SSVs.

Table 5.1: Profile of vacancies by sector

	Volume			%				
	Vacancies	HTF vacancies	SSV (prompted and unprompted)	Vacancies as a % employment	HTF vacancies as a % vacancies	SSV as a % vacancies	Weighted base	Unweighted base
Agriculture, Forestry & Fishing	14,641	5,785	4,238	3	40	29	466,870	19,506
Energy Production & Utilities	9,343	1,590	1,236	3	17	13	333,050	47,228
Manufacturing	40,252	11,834	9,711	2	29	24	2,541,188	291,593
Construction, Building Services Engineering and Planning	47,241	19,103	12,394	2	40	26	2,235,270	150,111
Wholesale & Retail Trade	95,390	17,441	12,619	2	18	13	4,674,684	514,820
Transportation and Storage	25,734	4,739	3,182	2	18	12	1,320,126	114,658
Hospitality, Tourism and Sport	73,886	18,245	11,179	3	25	15	2,313,487	258,524
Information and Communication Technologies	29,361	5,449	4,937	5	19	17	614,641	53,681
Creative Media & Entertainment	37,885	6,824	5,502	3	18	15	1,086,978	87,953
Financial, Insurance & other Professional Services	58,847	11,732	10,623	3	20	18	2,052,039	112,945
Real Estate & Facilities Management	31,155	5,773	4,252	3	19	14	1,183,601	91,204
Government Services	35,917	9,330	5,938	2	26	17	1,780,058	223,796
Education	34,684	4,984	3,729	1	14	11	2,538,545	387,221
Health	27,811	5,281	3,330	1	19	12	2,004,436	219,765
Care	37,494	5,924	3,335	2	16	9	1,504,729	157,681
Not Within Scope	36,266	9,533	7,248	4	26	20	897,422	86,007
Total	635,907	143,564	103,453	2	23	16	27,547,123	2,816,693

Source: UK Commission's Employer Skills Survey, 2011 (Davies et al, 2012)

Bases: Vary.

Vacancies as a % of employment based on all employment.

Hard-to-fill vacancies as a % of vacancies based on all vacancies.

SSVs as a % of vacancies based on all vacancies.

Across the home nations, Wales experiences the highest proportion of vacancies (four percent) and has an extremely high rate of vacancies that are hard-to-fill (56 per cent) (Table 5.2). This is 20 percentage points greater than the Wales whole economy average.

Similarly, the proportion of SSVs are much higher in Wales (41 per cent) compared to both the sector in the other home nations and in Wales overall (22 per cent).

It is unclear why Wales should have such drastically different rates to the other home nations but it could be related to the fact that much of Wales is very rural. Businesses may therefore have smaller 'catchment areas' from which to recruit staff unlike, say, in London where there is a steady supply of labour ready to fill vacancies.

Table 5.2: Profile of vacancies by sector and nation

	Vacancies as a % employment				HTF vacancies as a % vacancies				SSV as a % vacancies			
	England	Scotland	Wales	NI	England	Scotland	Wales	NI	England	Scotland	Wales	NI
Agriculture, forestry & fishing	3	†4	2	0	36	†45	87	0	28	†22	85	0
Energy production & utilities	2	7	4	1	11	22	32	49	9	17	22	25
Manufacturing	2	1	2	2	28	39	30	33	23	36	27	29
Construction, Building Services Engineering and Planning	2	2	2	1	42	29	41	27	26	24	34	16
Wholesale & retail trade	2	2	2	2	18	17	23	32	13	10	12	18
Transportation and Storage	2	2	3	1	17	6	48	60	12	3	29	11
Hospitality, Tourism and Sport	**3**	**3**	**4**	**2**	**23**	**25**	**56**	**29**	**13**	**17**	**41**	**23**
Information and Communication Technologies	5	†5	3	3	18	†35	19	13	16	†28	17	13
Creative media & entertainment	3	†2	5	11	20	†1	18	7	16	†0	16	4
Financial, Insurance & other Professional Services	3	2	2	11	19	7	12	44	17	6	12	44
Real estate & facilities management	3	†1	2	1	18	†29	17	0	14	†22	12	0
Government services	2	1	2	2	25	10	46	43	17	5	4	36
Education	1	2	1	1	16	6	6	16	12	2	5	11
Health	2	1	1	1	19	19	17	27	12	9	13	27
Care	3	1	3	3	16	19	20	13	9	16	13	3
Total	2	2	2	2	22	20	36	44	16	14	22	22
Weighted base	23,198,476	2,381,601	1,182,314	784,732	545,064	45,749	25,542	19,552	545,064	45,749	25,542	19,552
Unweighted base	2,345,213	201,868	178,922	90,690	43,960	3,186	2,999	1,759	43,960	3,186	2,999	1,759

Source: UK Commission's Employer Skills Survey, 2011 (Davies et al, 2012).

Bases vary. Vacancies as a % of employment based on all employment. Hard-to-fill vacancies as a % of vacancies based on all vacancies. SSVs as a % of vacancies based on all vacancies. † Treat figures with caution due to small establishment base size of 50-99 in Scotland.

In terms of the proportion of establishments which experience recruitment difficulties, 15 per cent have vacancies, five per cent have HtFVs, and three per cent have SSVs.

Almost 33,000 establishments report having vacancies in the sector (Table 5.3). This equates to 12 per cent of all establishments reporting vacancies across the economy. In all, 12,000 of these are classed as hard-to-fill (13 per cent of all HtFVs across the economy) whilst 7,400 sector establishments report having SSVs (11 per cent of the whole economy).

Table 5.3: Employers with vacancies, hard-to-fill vacancies and skills shortage vacancies

	Vacancies		HTF vacancies		SSV			
	Number	%	Number	%	Number	%	Weighted base	Unweighted base
Agriculture, Forestry & Fishing	8,285	3	4,141	5	2,660	4	110,220	1,547
Energy Production & Utilities	1,783	1	635	1	532	1	12,610	1,614
Manufacturing	17,423	6	7,684	8	6,040	9	130,709	7,776
Construction, Building Services Engineering and Planning	22,972	8	11,596	13	9,607	14	306,403	8,961
Wholesale & Retail Trade	50,681	18	13,499	15	9,778	14	470,200	16,150
Transportation and Storage	13,036	5	4,127	5	2,662	4	122,058	4,735
Hospitality, Tourism and Sport	32,674	12	11,656	13	7,435	11	220,055	11,318
Information and Communication Technologies	9,146	3	3,596	4	3,386	5	72,281	2,510
Creative Media & Entertainment	16,182	6	5,506	6	4,746	7	143,772	3,762
Financial, Insurance & other Professional Services	21,794	8	5,310	6	4,556	7	170,887	5,343
Real Estate & Facilities Management	17,403	6	4,651	5	3,956	6	166,486	3,424
Government Services	8,185	3	1,877	2	1,204	2	54,687	2,605
Education	14,466	5	3,220	4	2,386	4	64,540	5,439
Health	9,577	3	2,820	3	1,842	3	52,370	3,398
Care	15,589	6	3,956	4	2,054	3	87,899	4,763
Not in scope	15,583	6	6,497	7	5,121	8	114,744	4,227
Total	274,779	100	90,771	100	67,965	100	2,299,921	87,572

Source: UK Commission's Employer Skills Survey, 2011 (Davies et al, 2012).

Base: All employers

In 2011, the 32,674 sector establishments with vacancies reported 73,889 actual vacancies (Table 5.4). In absolute terms this is second only to *wholesale and retail trade* (95,390 vacancies). As a proportion of employment this is three percent (compared to the economy average of two per cent). A quarter of these vacancies are proving hard-to-fill (compared to 23 per cent across the economy) whilst 15 per cent are considered to be SSVs (16 per cent across the economy).

Table 5.4: Profile of vacancies by sector

	Volume			%				
	Vacancies	HTF vacancies	SSV (prompted and unprompted)	Vacancies as a % employment	HTF vacancies as a % vacancies	SSV as a % vacancies	*Weighted base*	*Unweighted base*
Agriculture, Forestry & Fishing	14,641	5,785	4,238	3	40	29	466,870	19,506
Energy Production & Utilities	9,343	1,590	1,236	3	17	13	333,050	47,228
Manufacturing	40,252	11,834	9,711	2	29	24	2,541,188	291,593
Construction, Building Services Engineering and Planning	47,241	19,103	12,394	2	40	26	2,235,270	150,111
Wholesale & Retail Trade	95,390	17,441	12,619	2	18	13	4,674,684	514,820
Transportation and Storage	25,734	4,739	3,182	2	18	12	1,320,126	114,658
Hospitality, Tourism and Sport	**73,886**	**18,245**	**11,179**	**3**	**25**	**15**	**2,313,487**	**258,524**
Information and Communication Technologies	29,361	5,449	4,937	5	19	17	614,641	53,681
Creative Media & Entertainment	37,885	6,824	5,502	3	18	15	1,086,978	87,953
Financial, Insurance & other Professional Services	58,847	11,732	10,623	3	20	18	2,052,039	112,945
Real Estate & Facilities Management	31,155	5,773	4,252	3	19	14	1,183,601	91,204
Government Services	35,917	9,330	5,938	2	26	17	1,780,058	223,796
Education	34,684	4,984	3,729	1	14	11	2,538,545	387,221
Health	27,811	5,281	3,330	1	19	12	2,004,436	219,765
Care	37,494	5,924	3,335	2	16	9	1,504,729	157,681
Not Within Scope	36,266	9,533	7,248	4	26	20	897,422	86,007
Total	635,907	143,564	103,453	2	23	16	27,547,123	2,816,693

Source: UK Commission's Employer Skills Survey, 2011 (Davies et al, 2012).

Bases: Vary.

- *Vacancies as a % of employment based on all employment.*
- *Hard-to-fill vacancies as a % of vacancies based on all vacancies.*
- *SSVs as a % of vacancies based on all vacancies.*

5.1.2 Nature of vacancies

Unsurprisingly given the high proportion of elementary workers (such as waiting staff or bar staff) across the sector, over half of all sector vacancies (54 per cent) fall within this occupational grouping (Table 5.5).

However, the roles which are most hard-to-fill are skilled trades occupations (composed largely of chefs) where 48 percent of vacancies are classed as hard-to-fill. Associate professionals (a category which comprises coaches, instructors and officials) also prove difficult in terms of recruitment with 44 percent of vacancies being hard-to-fill. SSVs mirror the HtFVs in these two occupational groups at 33 per cent and 24 per cent respectively.

Table 5.5: Profile of vacancies by occupation within sector

	Volume								
	Vacancies	HTF vacancies	SSV	HTF vacancies as a % vacancies	SSV as a % vacancies	*Weighted base (number of vacancies)*	*Unweighted base (number of vacancies)*	*Weighted base (establishments reporting vacancies)*	*Unweighted base (establishments reporting vacancies)*
Managers	2,565	723	463	28	18	2,565	243	2012	172
Professionals	653	148	15	23	2	653	49	429	31
Associate professionals	6,308	2,776	1,539	44	24	6,308	445	2735	217
Administrative/clerical staff	3,480	478	343	14	10	3,480	412	2158	256
Skilled trades occupations	9,538	4,550	3,175	48	33	9,538	915	7356	618
Caring, leisure and other services staff	5,967	929	596	16	10	5,967	649	3337	331
Sales and customer services staff	3,329	648	421	19	13	3,329	333	2072	156
Machine operatives	1,173	324	134	28	11	1,173	122	614	58
Elementary staff	40,083	7,605	4,444	19	11	40,083	4,296	17846	1549
Unclassified staff	*	*	*	*	*	*	*	*	*
Total	73,717	18,243	11,178	25	15	73,717	7,565	38757	3411

Source: UK Commission's Employer Skills Survey, 2011 (Davies et al, 2012).

Bases: All vacancies.

Establishment bases provided for suppression reasons.

** Data suppressed as unweighted establishment base < 25*

There have been ongoing problems over recent years for restaurants recruiting skilled chefs. Often the skill levels required by, for example, restaurants serving Asian/Oriental based cuisines are so specialised that they are impossible to find in the UK population (People 1st, 2009). Additionally, with the introduction of increasingly stringent immigration laws, recruitment of chefs from outside the European Economic Area is becoming extremely difficult.

By far the most common impact of having hard-to-fill vacancies cited by employers is an increased workload for other staff (82 per cent of respondents across the UK) (Table 5.6). The second biggest impact mentioned by employers is that they have difficulties meeting customer service objectives (45 per cent). In all, 41 per cent have difficulties meeting quality standards and 40 per cent are experiencing increased operating costs. Loss of business or orders to competitors and delays developing new products and services are also a problem for over a third of employers. Across the nations, Scotland has the greatest proportion of employers impacted by increased workload at 97 per cent, while this only affects 64 per cent of employers in Northern Ireland.

Table 5.6: Impact of having hard-to-fill vacancies

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Increase workload for other staff	9,538	82	7,460	80	*	*	761	87	147	64
Have difficulties meeting customer services objectives	5,267	45	4,313	46	*	*	448	51	52	23
Lose business or orders to competitors	4,167	36	3,245	35	*	*	334	38	79	34
Delay developing new products or services	4,310	37	3,541	38	*	*	305	35	90	39
Experience increased operating costs	4,699	40	3,842	41	*	*	293	33	71	31
Have difficulties meeting quality standards	4,754	41	4,058	43	*	*	299	34	82	35
Have difficulties introducing new working practices	4,034	35	3,343	36	*	*	136	15	102	44
Outsource work	2,152	18	1,655	18	*	*	129	15	26	11
Withdraw from offering certain products or services alto	3,307	28	2,704	29	*	*	394	45	48	21
Have difficulties introducing technological change	1,788	15	1,414	15	*	*	196	22	18	8
None	719	6	637	7	*	*	28	3	38	16
Don't know	144	1	107	1	*	*	37	4	0	0
Weighted base	11,656		9,343		*		874		231	
Unweighted base	844		692		*		86		26	

Source: UK Commission's Employer Skills Survey, 2011 (Davies et al, 2012).

Base: All employers with hard to fill vacancies

*Note: * Data suppressed as unweighted establishment base <50 in Scotland.*

Increasing advertising/recruitment spend is the most commonly used means to overcome hard-to-fill vacancies (as mentioned by over 40 per cent of UK respondents) followed by using new recruitment methods or channels (27 per cent) (Table 5.7). In Northern Ireland and Wales, increasing the training given to the existing workforce were the second and third most popular responses, while employers in Scotland were more likely to bring in external contractors or contract the work out at 11 per cent compared to four per cent across the UK.

Table 5.7: Measures taken by employers to overcome hard-to-fill vacancies

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Increasing advertising / recruitment spend	4,662	40	3,941	42	*	*	187	21	114	49
Using NEW recruitment methods or channels	3,162	27	2,681	29	*	*	197	23	52	23
Redefining existing jobs	1,388	12	1,282	14	*	*	73	8	23	10
Increasing the training given to your existing workforce	1,027	9	723	8	*	*	138	16	62	27
Increasing / expanding trainee programmes	767	7	662	7	*	*	15	2	32	14
Being prepared to offer training to less well qualified rec	689	6	600	6	*	*	18	2	6	3
Bringing in contractors to do the work, or contracting it o	459	4	275	3	*	*	46	5	0	0
Increasing salaries	698	6	521	6	*	*	142	16	6	3
Recruiting workers who are non-UK nationals	644	6	597	6	*	*	39	4	4	2
Making the job more attractive e.g. recruitment incentiv	151	1	92	1	*	*	30	3	0	0
Other	230	2	158	2	*	*	48	5	24	10
Nothing	1,652	14	1,104	12	*	*	177	20	24	11
Don't know	519	4	485	5	*	*	0	0	0	0
Weighted base	11,656		9,343		*		874		231	
Unweighted base	844		692		*		86		26	

Source: UK Commission's Employer Skills Survey, 2011 (Davies et al, 2012).

Base: All employers with hard to fill vacancies

*Note: * Data suppressed as unweighted establishment base <50 in Scotland.*

Across the entire UK workforce the most common skills lacking in establishments with skill shortages are *job specific skills* (mentioned by two thirds of employers) followed by *technical or practical skills* (46 per cent) (Table 5.8). These are the skills essential for individuals to carry out the tasks within their job descriptions competently. 'Softer' skills which employers feel are lacking include *planning and organisation skills* (41 per cent) and *customer handling skills* (40 per cent).

Table 5.8: Skills lacking in Skills Shortage Vacancies (whole economy)

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Basic computer literacy / using IT	16,832	16	13,842	16	514	8	2,001	35	476	11
Advanced IT or software skills	21,988	21	18,190	21	1,160	18	1,976	35	661	15
Oral communication skills	39,113	38	33,997	39	1,910	30	1,993	35	1,213	28
Written communication skills	33,859	33	28,515	33	2,659	41	1,381	24	1,305	30
Customer handling skills	41,349	40	33,863	39	3,056	47	2,977	53	1,453	33
Team working skills	33,728	33	27,092	31	1,877	29	3,315	59	1,444	33
Written Welsh language skills	1,574	2	0	0	0	0	1,574	28	0	0
Oral Welsh language skills	1,680	2	0	0	0	0	1,680	30	0	0
Foreign language skills	16,773	16	14,601	17	1,451	22	385	7	336	8
Problem solving skills	37,882	37	32,338	37	2,453	38	2,209	39	882	20
Planning and Organisation skills	42,431	41	35,377	41	2,867	44	2,372	42	1,815	41
Strategic Management skills	29,853	29	24,828	29	2,122	33	1,564	28	1,340	31
Numeracy skills	26,775	26	23,194	27	1,866	29	1,149	20	567	13
Literacy skills	30,151	29	25,002	29	1,674	26	2,490	44	985	22
Office admin skills	17,559	17	15,320	18	967	15	797	14	475	11
Technical or practical skills	47,992	46	40,313	46	3,711	57	2,571	46	1,397	32
Job specific skills	68,385	66	56,716	65	5,064	78	4,401	78	2,204	50
Experience/lack of product knowledge	1,668	2	1,523	2	135	2	9	0	0	0
Personal attributes (e.g. motivation, work ethos, common sense, initiative, reliability, commitment, punctuality, flexib	2,743	3	2,385	3	314	5	17	0	26	1
Other	911	1	835	1	0	0	13	0	62	1
No particular skills difficulties	7,129	7	5,588	6	148	2	135	2	1,258	29
Don't know	3,777	4	3,459	4	102	2	124	2	93	2
Weighted base	103,453		86,950		6,463		5,650		4,390	
Unweighted base	7,197		5,959		367		482		389	

Source: UK Commission's Employer Skills Survey, 2011 (Davies et al, 2012).

Base: All skills shortage vacancies

NB: Employment weight

Sector establishments with SSVs report that *job specific skills* are most lacking (67 per cent of respondents; comparable to the whole UK economy) (Table 5.9). However, with the sector predominately being a service sector, a lack of customer handling skills is also rated particularly highly (56 per cent; considerably higher than 40 per cent across the whole UK economy). A lack of team working skills is reported by a greater proportion of establishments in the the sector than the whole economy average (53 per cent compared to 33 per cent).

Table 5.9: Skills lacking in Skills Shortage Vacancies within sector

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Basic computer literacy / using IT	2,576	23	1,208	15	*	*	1,165	69	*	*
Advanced IT or software skills	2,559	23	1,335	16	*	*	1,137	67	*	*
Oral communication skills	5,009	45	3,999	49	*	*	289	17	*	*
Written communication skills	3,610	32	2,745	34	*	*	132	8	*	*
Customer handling skills	6,275	56	4,229	52	*	*	1,378	82	*	*
Team working skills	5,918	53	3,999	49	*	*	1,430	85	*	*
Written Welsh language skills	1,113	10	0	0	*	*	1,113	66	*	*
Oral Welsh language skills	1,145	10	0	0	*	*	1,145	68	*	*
Foreign language skills	2,951	26	2,444	30	*	*	54	3	*	*
Problem solving skills	4,188	37	3,480	43	*	*	210	12	*	*
Planning and Organisation skills	5,794	52	4,470	55	*	*	362	21	*	*
Strategic Management skills	3,555	32	2,684	33	*	*	179	11	*	*
Numeracy skills	3,348	30	2,459	30	*	*	189	11	*	*
Literacy skills	4,553	41	2,606	32	*	*	1,249	74	*	*
Office admin skills	1,778	16	1,611	20	*	*	101	6	*	*
Technical or practical skills	4,748	42	3,851	48	*	*	247	15	*	*
Job specific skills	7,476	67	4,916	61	*	*	1,450	86	*	*
Experience/lack of product knowledge	130	1	121	1	*	*	0	0	*	*
Personal attributes e.g. motivation, work ethos, commor	524	5	383	5	*	*	4		*	*
Other	46		46	1	*	*	0	0	*	*
No particular skills difficulties	444	4	426	5	*	*	9	1	*	*
Don't know	195	2	181	2	*	*	4		*	*
Weighted base	*11,179*		*8,103*		*		*1,688*		*	
Unweighted base	*976*		*775*		*		*100*		*	

Source: UK Commission's Employer Skills Survey, 2011 (Davies et al, 2012).

Base: All skills shortage vacancies

*Note: * Data suppressed as unweighted establishment base <25 (<50 for Scotland).*

5.1.3 Staff retention

Across the UK (excluding Scotland), England, Wales and Northern Ireland, *hospitality, tourism and sport* employers are the most likely to report retention problems (Table 5.10). This is at a rate of nine per cent across the UK (compared to five per cent across the economy as a whole). Put another way, sector employers reporting retention problems represent 17 per cent of all UK employers reporting such difficulties across the economy as a whole. The majority of these difficulties lie in *elementary occupations* and *skilled trades*.

Looking at labour turnover, the Chartered Institute of Personnel and Development (CIPD) found that *hotel, catering and leisure* has the highest rates across the whole economy (34 per cent compared to just 17 per cent across the private sector as a whole) (CIPD, 2009). Whilst the terms 'retention' and 'turnover' are related concepts it does not necessarily follow that to have high turnover rates inevitably mean that an employer *perceives* he/she has a retention problem.

This suggests that high labour turnover rates are generally accepted by employers as ‘part and parcel’ of working in the sector. However, 58 per cent of employers believe that the sector relies heavily on transient workers[13], and 47 per cent agree that the level of reliance is too high (People 1st, 2011a). In short, it appears that a number of employers have identified that labour turnover and retention is an issue across the sector and recognise it is an unsustainable model.

These trends are symptomatic of a sector where some of the industries lack the perceived professional standing of other sectors and industries. Whilst transient workers will remain an important labour pool for the sector, it would be beneficial for employers to explore alternative methods of recruitment which manage to maintain the skills based of the workforce and reduce the costs of labour turnover. Two potential alternatives to this are women returning from maternity and older workers; both of who may prefer permanently flexible roles.

Table 5.10: Employers with retention problems by sector and nation

	UK (excl. Scotland)		England		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%
Agriculture, Forestry & Fishing	4,954	5	4,236	5	360	3	358	5
Energy Production & Utilities	555	5	484	5	62	8	9	2
Manufacturing	6,493	5	5,883	5	433	8	177	5
Construction, Building Services Engineering and Planning	10,569	4	9,710	4	722	5	138	1
Wholesale & Retail Trade	18,192	4	16,682	4	891	4	619	4
Transportation and Storage	5,676	5	5,240	5	321	8	115	5
Hospitality, Tourism and Sport	18,345	9	16,670	9	1,126	10	548	9
Information and Communication Technologies	3,084	4	2,948	4	57	3	79	7
Creative Media & Entertainment	5,303	4	4,891	4	306	7	106	5
Financial, Insurance & other Professional Services	6,271	4	5,876	4	339	6	55	2
Real Estate & Facilities Management	5,826	4	5,649	4	139	5	38	2
Government Services	2,496	5	2,200	5	208	8	88	4
Education	2,925	5	2,493	5	267	8	165	5
Health	3,297	7	2,961	7	249	9	87	6
Care	5,134	6	4,615	6	327	7	191	6
Not within scope	6,810	6	6,476	6	247	6	87	3
Whole Economy	105,929	5	97,014	5	6,054	6	2,860	4
Weighted base	2,124,807		1,960,298		98,952		65,558	
Unweighted base	85,069		75,053		6,012		4,004	

Source: UK Commission’s Employer Skills Survey, 2011 (Davies et al, 2012).

Base: All establishments in England, NI, Wales (question not asked in Scotland)

5.1.4 Recruitment channels

The *hospitality, tourism and sport* sector appeals to young people as both a permanent and a temporary job. Young people may enter the sector, either as seasonal employment in *sport and active leisure* or *accommodation* or as a temporary job in *food and beverage services*. As a result it has the second highest proportion of UK employers recruiting one or more young people direct from school, college or university in the last 2-3 years (32 per cent

[13] ‘Transient workers’ can be defined as those who enter the workforce for a short period of time, often with little intention of staying in their role.

of sector employers) (Table 5.11). These proportions are similar across each of the home countries. This highlights the accessibility of the sector for new entrants.

Table 5.11: Employers recruiting one or more young person over the last 3 years directly from education

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Agriculture, forestry & fishing	21,769	20	14,815	19	†2,725	†20	1,183	11	3,046	43
Energy production & utilities	2,660	21	2,080	21	322	25	197	24	61	11
Manufacturing	31,047	24	26,304	23	2,442	26	1,437	27	863	23
Construction, building services engineering and planning	66,741	22	55,108	21	6,498	30	2,973	23	2,161	20
Wholesale & retail trade	120,702	26	101,878	25	9,862	28	5,297	25	3,665	26
Transportation and storage	18,432	15	16,069	15	1,496	19	476	11	391	17
Hospitality, tourism and sport	70,608	32	59,071	33	6,164	28	3,583	32	1,789	31
Information and communication technologies	14,960	21	13,659	21	†794	†22	241	12	266	24
Creative media & entertainment	31,843	22	28,704	23	†1,573	†14	1,082	23	484	24
Financial, insurance & other professional services	37,955	22	34,274	22	1,679	20	1,230	21	773	23
Real estate & facilities management	23,229	14	21,827	15	†699	†6	475	16	229	12
Government services	10,268	19	8,375	19	1,084	20	378	14	431	21
Education	28,641	44	24,132	45	1,812	41	1,450	45	1,247	38
Health	13,817	26	11,547	26	938	29	822	29	510	34
Care	26,557	30	22,175	31	1,955	23	1,481	34	947	29
All economy	552,385	24	467,925	24	43,211	25	23,664	24	17,584	27
Weighted base	*2,124,807*		*1,960,298*		*175,115*		*98,952*		*65,558*	
Unweighted base	*85,069*		*75,053*		*2,503*		*6,012*		*4,004*	

Source: UK Commission's Employer Skills Survey, 2011 (Davies et al, 2012) . Base: all establishments.

NB: Scottish employers were asked a slightly different question; results cannot be compared directly to UK, England, Wales, or Northern Ireland figures. Scottish employers have not been included in the UK base. †

† Treat figures with caution due to small unweighted base size of 50-99 establishments in Scotland

5.2 Extent and nature of skills issues

5.2.1 Extent of skills shortages and gaps

A fifth (20 per cent) of *hospitality, tourism and sport* establishments report having skills gaps; this is considerably higher than the average across the entire economy of 13 per cent (Table 5.12). The proportion of employees with skills gaps stands at eight percent; again this is considerably higher than the five per cent for the economy as a whole.

This may be due to the higher levels of employment of young people, the low entry level requirements for these young people, combined with sector employer's training strategies. There is also an argument to suggest that these high rates of skills gaps are partly a product of high rates of turnover in *accommodation* and *food and beverage services*. With high rates of churn and a competitive environment in businesses across the sector it can be difficult to maintain a workforce which is fully skilled.

Table 5.12: Employers and employees with skills gaps by sector

	Employers with skills gaps				Employees with skills gaps			
	Number	%	*Weighted base*	*Unweighted base*	Number	%	*Weighted base*	*Unweighted base*
Agriculture, Forestry & Fishing	10,665	10	110,220	1,547	20,149	4	466,870	19,506
Energy Production & Utilities	2,000	16	12,610	1,614	17,250	5	333,050	47,228
Manufacturing	21,520	16	130,709	7,776	148,007	6	2,541,188	291,593
Construction, Building Services Engineering and Planning	31,925	10	306,403	8,961	99,184	4	2,235,270	150,111
Wholesale & Retail Trade	72,233	15	470,200	16,150	300,344	6	4,674,684	514,820
Transportation and Storage	11,540	9	122,058	4,735	55,391	4	1,320,126	114,658
Hospitality, Tourism and Sport	43,000	20	220,055	11,318	193,549	8	2,313,487	258,524
Information and Communication Technologies	6,647	9	72,281	2,510	34,775	6	614,641	53,681
Creative Media & Entertainment	9,155	6	143,772	3,762	41,091	4	1,086,978	87,953
Financial, Insurance & other Professional Services	20,954	12	170,887	5,343	92,599	5	2,052,039	112,945
Real Estate & Facilities Management	13,185	8	166,486	3,424	64,302	5	1,183,601	91,204
Government Services	7,980	15	54,687	2,605	94,735	5	1,780,058	223,796
Education	12,304	19	64,540	5,439	94,884	4	2,538,545	387,221
Health	9,776	19	52,370	3,398	101,986	5	2,004,436	219,765
Care	14,886	17	87,899	4,763	78,458	5	1,504,729	157,681
Whole economy	300,941	13	2,299,921	87,572	1,489,540	5	27,547,123	2,816,693

Source: UK Commission's Employer Skills Survey, 2011 (Davies et al, 2012).

Bases: All establishments; all employment.

Across the home nations the proportion of establishments with skills gaps ranges from 17 per cent in Northern Ireland and Wales to 22 per cent in Scotland (Table 5.13). In terms of employees, seven per cent of the workforce in Wales has skills gaps, eight per cent in England and nine per cent in both Scotland and Northern Ireland.

Table 5.13: Employers and employees with skills gaps within sector, by nation

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Employers with skills gaps	43,000	20	35,165	19	4,930	22	1,908	17	997	17
Employees with skills gaps	193,549	8	161,909	8	19,486	9	6,810	7	5,344	9
Employer weighted base	220,055		180,917		22,027		11,292		5,819	
Employer unweighted base	11,318		9,630		324		909		455	
Employment weighted base	2,313,487		1,928,392		224,512		98,666		61,917	
Employment unweighted base	258,524		219,773		15,106		15,566		8,079	

Source: UK Commission's Employer Skills Survey, 2011 (Davies et al, 2012).

Although machine operatives have the highest rate of skills gaps in *hospitality, tourism and sport* (14 per cent), they are a small group in terms of numbers. Elementary staff, on the other hand, compose a significant proportion of the sector workforce and, within this group, 108,000 workers have skills gaps (11 percent of the total) (Table 5.14).

Elementary staff comprise a number of occupations with particularly high rates of labour turnover. For example bar staff have a labour turnover rate of 45 per cent, waiting staff have 33 per cent and kitchen assistants have 31 per cent (People 1st, 2010b).

Table 5.14: Skills gaps within sector by occupation

	Total employment	Number with skills gaps	% with skills gaps
Managers	446,370	18,531	4
Professionals	29,835	1,113	4
Associate professionals	47,007	2,750	6
Administrative/clerical staff	141,592	8,562	6
Skilled trades occupations	117,613	8,288	7
Caring, leisure and other services staff	166,861	9,645	6
Sales and customer services staff	321,800	31,669	10
Machine operatives	37,661	5,300	14
Elementary staff	1,004,748	107,692	11
Weighted base	2,313,487	193,549	8
Unweighted base	258,524	23,334	

Source: UK Commission's Employer Skills Survey, 2011 (Davies et al, 2012).

Base: All employees

Causes of skills gaps

The most common cause cited by sector establishments with skills gaps is that staff are new to the role (56 per cent), with 52 per cent stating that skills gaps exist because staff training was not complete. Importantly, both these ratings are higher than average across the economy (47 and 46 per cent respectively) which, again, is symptomatic of a sector recruiting young people, offering seasonal employment or experiencing retention issues.

Other reasons of importance for the sector are that staff lack motivation (mentioned by 37 per cent of establishments with skills gaps) and that staff have been on training but their performance has not improved significantly (also 37 per cent).

5.2.2 Skills that need improving

Establishments with skills gaps were asked which skills were lacking within their workforce. Within the sector, customer handling skills were the most frequently mentioned (58 per cent of establishments) followed by job specific skills (53 per cent) and team working (47 per cent). Oral communication skills were more commonly cited by sector establishments (45 per cent) than across the economy as a whole (34 per cent).

Impact and steps taken to overcome skills lacking

Increased workload for other staff is the most common consequence of skills gaps (as mentioned by 81 per cent of UK respondents), mirroring the impact of skills shortages earlier (Table 5.15). Having difficulties meeting quality standards is also high across the UK (51 per cent) as is increased operating costs (49 per cent). Almost four out of ten UK establishments cite difficulties introducing new working practices and the loss of business or orders to competitors. These impacts do not vary greatly across the home countries.

Table 5.15: Consequences of skills gaps with sector by nation

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Increase workload for other staff	21,968	81	18,139	81	2,135	78	1,011	82	682	88
Increase operating costs	13,325	49	10,788	48	1,565	57	581	47	391	50
Have difficulties meeting quality standards	13,912	51	11,601	52	1,292	47	665	54	354	46
Have difficulties introducing new working practices	10,518	39	8,647	39	1,146	42	462	38	262	34
Lose business or orders to competitors	9,962	37	8,589	39	629	23	529	43	216	28
Delay developing new products or services	7,062	26	6,040	27	520	19	345	28	157	20
Outsource work	3,593	13	3,120	14	167	6	208	17	98	13
No particular problems / None of the above	2,046	8	1,514	7	439	16	66	5	27	3
Don't know	48	**	48	**	0	0	0	0	0	0
Weighted base	27,016		22,287		2,726		1,228		774	
Unweighted base	2,270		1,922		99		165		84	

Source: UK Commission's Employer Skills Survey, 2011 (Davies et al, 2012).

Base: All employers with skills gaps that have impact on establishment performance

Note: Treat figures for Scotland with caution due to small base size of 50-99 establishments

*** Denotes a figures of greater than 0% but less than 0.5%*

Across the whole economy increasing training activity is the most common method to overcome skills gaps (mentioned by 82 per cent of establishments). This is followed by more supervision of staff (62 per cent) and an increased use of staff appraisals/performance reviews (Table 5.16).

Table 5.16: Steps employers have taken to overcome skills gaps, overall workforce

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Increase training activity / spend or increase/expand trainee	185,527	82	155,451	82	3,822	79	18,002	83	8,253	86
More supervision of staff	139,442	62	116,865	62	3,186	66	13,381	62	6,009	62
More staff appraisals / performance reviews	123,245	55	103,336	55	2,939	61	12,001	55	4,968	51
Implementation of mentoring / buddying scheme	113,645	50	94,041	50	2,350	49	12,376	57	4,878	51
Reallocating work	76,053	34	62,381	33	1,952	41	7,876	36	3,844	40
Changing working practices	69,850	31	59,408	31	1,499	31	6,406	29	2,537	26
Increase recruitment activity / spend	33,319	15	28,747	15	762	16	2,386	11	1,424	15
Recruiting workers who are non-UK nationals	21,589	10	18,782	10	572	12	1,373	6	862	9
Other	3,156	1	2,742	1	125	3	221	1	69	1
Nothing	3,541	2	2,736	1	36	1	617	3	152	2
Don't know	348	**	322	0	0	0	0	0	25	0
Weighted base	*225,379*		*189,191*		*21,730*		*9,650*		*4,807*	
Unweighted base	*16,506*		*14,313*		*655*		*1,074*		*464*	

Source: UK Commission's Employer Skills Survey, 2011 (Davies et al, 2012).

Base: All employers with skills gaps who have taken steps to improve the proficiency or skills of these staff, or have plans to do so

*** Denotes a figures of greater than 0% but less than 0.5%*

The figures for *hospitality, tourism and sport* are relatively similar in that increasing training activity is the most common method used to overcome skills gaps (mentioned by 82 percent of establishments); greater supervision of staff is also common (67 per cent) (Table 5.17). Scottish establishments are more inclined to use staff appraisals and performance reviews (at 68 per cent) than their counterparts in other parts of the UK, as well as to recruit workers who are non-UK nationals (27 per cent).

Table 5.17: Steps employers have taken to overcome skills gaps, hospitality, tourism and sport

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Increase training activity / spend or increase/expand trainee	26,742	82	22,118	81	549	87	2,887	86	1,189	80
More supervision of staff	21,796	67	18,191	67	424	68	2,216	66	964	65
More staff appraisals / performance reviews	18,606	57	15,478	57	427	68	1,840	55	862	58
Implementation of mentoring / buddying scheme	16,624	51	13,852	51	323	52	1,629	48	821	56
Reallocating work	11,629	36	9,632	35	263	42	1,138	34	596	40
Changing working practices	11,213	34	9,708	36	200	32	913	27	392	27
Increase recruitment activity / spend	7,038	22	6,001	22	130	21	642	19	265	18
Recruiting workers who are non-UK nationals	5,669	17	4,908	18	171	27	388	12	201	14
Other	435	1	404	1	18	3	0	0	13	1
Nothing	416	1	231	1	9	1	162	5	14	1
Don't know	79	**	79	0	0	0	0	0	0	0
Weighted base	*2,808*		*27,206*		*3,369*		*1,477*		*627*	
Unweighted base	*32,679*		*2,421*		*109*		*199*		*79*	

Source: UK Commission's Employer Skills Survey, 2011 (Davies et al, 2012).

Base: All employers with skills gaps who have taken steps to improve the proficiency or skills of these staff, or have plans to do so

*** Denotes a figures of greater than 0% but less than 0.5%*

5.3 Extent of underemployment

Under-employment is characterised as individuals being either over-qualified or over-skilled. Someone can be over-qualified if the qualifications they have are higher than the qualifications needed to get into their jobs. Someone is over-skilled if they have little opportunity to use their past experience, skills or abilities in their job.

Establishments in *hospitality, tourism and sport* are the most likely of all sectors to state they have employees who are over-qualified and over-skilled (60 per cent compared to the average of 49 per cent) (Table 5.18). Similarly the proportion of employees who are over-qualified and over-skilled is much higher in the *hospitality, tourism and sport* sector (24 per cent) than the economy as a whole (16 per cent).

One possible explanation is the high incidence of temporary contracts which enables people to take up sector jobs as a short term opportunity before finding alternative employment or education. Certain roles within the sector are popular with students who work on a part-time basis to support their studies and it could be that the figures here partly reflect the student workforce (People 1st, 2010a)[14]. In addition the sector has been relatively resilient throughout

[14] People 1st's State of the nation report 2010 estimated that 17 per cent of workers across the hospitality, leisure, travel and tourism sector were full time students.

the recession. As entry routes to many roles in the sector are straightforward, it could be the case that individuals who have been made redundant from other more skilled areas of employment have taken up work in the sector. Furthermore, simply because an individual may be ‘over skilled’, it doesn’t necessarily follow that their skills are in the appropriate area for their job role.

Table 5.18: Extent to which workforce is 'over qualified' and 'over skilled' by sector

	Employers with employees who are over qualified and over skilled				Employees who are over qualified and over skilled			
	Number	%	*Weighted base*	*Unweighted base*	Number	%	*Weighted base*	*Unweighted base*
Agriculture, Forestry & Fishing	42,111	38	110,220	1,547	88,613	19	466,870	19,506
Energy Production & Utilities	5,458	43	12,610	1,614	43,319	13	333,050	47,228
Manufacturing	56,009	43	130,709	7,776	252,633	10	2,541,188	291,593
Construction, Building Services Engineering and Planning	129,922	42	306,403	8,961	369,923	17	2,235,270	150,111
Wholesale & Retail Trade	241,146	51	470,200	16,150	846,216	18	4,674,684	514,820
Transportation and Storage	61,038	50	122,058	4,735	202,809	15	1,320,126	114,658
Hospitality, Tourism and Sport	131,526	60	220,055	11,318	566,562	24	2,313,487	258,524
Information and Communication Technologies	33,764	47	72,281	2,510	93,637	15	614,641	53,681
Creative Media & Entertainment	66,845	46	143,772	3,762	205,573	19	1,086,978	87,953
Financial, Insurance & other Professional Services	76,826	45	170,887	5,343	312,906	15	2,052,039	112,945
Real Estate & Facilities Management	81,744	49	166,486	3,424	217,791	18	1,183,601	91,204
Government Services	29,384	54	54,687	2,605	256,006	14	1,780,058	223,796
Education	34,623	54	64,540	5,439	341,455	13	2,538,545	387,221
Health	23,566	45	52,370	3,398	225,183	11	2,004,436	219,765
Care	47,114	54	87,899	4,763	258,385	17	1,504,729	157,681
Whole economy	1,118,691	49	2,299,921	87,572	4,456,192	16	27,547,123	2,816,693
Weighted base	2,299,921				27,547,123			
Unweighted base	87,572				2,816,693			

Source: UK Commission’s Employer Skills Survey, 2011 (Davies et al, 2012).

Bases: vary.

- *"Employers" columns based on all establishments.*
- *"Employees" columns based on all employment.*

5.4 Impact of mis-matches in terms of wages and migration

Earnings levels provide a good indication of a number of market conditions and take into account the prestige of a position, the skills, qualifications and abilities required to do it and the availability of such jobs (high specialist roles are few and usually attract higher salaries).

Mean hourly earnings in the *hospitality, tourism and sport* sector have increased by two per cent each year since 2008 (Table 5.19). However, at £9.52 an hour in 2010 they are still the lowest of all sectors, and considerably below the average of £14.60. This is largely driven by *accommodation* and *food and beverage services,* with hourly wages of £9 and £8 respectively. People working in *travel and tourism* and *sport and active leisure* earn higher wages at £13 and £14 per hour, respectively. The sector with the next lowest hourly wage is *agriculture, forestry and fishing* (£10.38 per hour) whilst those working in the *financial, insurance & other professional services* sector earn the most (£21.99 per hour).

As discussed in Section 3.1.1, elementary occupations comprise 52 per cent of the *food and beverage services* industry and 37 per cent of *accommodation.* As evidenced by the high proportion of young workers taken on from full-time education and the reliance on younger workers, entry routes to much of the sector are extremely straightforward. Whilst there are opportunities to advance in the sector, these are frequently not taken advantage of (retention levels in the sector are low), wage rates therefore stay low (on account of younger workers with less experience) and attempts to attract more able and committed individuals to the sector remain difficult.

This is an area of great concern within the sector and an established vicious circle which will be difficult to break; steps as to how this can be addressed are outlined later in the report (priority areas).

Table 5.19: Average (mean) hourly pay by sector (£) (UK)

	2008	2009	2010
	£	£	£
Agriculture, forestry and fishing	10.42	11.18	10.38
Energy production and utilities	15.93	16.41	16.62
Manufacturing	13.86	14.28	14.37
Construction, building services, engineering and planning	14.66	15.29	15.39
Wholesale and retail trade	11	11.27	11.36
Transportation and storage	12.44	13.16	13.21
Hospitality, tourism and sport	9.14	9.35	9.52
Information and communication technologies	20.05	20.26	20.4
Creative media and entertainment	17.14	17.29	17.5
Financial, insurance & other professional services	21.06	21.45	21.99
Real estate and facilities management	11.36	11.64	11.71
Government services	14.4	14.87	15.62
Education	14.67	15.39	15.71
Health	14.97	15.79	16.45
Care	10.21	10.3	10.49
All economy	13.94	14.39	14.6

Source: ONS (2010c)

5.5 Extent to which skills are hampering growth

This section further examines the key skills within *hospitality, tourism and sport* which are holding the sector back.

Section 4.3 explored the relationship between qualification levels, labour turnover and productivity. This section covers key areas for skills development for the sector.

Establishments reported that skills shortage vacancies were mainly as a result of (Table 5.20):

- Job specific skills (mentioned by 67 per cent of establishments with SSVs)
- Customer handling skills (56 per cent)
- Team working skills (53 per cent)

Table 5.20: Skills lacking - Skills Shortage Vacancies within sector

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Basic computer literacy / using IT	2,576	23	1,208	15	*	*	1,165	69	*	*
Advanced IT or software skills	2,559	23	1,335	16	*	*	1,137	67	*	*
Oral communication skills	5,009	45	3,999	49	*	*	289	17	*	*
Written communication skills	3,610	32	2,745	34	*	*	132	8	*	*
Customer handling skills	6,275	56	4,229	52	*	*	1,378	82	*	*
Team working skills	5,918	53	3,999	49	*	*	1,430	85	*	*
Written Welsh language skills	1,113	10	0	0	*	*	1,113	66	*	*
Oral Welsh language skills	1,145	10	0	0	*	*	1,145	68	*	*
Foreign language skills	2,951	26	2,444	30	*	*	54	3	*	*
Problem solving skills	4,188	37	3,480	43	*	*	210	12	*	*
Planning and Organisation skills	5,794	52	4,470	55	*	*	362	21	*	*
Strategic Management skills	3,555	32	2,684	33	*	*	179	11	*	*
Numeracy skills	3,348	30	2,459	30	*	*	189	11	*	*
Literacy skills	4,553	41	2,606	32	*	*	1,249	74	*	*
Office admin skills	1,778	16	1,611	20	*	*	101	6	*	*
Technical or practical skills	4,748	42	3,851	48	*	*	247	15	*	*
Job specific skills	7,476	67	4,916	61	*	*	1,450	86	*	*
Experience/lack of product knowledge	130	1	121	1	*	*	0	0	*	*
Personal attributes e.g. motivation, work ethos, commor	524	5	383	5	*	*	4		*	*
Other	46		46	1	*	*	0	0	*	*
No particular skills difficulties	444	4	426	5	*	*	9	1	*	*
Don't know	195	2	181	2	*	*	4		*	*
Weighted base	*11,179*		*8,103*		*		*1,688*		*	
Unweighted base	*976*		*775*		*		*100*		*	

Source: UK Commission's Employer Skills Survey, 2011 (Davies et al, 2012).

Base: All skills shortage vacancies

** Data suppressed as unweighted establishment base <25 (<50 for Scotland).*

Similarly, if we look at the skills lacking **within** the current workforce, the top three are (Table 5.21):

- Customer handling skills (as mentioned by 58 per cent of employers with skills gaps)
- Job specific skills (53 per cent)

- Team working skills (47 per cent).

Table 5.21: Skills lacking within workforce

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Basic computer literacy / using IT	28,071	15	22,261	14	3,360	17	1,408	21	1,041	19
Advanced IT or software skills	22,680	12	17,395	11	3,740	19	935	14	610	11
Oral communication skills	86,320	45	72,533	45	8,152	42	2,442	36	3,194	60
Written communication skills	46,575	24	39,217	24	4,657	24	1,024	15	1,676	31
Customer handling skills	112,270	58	94,167	58	10,833	56	3,774	55	3,496	65
Team working skills	90,305	47	74,241	46	9,729	50	3,091	45	3,245	61
Written Welsh language skills	1,027	1	0	0	0	0	1,027	15	0	0
Oral Welsh language skills	1,174	1	0	0	0	0	1,174	17	0	0
Foreign language skills	27,355	14	22,465	14	3,775	19	417	6	698	13
Problem solving skills	74,948	39	59,298	37	10,157	52	2,829	42	2,663	50
Planning and Organisation skills	81,561	42	65,271	40	10,230	52	3,314	49	2,746	51
Strategic Management skills	36,158	19	29,536	18	4,659	24	1,292	19	671	13
Numeracy skills	37,720	19	31,832	20	2,941	15	1,373	20	1,575	29
Literacy skills	37,165	19	32,194	20	2,660	14	997	15	1,313	25
Office admin skills	27,716	14	22,167	14	3,271	17	1,059	16	1,219	23
Technical or practical skills	50,391	26	41,437	26	5,123	26	2,044	30	1,787	33
Job specific skills	102,647	53	85,969	53	10,117	52	3,390	50	3,173	59
Personal attributes (e.g. motivation, work ethos, commo	1,742	1	1,500	1	0	0	168	2	74	1
Experience/lack of product knowledge	1,550	1	1,508	1	42	**	0	0	0	0
Other	392	**	329	**	0	0	0	0	63	0
No particular skills difficulties	5,538	3	4,820	3	172	1	371	5	174	3
Don't know	18,417	10	15,749	10	2,025	10	623	9	19	**
Weighted base	193,549		161,909		19,486		6,810		5,344	
Unweighted base	23,334		20,161		1,200		1,203		770	

Source: UK Commission's Employer Skills Survey, 2011 (Davies et al, 2012).

Base: All skills gaps followed up

*** Denotes a figures of greater than 0% but less than 0.5%*

Team work and effective joint working take time to develop. Indeed, the sector may find it particularly challenging to build effective teamwork because of seasonal employment in *sport and active leisure* and *accommodation* and high employment churn in *food and beverage services.* The alternative to this is having a strong management and leadership team.

The next section looks in turn at customer handling skills, job specific skills and team working skills. It discusses: (a) how a lack of skills in these areas is holding the sector back and (b) initiatives that are in place to improve the situation and foster economic growth.

5.5.1 Customer service

In 2008, People 1st, SkillsActive and other sector skills councils undertook a major study into customer service across the whole visitor economy (People 1st, SkillsActive *et al*, 2008). It found that 'customer service' often means different things to different employers and includes a broad range of skills and knowledge; so, whilst some employers favoured communication skills, others believed product knowledge was paramount.

Return on investment research undertaken by People 1st looked at the delivery of the same customer service qualification in five different sector businesses. The study showed that whilst training had a positive impact on the skills of individuals, only one business could demonstrate any impact on its bottom line. This was because the training was part of a more holistic approach where senior staff had responsibility for promoting a culture of customer service.

Customer service is as much about an organisation's culture and attitudes as it is about skills and knowledge. The WorldHost customer service programme developed in the UK by People 1st aims to address these factors.

5.5.2 Job specific skills

With regard to job specific skills, one of the most salient areas within the sector is chefs. With the renewed emphasis on cooking with fresh ingredients which has developed over recent years, chefs used to cooking with prepared products were exposed as simply not having the necessary culinary skills to cook from scratch.

In addition, sports coaches, instructors and officials require specific qualifications from the respective (National) Governing Body of Sport for the level of coaching or instructing (1, 2, 3, 4 and above). The UK Coaching Certificate has been developed in the last five years to standardise training and assessment, and to improve transferability. Similarly, there are a range of available qualifications for Fitness instructors at level 2 and above which are recognised through the Register of Exercise Professionals.

In Caravan parks, specific training is required for caravan siting, and engineers handling Liquid Petroleum Gas (LPG) require training towards an Accredited Certification Scheme qualification or training to meet the Approved Code of Practice (ACoP).

5.5.3 Management and leadership

Given the relatively young workforce and high turnover rates found across the hospitality sector, employees who remain within the workforce often find themselves progressing into senior positions at a faster rate than they might do in other sectors.

Whilst this offers a degree of social mobility for employees it can also lead to relatively inexperienced managers. For example, 37 per cent of sector establishments state that job applicants lack strategic management skills (compared to 29 per cent across the economy as a whole). Similarly, of establishments with skills gaps, , 19 per cent say strategic management skills are lacking (comparably to the average across the whole economy of 19 per cent) (Davies *et al*, 2012). This problem has persisted for a number of years.

Recent research has indicated that the skills needed by different levels of managers vary quite widely (People 1st, 2010a). For example, amongst owner managers (owners of small businesses), the main skills that need improving are IT skills. This is followed by skills to maximise the potential of environmental cost savings, comply with legislation, and train and develop staff. The need to improve leadership skills is more important for senior managers (who will tend to work for medium and large businesses) and supervisors/team leaders. It is particularly important that supervisors and team leaders lead by example to encourage staff in their team to work to a high standard. In the case of supervisor and team leaders, improved customer service skills are more of a need for supervisors and team leaders than they are for senior manager and owner managers.

6 Drivers of change

Chapter Summary

- Drivers are categorised under seven key areas in this chapter: (1) regulation and governance, (2) demographic change, (3) environmental change, (4) economics and globalisation, (5) technological change, (6) values and identities and (7) consumer demand.
- These all have a significant impact on *hospitality, tourism and sport,* although consumer demand is often at the heart of other drivers in the sector.
- Issues which are having a high current impact on the sector include: funding and investment, consumer preference, environmental change and finances, declining customer base, rising costs and consumer identities.
- Those drivers expected to have a high future impact include: ageing population, migration, consumer preference, technological change and consumer demand.

This section of the report examines the impact which drivers have on employment and skills across the sector. The scale of these drivers are discussed and differences across the four nations outlined.

6.1 Drivers of change and their scale

Drivers of change are categorised under seven different areas. These are summarised in the following diagram (figure 6.1), and each is discussed in turn.

Figure 6.1: The key drivers of change

Source: UK Commission for Employment and Skills, 2010

6.1.1 Regulation and governance

6.1.1.1 Reducing red tape

One of the hallmark aims of the Coalition Government's administration is to reduce red-tape throughout the economy, as a means of reducing the cost and administrative burden on businesses. Industry task forces, led by senior industry figures from across the UK, aim to identify sector-specific rules, regulations, inspections and forms which hold the industry back so that as many as possible of them can be cut, modified or abolished.

6.1.1.2 Funding and investment

With regard to tourism policy, the Coalition Government has pledged to:

"Fund the most ambitious marketing campaign ever to attract visitors to the UK in the years following 2012. The £100m campaign, co-funded by the government and the private sector, aims to attract 4 million extra visitors to Britain over the next 4 years. That equates to £2bn more spend in our economy, and 50,000 new jobs" (Department for Culture, Media and Sport, 2011).

The support for certain industries within the sector has the potential to enhance economic growth through additional investment, job creation and visitor spend.

6.1.1.3 Shift from regional to local

Under the Coalition Government there is a shift towards decentralization, with decision making powers moving away from centralised bodies and placed in the hands of those at a more local basis.

Within England, one manifestation of this is the removal of Regional Development Agencies. In the case of tourism this has meant that the former mix of Regional Tourist Boards, Destination Management Organisations, tourism partnerships and other sub-national structures are being realigned though Local Enterprise Partnerships.

The rationale for these locally owned partnerships of local authorities and businesses is that those who have the greatest understanding of local issues are best placed to determine economic priorities and undertake activities to drive economy growth and create jobs.

6.1.1.4 Regulation

The cost of regulation is an issue for many businesses in the sector. Across *sport and active leisure*, the key areas for employers are health and safety, insurance, minibus driving, ensuring facilities are fit for purpose, employment law, planning/public rights of way and statutory regulations (eg those relating to food preparation). The cost of compliance is also an area of concern with some evidence of an increased ‘compensation culture’. This makes it particularly difficult for certain industries to cover all possible risks and protect themselves from litigation.

In 2010, a review of health and safety legislation and the nature of the compensation culture was undertaken (HM Government, 2010). The resulting report sets out a range of recommendations. Many of these will have a direct impact on the future operational and skills needs of employers in the *hospitality, tourism and sport* sector, particularly with regards to *sport and active leisure.*

6.1.2 Demographic change

6.1.2.1 Ageing population

The UK has a growing and ageing population. In 2010 its population was 62.3m and this is expected to grow by 18 per cent to 73.2m by 2035. Over this period there will be a decrease in the proportion of people aged 16–49 and an increase in those aged 50 and above (ONS, 2010d).

The ageing population has the potential to impact upon a number of different aspects of the *hospitality, tourism and sport* sector from the products and services businesses offer, the way in which they market themselves and the manner in which they recruit and provide training.

For example, research has indicated that the traditional modes of training used within the hospitality industry are not necessarily suitable for the older worker. Many will have had successful careers in other sectors throughout their lives and will already possess the skills required for the post. Rather than skills acquisition, organisations should focus on skills utilisation of their older workers to ensure that the wealth of experience they possess is used to the company’s advantage. Instead of the practice of imposing the corporate mould, which is common to many large businesses, it may be more advantageous to take a learner-centred approach to training. Ideally this would be negotiated and co-constructed through recognition of the older worker’s prior experience and potential to contribute (University of Stirling, 2009).

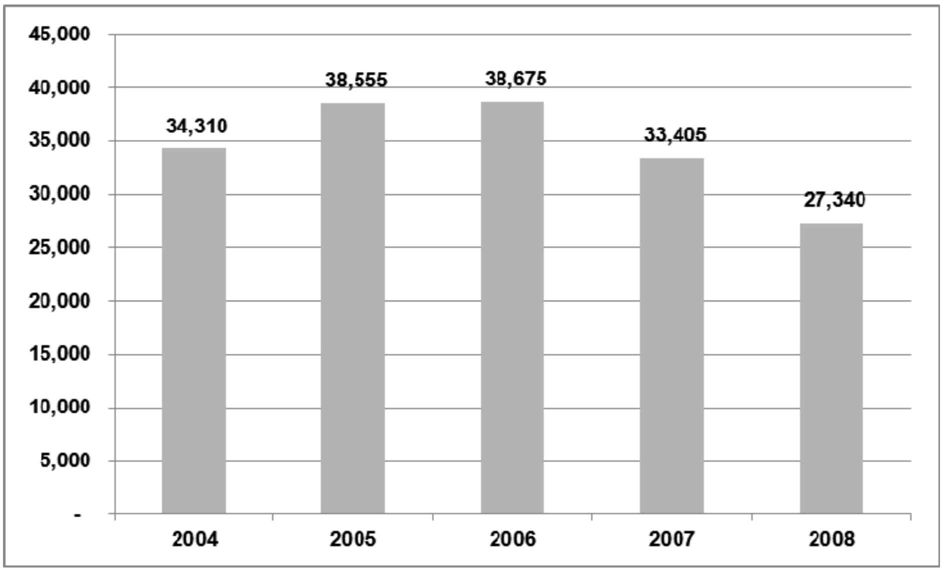
6.1.2.2 Migration

Certain industries within the sector, most notably those working in *accommodation* and *food and beverage services,* employ a substantial proportion of migrant workers. These workers fill a variety of roles from entry level positions requiring limited experience (for example bar staff, kitchen porters or domestic roles on caravan sites) to highly skilled positions (such as specialist chefs) with a uniqueness of experience and ability not commonly found in the UK.

Following the accession to the EU of an additional ten Member States in 2004, many employers welcomed migrants from the Accession States as a solution to their skills gaps. The work ethic of many such individuals was thought to be very high with excellent customer service skills and there was also a perception that Accession State workers were more willing to take on jobs which those from the UK were reluctant to fill.

Official figures indicate a decline in the number of Accession State workers entering the UK. The number of people gaining work permits for employment in hospitality and catering peaked in 2006 but fell by 29 per cent to 27,340 by 2008 (figure 6.2).

Figure 6.2: Accession state workers employed in hospitality and catering (UK, 2004-2009)



Source: UK Border Agency, 2004-2009

It may be that the number of workers entering the country will increase as the UK fully emerges from the economic downturn but, as levels already appeared to be on a downward trajectory, it is unlikely they will reach quite the same heights.

In short, migrant workers helped fill a range of hard-to-fill vacancies (HtFVs) and plugged the skills shortage of customer service. With fewer migrant workers now entering the country, employers could be in danger of returning to a situation where certain low skilled positions are hard-to-fill.

6.1.3 Environmental change

Environmental change and sustainability are becoming increasingly important drivers for all businesses, not least those within the *hospitality, tourism and sport* sector. This reflects the inter-relation between consumer preferences (as ‘green’ issues become of greater concern to the general public) and the financial implications of climate change.

6.1.3.1 Consumer preference

Particularly in relation to hospitality, there is a growing customer demand for local produce. The provenance of food is an important issue which is leading restaurants towards sourcing good quality ingredients from local suppliers with the environmentally conscious consumer being more concerned about ‘food miles’ (the carbon footprint associated with importing foodstuffs from further afield).

Similarly within tourism, UK holidaymakers are more aware of the pollution caused by air travel. Coupled with other factors (such as the recession and less disposable income) this has led to more people taking holidays within the UK.

6.1.3.2 Environmental change and finances

Restaurants have been affected by the costs of staple foods. Large increases in the cost of rice have been of concern to Asian and Oriental restaurants in particular. These have come about through a number of factors, one of which is the rising cost of oil which has pushed up transportation prices.

6.1.4 Economics and globalisation

The economic downturn has affected and will continue to affect the *hospitality, tourism and sport* sector. The effects are being felt by different industries and different business types in a variety of ways but, generally speaking, the following trends have been observable over recent times. Each of these will be discussed below:

- Declining customer base, both in leisure and business.
- Reduced consumer expenditure.
- Fluctuations in exchange rates.
- Rising costs (energy, food, wages, compliance with new legislation such as licensing laws).

6.1.4.1 Declining customer base

Economic challenges have led to the closure of many different establishments but those that have adapted to changing consumer spending patterns have actually thrived in the current climate. One particular example in the pub industry is the expansion of Wetherspoon's. Through offering food and drinks at highly competitive prices, the company has embarked on an expansion plan over recent years, often taking over and rejuvenating failing pubs.

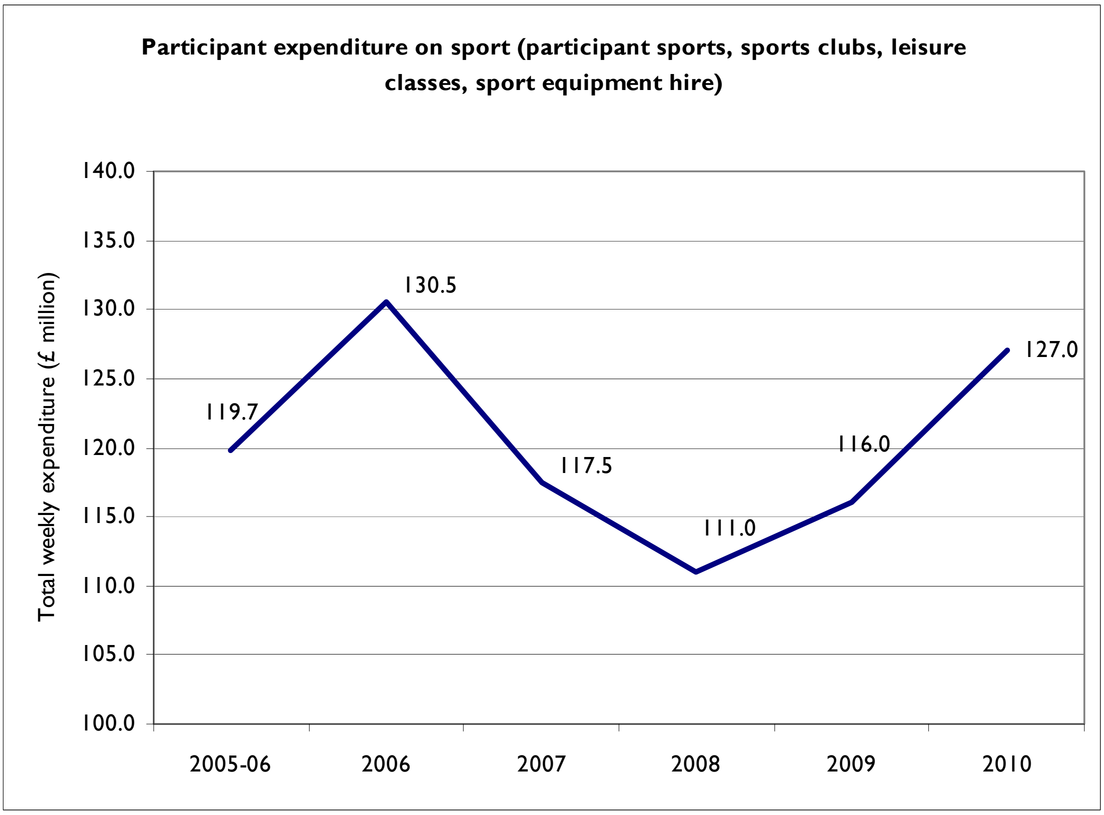
Within the *fitness industry*, there are fewer companies, with consolidation occurring amongst the chains. However, the market was able to withstand the credit crunch (the estimated market value of the UK *fitness industry* was estimated at £3.81 billion for the year to March 2010; an increase of one per cent year on the previous year). Overall, the UK saw 149 new openings of private fitness facilities for the same period which effectively saw market capacity of UK members exceed seven million. Many club openings were multipurpose, indicating that a wider choice of facilities is an important factor in the current market.

6.1.4.2 Reduced consumer expenditure

Data from the Office of National Statistics suggests that weekly expenditure on participation sport, including sport club fees, leisure classes and hire equipment for sport and open air recreation declined sharply during 2007 and 2008, falling from £130m to £111m weekly expenditure for all households (figure 6.3). While this recovered to a similar level (£127m) by 2010, it is likely to be negatively affected by the continuing lack of growth in the economy.

Spend on leisure class fees and participant sports account for the largest proportion of spend (approximately 59 per cent of weekly expenditure or £78m per week) (ONS, 2010e).

Figure 6.3: Participant expenditure on sport (participant sports, sports clubs, leisure classes, sport equipment hire)



Source: Family spending survey, ONS (201fe)

N.B. Please note the confidence error is quite wide.

Sales of newly manufactured caravan units also suffered sharp falls after August 2008 (ONS, 2010c), with consumers preferring to keep their caravan models longer before trading up. This has resulted in a brisk second hand market, but park operators have been hit by the drop in commissions on new caravan sales.

The staycation is a phenomenon which it is believed will continue in the coming years, prompted by the change in exchange rates, the cost and the difficulties of travelling in recent years. This has had significant impacts on the entire sector from hotels and restaurants through to caravans and outdoor pursuits.

Worldwide economic trends are leading towards an emerging middle class in the so-called BRIC countries (Brazil, Russia, India and China). With specific regard to tourism these markets have the potential to expand business as they visit the UK in increasing numbers in the coming years.

So, whilst the economic downturn of recent years has led to a decrease in employment in some areas, it has led to an increase in others. Further, it is likely that global trends will add further to the importance of the *hospitality, tourism and sport* sector in the UK with employment levels set to expand further.

6.1.4.3 Fluctuations in exchange rates

Fluctuations in exchange rates have affected the tourism sector in particular. From the point of view of the UK based population, the pound has weakened against other currencies. This has made it more expensive to travel abroad and has led to a greater number of people staying in the UK for their holidays.

On the other side of the coin, the currencies of some other countries have increased against the pound therefore making the UK a more attractive holiday destination.

6.1.4.4 Rising costs

The whole sector has also been affected by rising operating costs. Recent research undertaken with the *outdoors* industry showed that a number of organisations found delivery and operating costs to be increasing, resulting in difficulties in maintaining pricing strategies and ensuring the sustainability of the business (SkillsActive, 2010b).

More generally, key costs across *sport and active leisure* include:

- Increasing energy prices can impact severely on operators whose facilities include swimming pools.
- Increasing fuel and transport costs are an issue across *sport and recreation*, the *outdoors* and the *caravan* industries.
- Insurance costs, particularly in relation to the *outdoors* industry where activities are perceived to be of higher risk than usual.
- Hire costs of facilities for sports clubs without their own facilities.

6.1.5 Technological change

Advances in technology impact the whole of the *hospitality, tourism and sport* sector. While changes have mainly been driven by larger businesses, small businesses also use new technology to promote and market their business or add value to aspects of their services

Research undertaken by People 1st identified six key areas of technology used within the hospitality industry which have an impact on productivity and the skills of the hospitality workforce in particular (People 1st, 2011a):

- Online training
- Customer Relationship Management (CRM) systems
- Management information systems
- Human Resources (HR) and electronic/mobile learning systems
- Front of house technologies
- Food preparation and cooking technologies

The first five are mainly ICT-related (Information Communication Technology) while the sixth results from advanced technical equipment and associated cooking technologies (such as the increasingly popular sous-vide approach to cooking where food is vacuum packed and cooked for long periods in a water bath).

In terms of the impact on employment and skills, the relationship with technology is not clear cut. In some circumstances the increasing reliance on technology can make old jobs redundant. In other cases, it can lead to the creation of new jobs. Overall it appears to allow employees to concentrate on other aspects of the business; often requiring new skills to be able to do so. For further information on technology in the hospitality industry please refer to People 1st's recent report (People 1st, 2011a).

In the world of *sport and active leisure*, technology has helped develop advanced, lightweight materials and dynamic designs to improve equipment and performance. This can help make exercising more enjoyable and enables measurable improvement of performance.

Dealing with reduced consumer spending and changing attitudes, technology has also developed to control access to 24-hour 'no-frills' gyms where entry is gained solely through a pin-code turnstile. Such technological advances mean overheads are considerably reduced. Furthermore, electronic exercise systems have been developed which offer an online set of tools designed to engage and motivate exercisers. With such systems, users can capture their cardio workouts on a USB flash drive and automatically upload data to their online personal account pages. This enables them to monitor workout progress, set personal cardio goals and participate in group challenges and team competitions set by personal trainers (Factory Gyms, 2012).

Caravan parks have also benefitted from online booking systems, while both fitness and the *outdoors* industry make extensive use of CRM systems to improve bookings.

6.1.6 Health and fitness

6.1.6.1 Obesity

It is estimated that obesity is responsible for 9,000 premature deaths annually and many illnesses are exacerbated by inactivity (Department of Health, 2009). The government monitors international statistics on obesity as a guide to underlying health. With regard to obesity and physical activity, recent data show that in 2007-08, almost a quarter of adults (aged 16 or over) in the UK were classified as obese. This has increased from 15 per cent in 1993. Men and women were equally likely to be obese, but women were more likely than men to be morbidly obese (three per cent compared to one per cent) (The Information Centre, 2008).

6.1.6.2 Physical activity levels

Low levels of physical activity are thought to be linked to the rise in obesity rates in recent years, so each country measures physical activity amongst adults and children.

Levels of physical activity have increased generally across the UK over the last few years. Whilst direct aggregation of physical activity levels across the nations of the UK is not possible as different sources and measures of participation are used, participation rates can be summarised as ranging from 21.8 per cent of adults in England to 39 per cent of adults in Scotland[15]. Participation in England has increased by just 0.8 percentage points since 2006, not enough to make any impact in the increasing obesity rates.

[15] For sources on participation in physical activity please refer to the next section on drivers around the UK.

6.1.7 Consumer demand

Consumer demands are a major driver for businesses in the *hospitality, tourism and sport* sector. The sector is primarily a service sector therefore consumer demands permeate through and inform all other drivers.

Looking at *hospitality* in particular, customer expectations have changed a great deal over the last 20 years or so. The cuisines on offer and styles of cooking available throughout the UK have increased at a phenomenal rate. This has created demand for a wide range of skills not required in the UK previously, including those relating to the preparation of Asian and Oriental cuisines.

Similarly, the manner in which customers expect to be treated has changed. High levels of customer service are now generally expected as a matter of course whilst in the past receiving high levels of service was less common.

6.2 Scale of different drivers

Nature of driver and impact on skills	Current impact (low, medium, high, variable)	Future impact (low, medium, high, variable)	Impact on demand for skills	Which industries will be affected
Regulation and governance				
Reducing red tape	Medium	Medium	In theory this should make it easier for businesses to comply with regulations and concentrate more on business activity than administration and compliance issues.	All sectors
Healthier lifestyles	Medium	Medium	Increased attention to detail and cooking methods in restaurants. Customer relationship skills to encourage greater participation levels in physical activity. Better marketing skills and appreciation of customer needs for sport and active leisure.	Food and beverage service, sport and active leisure
Funding and investment	High	Variable	More effective marketing strategies for tourism. Continued funding for public leisure facilities and outdoor education opportunities.	Tourism, sport and active leisure
Shift from regional to local	Medium	Low		Tourism, sport and active leisure
Regulation	Medium	Low	If government aim to reduce red tape is successful, complying with regulations should become easier.	All
Demographic change				
Ageing population	Low	High	Changing focus of recruitment procedures. Marketing more effectively to older clientele.	All
Migration	Medium	High	English language skills.	Accommodation, food and beverage service, tourism
Environmental change				
Consumer preference	High	High	Customer service skills.	All
Environmental change and finances	High	Medium	Management understanding of new legislation. Effective use of energy saving techniques.	All

Nature of driver and impact on skills	Current impact (low, medium, high, variable)	Future impact (low, medium, high, variable)	Impact on demand for skills	Which industries will be affected
Economics and globalisation				
Declining customer base	High	Medium	Better marketing strategies and higher value product offer. Diversification into other business areas. Better customer service.	All
Reduced consumer expenditure	Medium	Low	Customer service levels to increased repeat custom. Offering innovative services to secure custom. Reduced training expenditure.	All
Fluctuations in exchange rates	Medium	Variable	Cultural awareness to effectively serve foreign customers, encouraged by the exchange rates.	Accommodation, food and beverage service, tourism
Rising costs	High	Medium	Appreciation of energy efficient technologies. Reducing wastage.	All
Technological change	Low	High	With specialist technology related solutions, high level skills will be required. With day-to-day technological updates, most will adopt these without difficulty.	All
Values and identities				
Physical activity levels to tackle Obesity	Medium	Variable	Customer relationship skills to encourage greater participation levels in physical activity. Higher level skills to work on GP or Exercise referral of adults with medical conditions	Sport and active leisure
Consumer demand	High	High	Develop new product offering. Improve customer service Anticipate customer trends and innovate accordingly. Sustainable alternatives.	All

6.3 Differences in drivers across the four nations

For the majority of the drivers there is little significant difference in their influence across the home nations. However, there are some points worth mentioning within regulation and governance, demographic change and environmental change.

6.3.1 Regulation and governance

Both tourism and sport are devolved responsibilities with their own policy, strategy and targets, reporting to their own Ministers.

6.3.1.1 Tourism

Whilst the coalition government in England has stressed the importance of tourism to the nation (see section 6.1.1.2), it is also regarded as a priority sector in Northern Ireland, Scotland and Wales.

Across the home nations a number of high profile events have helped (and will continue to help) bolster the UK’s reputation as an international tourism destination. For example, London plays host to the Olympic and Paralympic Games in 2012, Londonderry will be the European City of Culture in 2013, the 2014 Commonwealth Games will be held in Glasgow whilst Wales recently hosted the Ryder Cup in 2010.

Each Government has a strategy in place to raise the ambition of tourism over the next decade, with some strategies having been in place for some time and others having only being developed more recently. In some cases, the emphasis is on focusing existing expenditure on particular markets (such as coastal or rural tourism), whereas others are part of broader capital investment projects that aim to further develop tourism (such as the five tourism signature projects in Northern Ireland).

6.3.1.2 Sport

Sport strategies, spending levels and physical activity targets are set by each country and directly influence levels of investment in facilities, the workforce and training.

The English government charged Sport England with increasing sports participation by at least one million more regular participants by 2012/13. The Department for Culture Media and Sport (DCMS) have maintained the planned budget to safeguard a successful Olympic and Paralympic Games in 2012 despite funding cuts elsewhere. (DCMS, 2010). The Scottish Sports Strategy, “Reaching Higher, Building on the Success of Sport 21” highlights the importance of sport for individuals, communities and the nation (Scottish Government, 2007).

‘Climbing Higher and Climbing Higher – Next Steps’ is the Welsh Assembly Government’s long-term strategy documents for coaching and leading sport and physical activity for the next twenty years.(National Assembly for Wales, 2006). ‘Creating an Active Wales’ sets out the strategic direction for sport, physical activity and active recreation to encourage everybody to undertake one additional day of physical activity (Welsh Assembly Government, 2009). The Northern Ireland Strategy for Sport and Physical Recreation 2009 – 2019 sets out the case for ‘ongoing and increased investment in sport and physical recreation’ to deliver a range of sporting outcomes and support the wider social agenda in education, health, the economy and the development of communities over the period 2009-2019’ (Department of culture, arts and leisure, 2009). Sport Northern Ireland received a £2million budget cut in January 2010, reducing planned areas of investment.

6.3.1.3 Physical activity in the four nations

The minimum requirements for frequency, duration or intensity for measuring participation in sport have been harmonised in 2011[16], but are still measured separately by each country.

Participation rates in Scotland have stagnated since 2008, with 39 per cent of adults reaching the recommended levels of physical activity each week. In Wales, participation in sport has remained similar for the past two years at roughly 3 in 10. Thirty-five per cent of adults in Northern Ireland achieved the recommended level of physical activity. (Sport Northern Ireland, 2011).

[16] Department of Health guidelines currently recommend that adults do at least 30 minutes of at least moderate intensity physical activity, on five or more days a week

6.3.2 Demographic change

6.3.2.1 Ageing population

At present across the UK, 22.6 per cent of the population is aged over 60. At 19.7 this is lowest in Northern Ireland and highest in Wales (25.3 per cent) (Table 6.1).

Table 6.1: Population breakdowns in 2010

	UK	England	Northern Ireland	Scotland	Wales
0-14	17.5	17.5	19.9	16.3	17.0
15-29	20.0	20.0	21.2	19.8	19.7
30-44	20.4	20.6	20.5	19.8	18.2
45-59	19.5	19.3	28.8	20.9	19.8
60-74	14.7	14.6	13.1	15.3	16.6
75 and over	7.9	7.9	6.5	7.8	8.7

Source: ONS (2010d)

By 2035, the proportion of the population aged over 60 is set to increase by six per cent to 28.5 across the UK (Table 6.2). Wales will have almost a third (31.1 per cent) of their population aged over 60 whilst Scotland will have 30.5 per cent.

Northern Ireland will see the biggest changes where the proportion of over 60s will rise by 9.1 per cent to 28.8.

Table 6.2: Population breakdowns in 2035

	UK	England	Northern Ireland	Scotland	Wales
0-14	16.6	16.7	17.0	15.3	16.2
15-29	18.5	18.6	18.3	17.5	18.0
30-44	18.7	18.8	17.4	18.3	17.5
45-59	17.7	17.7	18.5	18.5	17.1
60-74	16.4	16.2	16.9	17.7	17.2
75 and over	12.2	12.0	11.8	12.8	13.9

Source: ONS (2010d)

6.3.2.2 Migration

Migrant workers are evident across the UK in a variety of roles within *accommodation* and *food and beverage services*. The UK's larger towns and cities (where these is more work) obviously attract more migrant workers.

6.3.3 Environmental change

Some administrative and regulatory aspects related to environmental change are managed at the local level. For example local authorities are responsible for managing, collecting and disposing much of the UK's waste material. In the case of restaurants, for example, local regulations may apply to their waste management.

6.3.4 Other drivers

There are no significant differences in the following drivers across the four nations:

- Economics and globalisation
- Technological change
- Values and identities
- Consumer demand.

7 Future skills needs

Chapter Summary

- Future skill needs are categorised under seven key areas in this chapter: (1) regulation and governance, (2) demographic change, (3) environmental change, (4) economics and globalisation, (5) technological change, (6) values and identities and (7) consumer demand.
- All have the potential to have considerable impact on skills across the sector.
- In terms of regulation and governance, reductions in public expenditure, changes in taxation and education and health policies will impact on skills needs.
- Sustainability will become an important issue for many sub-sectors of *hospitality, tourism and sport*, with reducing carbon emissions, resource shortages and protecting the environment being key issues.
- Demographic change will result in an older population, with implications for both recruitment practices and customer handling skills.
- Technology is constantly evolving and the workforce will therefore need to adapt and keep their skills up to date with the latest developments.
- The sector will need to provide excellent customer service to cater successfully to new emerging world markets.
- In terms of employment projections, the workforce is set to expand by 11 per cent between 2010 and 2010.

Under the same broad drivers outlined in section six, this chapter examines future trends in the sector and points out the associated skills needs which might arise from these.

7.1 Regulation and governance

There are a number of key issues likely to affect the sector in the coming years from reductions in public expenditure and taxation to the government's education and health policies.

7.1.1 Public sector funding

Further reductions in public sector funding are likely to have far reaching effects with potential cuts to sport facilities, education and public sector catering. In some cases, staffing may be reduced or contracts transferred to commercial providers.

Government spending cuts may have a major impact on the continued provision of sport, leisure and recreation facilities for the public, with the closure of many public swimming pools. In some cases charities and other social enterprises are trying to take responsibility for restoring local services running them with volunteers undertaking many of the key managerial and trustee roles. A good example of this is Tadcaster swimming pool in North Yorkshire, which is run by a charitable trust with a small core of paid staff who manage a much larger number of volunteers.

This restricted access to public leisure facilities could negatively impact on participation rates in sport affecting both take-up of sport at school and continued activity into adulthood. With public spending as it is, it seems likely that there may be closures or restricted operations of leisure facilities in the short term. This would lead to a reduction in the number of sport and fitness roles.

7.1.2 Healthier lifestyles

The scenario described above is in direct contrast to the government's intention to increase participation in physical activity and improve health which would actually lead to additional demand for coaches and instructors.

The Fit to Work campaign provides support for employees in the early stages of sickness absence who may be at risk of spending long periods away from work with health problems.

Using active leisure as a rehabilitation tool would require specialist technical skills to work with individuals following illness or those with conditions like cardiac rehabilitation, stroke, mental illness, obesity or during pregnancy.

7.1.3 Education

The government intends that outdoor learning should be part of every pupil's experience and has developed a three-step approach focused on increasing staff confidence, cutting bureaucracy and enriching outdoor provision.

According to Scottish Curriculum for Excellence guidelines, anyone dealing with young children aged 13-18 (whether they be at school, at Scouts or other activities which take place outside of school) has a responsibility to engage in attempting to produce learning outcomes from the experience. This aim seems likely to permeate all educational policy across the UK.

Such developments are likely to influence the planning of Outdoor activities for schools and present a skills challenge for coaches and activity leaders. Many *outdoor* operators[17] felt it was a 'big ask' for the Governing Bodies of (Outdoor) Sports to ensure that their Coaching and Activity Leadership courses catered for the Curriculum for Excellence requirements.

School Sports Partnerships

School Sports Partnerships (SSPs) are groups of secondary and primary schools that work together to enhance the quality of sporting opportunities, through the curriculum, Out of School Hours Learning, inter-school competitions and school to club links. They have been an important development within *sport and active leisure,* involving many people working as school sports co-ordinators, coaches and primary link teachers to deliver extra-curricular sport and physical activities in schools. However, the Exchequer funding of £162m was put in doubt in 2010, with suggestions that schools would need to provide their own funding or seek alternative sources like the national Lottery. It is still not clear what impact this will have on school sports or employment as sports coaches, instructors and officials. SkillsActive is working with the Community of Providers of Physical Activity and Sports (COMPASS) to try to increase the proportion of paid jobs in coaching.

[17] SkilsActive Focus Groups with Scottish employers, September 2011

7.1.4 Funding of apprenticeships

The number of unemployed people under the age of 25 is still increasing but small businesses face difficulties in taking on apprentices. According to the Federation of Small Businesses, these difficulties include complex employment legislation and a lack of information and guidance (see Peter, Elworthy and Moore, 2011).

The government has outlined their commitment to invest further in apprenticeships by expanding the number of apprenticeships on offer and exploring measures to make it easier for businesses to access apprenticeships.

The hospitality, tourism and sport sector is likely to be a significant beneficiary of this commitment to apprenticeships, especially given the importance of young people within the workforce. Apprenticeships will provide them with opportunities to enter and progress within the sector. Nevertheless, if government ambitions for apprenticeships are to be realised, there is a need to increase the number of employers engaged with the apprenticeship programme by addressing the age barriers and issues faced by the sector's employers.

7.2 Demographic change

By 2035, the size of the UK population is estimated to increase from 62.3 to 73.2 million. The percentage of those aged under 30 will have decreased by 2.4 per cent and increased by six per cent for those aged 60 and above (ONS, 2010d). It is estimated that by 2020, over half the world will be considered middle class (52 per cent), compared to 30 per cent in 2008 (Deloitte, 2007).

In looking at the range of demographic drivers, three in particular are set to have the greatest impact on the sector:

- Ageing 'baby boomer' generation
- Emerging influence of 'Generation Y'
- Emerging middle class in developing countries.

7.2.1 Ageing of the baby boomer population

The so-called baby boomer generation (those aged 45–64) will continue into retirement in greater numbers. As a whole they are a relatively affluent generation with higher levels of disposable income. This is likely to benefit hospitality and tourism in particular as they continue to go on holidays and dine out (Deloitte, 2007). Consumers aged over 50 can be more complex in their preferences than their younger counterparts. Moreover, the widespread use of technology by retiring baby boomers makes it likely that they will exhibit different technology use and consumption patterns to those seen at the moment.

At the same time, fewer people in this age bracket will stop working at the traditional retirement age; changes to pension and equality legislation will lead to a higher proportion of over 50s in the labour market. This poses challenges and opportunities for the *hospitality, tourism and sport* sector. Historically, much of the sector has employed younger workers but with the ageing population it is likely there will be more older workers actively seeking employment. This will help the sector develop a workforce that better mirrors its customer base and better understands its needs.

The average age of the sector's workforce is therefore set to rise although this is likely to continue to be lower than the average working age of the population as a whole.

Research shows that older workers are motivated by different factors such as flexible hours, the importance of social interaction and the fact that they value work at this age very differently than they did when they were younger (University of Stirling, 2010). Employers will have to consider these factors if they are to successfully recruit and retain them. This will mean that managers in particular will need a greater understanding of the motivations of older workers, but also be able to capitalise on their skills and knowledge, as they are likely to have many years of experience from varied careers with transferable skills.

An older customer base with higher levels of disposable income will emphasise the importance of higher levels of social interaction, customer service and responsiveness. Customer service skills are currently a skills gap and despite the amount of training in this area, the problem persists. Customer service training will continue to be part of a more holistic response that also sees staff being empowered as well as managers in a position to raise customer service levels across their areas of the business. The increased number of the 'Generation Y' population is likely to make this more challenging, as whilst they are good communicators within their own social set, this does not necessarily mean that they have the appropriate communication techniques with customers and peers from other generations.

7.2.2 Emerging influence of 'Generation Y'

'Generation Y' is the term coined for those born in the years leading up to the millennium, those currently aged 10–30. They have been shaped by an environment with instant communication technologies, new media and social networking.

Their interactions with products and services will therefore be different from the previous generation and they are more likely to find the transition between more integrated technologies comfortable and natural.

The increased use of technology integrated into the sector is likely to change the way customers interact with staff. In more 'value-based' establishments, this will mean a greater focus on supporting customers using technology and overcoming problems. In higher-end establishments, it will see the need for higher levels of customer service to complement and compensate for the increased use of technology. From a consumer's perspective, they are likely to see this as a complete package and not distinguish between the two. Those businesses that fail to live up to this expectation will be seen as offering lower levels of service[18].

7.2.3 Migration

Further to the discussion in section in section 6.1.2.2, it remains to be seen what will happen with the European Economic Area (EEA). It could, for example, expand to include countries like Turkey, whose nationals may come to the UK to work in the sector. Whilst employers will

[18] For further information please refer to People 1st (2010a)

therefore potentially have a greater pool of talent to recruit from, additional problems are also likely to arise from this (such as proficiency in the English language).

At present, workers in the sector from outside Europe are a relatively small group although some of the more skilled positions (such as specialist chefs) have traditionally been filled by those from outside the UK. The skills involved in the preparation of Asian and Oriental cuisines are very different to those found in a traditional European kitchen and the restrictions imposed through immigration caps are exacerbating this situation. The restrictions placed on fewer chefs coming into the UK have a number of potential implications:

- An increase in the number of ethnic restaurants recruiting staff from within the UK. The availability of new Asian and Oriental apprenticeship routes should help these businesses develop the skills of new entrants. It is also likely to help improve human resources practices in some businesses and improve the perception of a career in this area, but may also impact upon the ‘authenticity’ of the meal experience.
- A reduction in the number of Asian and Oriental restaurants as some will be forced to close owing to increased staff costs or the difficulty of finding skilled staff.
- Some businesses will deskill their operation which is likely to benefit the food suppliers and shift the skill problem into food manufacturing.
- Some businesses will find ways around the legislation leading to a new shadow economy in the sector.

7.3 Environmental change

Sustainability will become a defining issue for many sub-sectors of *hospitality, tourism and sport* in the short term and will be a central and normal part of sector operations in the longer term. Rising populations and increasingly scarce resources will create a challenging business environment in which sustainability will need to be embedded in all areas of a business.

This is likely to focus on three main issues:

- **Reducing carbon emissions:** this will increase the focus on the design and installation of materials to reduce energy consumption.
- **Resource shortages:** there is a growing risk of resource shortages or price increases as world consumption continues to grow.

- **Protecting the environment:** there is growing concern about continued use of the countryside and whether it can withstand the ever increasing use by the public.

Whilst it is uncertain what measures will be taken to curb aviation emissions (eg taxes) it is highly likely that certain processes will be introduced with the intention of making unnecessary air travel (for example flying foodstuffs half way around the world when they can be sources locally) less financially attractive.

There is likely to be an increase in train travel with, amongst other things, the development of High Speed 2 (the high speed railway link between London, Birmingham and the North of England). According to VisitBritain, by 2040 Britain will be truly ‘plugged-in’ to European high-speed rail networks, with visitors from across the channel being able to reach a wide range of destinations across the UK (VisitBritain, 2009). This is likely to provide advantages and disadvantages to tourism, as it will be easier for travelers to enter and leave the UK.

The types of fuel used will also be important. It is felt that oil will still be powering planes, trains and cars but there will be much effort put into finding alternatives to address environmental issues and acknowledge that oil is a finite resource. In 2009, Virgin Atlantic became the first carrier to conduct a commercial flight powered by biofuel (VisitBritain, 2009).

Rising fuel costs have significant implications for the continued viability of swimming pools which have a requirement to maintain minimum water and air temperatures depending on whether the clientele includes under-fives or adults. Recent research has revealed that some local authorities are restricting opening hours to save on the fuel costs of heating pools (SkillsActive, 2009).

As sustainability and climate change have an increasing impact in consumers’ choice of destination, travel agents will need to have knowledge of environmentally friendly destinations whilst tour operators are likely to increase their knowledge and development of these types of products.

Managers across the sector may need to have a greater awareness of energy costs as well as an understanding of the solutions. It is likely that technology to monitor energy usage will become more widespread and managers will be expected to manage energy levels and costs using these tools. Managers may also need to support and monitor their staff’s energy use. Managers in smaller businesses are likely to buy-in specialist expertise and they will need to have greater awareness of the various solutions on the market, as well as skills to manage consultants.

Senior staff in kitchens may need a higher awareness of food costs and cheaper alternatives. This will mean a greater focus on financial management in the kitchen and also a greater awareness of cheaper fish or meat cuts, which do not necessarily result in any loss of quality. Rising food costs could lead to greater polarisation in the food on offer as some businesses focus more on technology and large-scale kitchens to efficiently produce dishes. This will lead to more kitchens at a unit level simply heating and presenting dishes. In businesses that centralise food production, kitchen staff may require fewer culinary skills but greater food safety awareness; for instance storage and temperature control and an ability to present dishes to brand standards.

Larger businesses may also need to increase the number of dedicated staff to plan and manage energy costs and sustainability. These are likely to be found across the sector, regardless of the industry. Leisure facilities may seek alternative sources of fuel supply, appoint negotiators to secure more competitive pricing or more innovative skills amongst their heating and pool plant maintenance staff.

In the countryside, the *outdoors* industry may need higher levels of persuading and influencing skills to ensure that the countryside and coastline is still accessible to sports clubs and activity holiday operators for their group activities. Some areas have turned this environmental concern into a commercial advantage, through schemes like the David Bellamy conservation awards for holiday caravan parks.

7.4 Economics and globalisation

As the world population continues to grow so too does its middle class. In some countries this is likely to benefit the UK as a tourism destination. The travel patterns of middle classes of China and India are set to move from domestic to regional to international. Gross Domestic Product (GDP) per capita in China is forecast to more than double between 2010 and 2015, providing the population with greater disposable income to spend. India is forecast to have 50 million outbound tourists by 2020 (Deloitte, 2010).

Understanding the desires and motivations of Chinese and Indian travellers could therefore be fundamental to success in these markets. More businesses in the sector will need to cater for the differing needs of these markets, both in products and services. This is likely to focus customer service on greater cultural awareness, but also practically on more translated materials. The English language will continue to be the world's *Lingua Franca*, but those able to communicate in the customer's own language will be at a competitive advantage.

7.5 Technological change

As outlined in chapter six, recent research in hospitality has identified six key technological areas of importance. This technology has had various effects on the industry and its role in the development of particular areas of employment are discussed below.

7.5.1 Operational roles - front of house

So far, the impact on front of house operational roles has been gradual and often part of evolving organisational systems[19]. Front of house staff are most likely to be affected by 'other front of house technologies[20]' and require day-to-day working knowledge and practical ICT user skills for the particular technology used in their business. For example they may need to know how to access Wi-Fi systems, troubleshoot problems guests may have with technology and carry out simple maintenance activities such as restarting. They are low level skills and quick to supply as many staff will already have the skills required or where these are lacking, short training may be provided in-house.

Looking at other types of technology, front of house operational staff will require general ICT user skills to be able to use CRM systems, HR and e-learning systems and in some cases management information systems. Staff may receive training during inductions on the company's specific programmes and systems, which are generally designed to be simple to use and are of low skill levels. For example, when using CRM systems, staff may be required to collect and input specific pieces of information about guests and swipe loyalty cards, while they may use HR systems to calculate or request annual leave. Training may also be delivered via e-learning.

[19] Front of house occupations include those which are customer facing such as front office staff, bar staff and waiting staff

[20] 'Front of house technologies' is an umbrella term which covers a lot of the technologies used in addition to online trading and CRM systems to interact with the consumer in the hospitality industry. These technologies generally aim to enhance the customer experience and make processes easier to manage for the business and include for example Electronic Point of Sale (EPOS) systems and in-room innovations.

7.5.2 Operational roles – back of house

Back of house operational roles are likely to be most affected by the adoption of technology, particularly IT departments and occupations within marketing and HR. The technical skills required (such as computer programming, data management, and web and graphic design) to develop online trading websites, CRM, management information and HR management information systems are high level and likely to be outsourced to IT specialists for the majority of businesses. However, staff will still require contract and project management skills to manage contractors.

Staff will need to have knowledge of such technologies, be able to procure and be able to implement them. In larger companies this is likely to be specialist staff, but it may also affect the broader teams as well. These skills are low-medium level and are relatively quick to supply and usually learnt on the job through experience of working with such technology or learning directly from consultants and suppliers.

For online trading and CRM systems, marketing staff will require low-medium level skills such as search engine optimisation, online marketing skills, web analytical skills, project management skills and literacy skills for developing content. They will also need knowledge of the development and application of the software and CRM systems.

Similarly, finance staff are likely to use management information systems and HR and /or learning and development staff likely to use HR management information and e-learning systems.

7.5.3 Kitchen roles

Many kitchen roles also require general IT user skills to carry out stock taking, ordering, menu planning as well as using HR and e-learning systems as part of their development. These are low level skills quick to provide through training, often provided in-house or by the company supplying the software.

One specific technology that is becoming increasingly commonly used within kitchens is technology associated with sous-vide cooking[21]. The advent of more sophisticated techniques that do not replace cooking techniques, but instead change them, require specific skillsets. Chefs using sous-vide to create and develop dishes require knowledge, understanding and

[21] Sous-vide cooking involves using vacuum pack technology to seal food in a bag and then using a water bath to cook it, generally at a low temperature for a longer period of time.

application of the technology along with a good understanding of food chemistry and how to use the equipment safely. These are high level skills which take a relatively long time to develop. Chefs using pre-packed vacuum bags require an understanding and ability to use the equipment safely, a lower level of skill needed. All those using sous-vide technology need to be fully aware of and have good knowledge of the food safety implications of cooking at this temperature.

There are concerns that there is insufficient knowledge within the *hospitality* industry to adequately use these techniques, especially around food safety and temperature control, with the fear that when the new cooking techniques are being used food is not always cooked at temperatures sufficient to eliminate bacteria or food related illnesses.

7.5.4 Management roles

Managers need to have an appreciation of the impact and implications of introducing new technology could have on their business and be able to assess the business case. Currently, this is likely to be learnt informally, through their own experience or interest in what other businesses are doing and what customers are looking for.

Dependent on the size of business, managers may also be required to procure, implement and maintain new technologies. This reinforces the importance of having sound management skills in communication, negotiation, planning and project management.

Managers in larger businesses will have the support of head office functions and the emphasis instead will be on implementation, maintenance and general IT skills. This reinforces the need for good communication and interpersonal skills to sell new technology to staff and to be able to outline its benefits. Managers in smaller businesses are likely to be dealing with a broader range of technology and therefore require a greater knowledge than those in larger businesses who may specialise in certain areas. Businesses are likely to outsource to specialists where technical skills are required.

7.5.5 Owner operators

As with managers in small businesses, owner operators need to have a broad array of skills to identify the opportunities presented by and understand the implications of new technology, as well as being able to procure, implement and maintain it. Owner operators are likely to outsource and use off-the-shelf products from known suppliers, making it quick to provide these skills. This requires owner operators to have the necessary skills in people management, negotiating and planning alongside general technical skills.

7.5.6 Technology in sport and active leisure

According to the UK Tourism Survey 2010, over a quarter (28 per cent) of camping and caravanning trips were booked online. Furthermore, the British Holidays and Home Parks Association estimate that 60 per cent of holidaymakers book online where the facility is available. The trend towards online booking therefore seems set to continue. This has advantages for parks (such as greater payment security) but once visitors have arrived on-site, the check-in process is unlikely to change greatly; tourers will still be directed to their pitch and renters given keys to their caravan unit. Increasing consumer demand for greater technological connectivity will result in the need for wider WiFi areas on parks. These are also services that can be outsourced.

In addition to specific IT skills, these technological tools give rise to a greater need for marketing and managerial skills. They may also call for more IT professional skills (such as web and graphic design) but smaller operators may prefer to outsource such tasks or purchase a bespoke package rather than maintain these skills in-house.

Beyond caravan parks, there will also be a greater need for skills to respond to growing trends for online booking of sports facilities, pay-as-you go charge cards, automated access to 'no-frills' gyms, and the ability to use GPS tracking on mountaineering activities. There will be increased facility to monitor both practice sessions and competitions with video editing facilities available on laptops, Apple iPod, iPhone and Nintendo Wii. There are likely to be additional skill-sets acquired by coaches and instructors, although it is equally possible that larger clubs, venues and competitions will use a specialist to provide such add-on services.

In some cases, marketing and technical advances are cited as lowering skills needs (Felstead *et al*, 2006). For example a key part of the job of an exercise-to-music instructor used to include the choreographing of an exercise routine for group participants to follow. However, pre-choreographed and pre-recorded fitness programmes are becoming increasingly popular and offer participants the chance to follow a set programme. However, this could be viewed as a lost opportunity for instructors to practice their choreographing skills, which may also eventually lead to these skills being superfluous to their roles.

7.6 Values and identities

7.6.1 Spatial movement

The trend to live and work in or around major urban hubs is set to continue. This is likely to result in greater polarisation of products on offer, with largely urban centres attracting a higher percentage of business tourism, benefiting the hospitality industries. On the other hand rural areas will attract older leisure workers and those seeking more active breaks (such as with outdoor operators who deliver more adventurous activites). The products and services are also set to diverge to reflect these differences.

7.6.2 Greater polarisation between rural and urban workforce

The continued movement towards more urban working and living is likely to pose greater challenges to rural businesses as they find recruitment more difficult. This could result in businesses placing greater emphasis on staff retention which in turn could result in fewer skill gaps as they are able to retain skills. This is likely to prove more costly in the short-term but reduce recruitment costs in the medium to long-term.

7.7 Consumer demand

Changing consumer trends can be difficult to predict and are influenced by many contributory factors. However, a number of key factors that will impact the *hospitality, tourism and sport* sector stand out. These are discussed in turn below.

7.7.1 Non-essential spending on luxury and durable goods

Research suggests that affluent adults will lead the UK's service industry out of the recession (Mintel, 2010). This is likely to be through spending on non-essential luxury and durable goods. So, within the *hospitality, tourism and sport* sector this could include spending at high end restaurants or paying extra towards a luxury holiday. For employers this means showing consumers that spending big or buying premium items can be financially prudent and part of a balanced approach to life.

Customer service skills will therefore continue to grow in importance. However, it will need to move beyond following brand standards and feel real and fresh. This will mean a much more holistic approach to customer service, such as ensuring organisational culture reflects customer needs and that managers support and empower customer facing staff to reflect the needs of their customers.

7.7.2 Product innovation and brand rejuvenation

Product innovation and brand rejuvenation will intensify in order to capture consumers' attention. Mintel suggests there will be more emphasis on 'affordable escapism' to capture consumers' attention after the economic downturn, even if the economy's performance decreases (Mintel, 2010).

For many retired baby boomers, it will be an opportunity to take more adventure-style holidays, which they have seen their children do via gap years, volunteering holidays, etc. Travel operators will need to tap into understanding and appealing to this market.

Offering a service or a product that is memorable is not new, authenticity will become ever more important. Customers are becoming less destination driven and increasingly experience driven, meaning that what **to do** is becoming more important than where **to go**. In food, drink and holidays for instance, consumers are searching for real experiences and products with provenance and authenticity (Mintel, 2010).

The *outdoors* sector is likely to see growth in expeditions, exploration and activity holidays, which are the subject of many of the home nations' tourism campaigns. In terms of quality experience, many caravan parks and hotels are investing in the addition of spas, combining pampering and fitness to increase their appeal. Some hotel chains have linked with fitness chains to provide qualified staff and a quality experience.

7.7.3 Higher value does not necessarily mean 'five star' products

Consumers are becoming harder to categorise and do not fit into neat boxes. For instance, the same customer that travels on Easyjet may stay at a five star hotel and have a meal at McDonald's (VisitBritain, 2009). This challenges the old notions of quality, with consumers placing greater emphasis on relative value.

For both larger companies and smaller, independent businesses the need to define their brand and how this is perceived by their customer base will continue to be key. In larger businesses, this will mean little change, as dedicated teams manage specific brands. However, smaller operators need to have greater knowledge and skills to keep their brands fresh and reflect the needs of their target customer base.

7.7.4 Dining

Consumers are developing more sophisticated dining habits, which has meant that eating out across all spectrums has improved.

There is likely to be a continuation in the number of chefs that prepare and cook from scratch. While in some establishments such as food ‘retail’ brands the range will not be wide, the depth of skills will be greater than can currently be found. This type of training is likely to be provided in-house, rather than recruited from college.

The increased focus on authenticity could result in those preparing and cooking food to be based in-house, rather than in a centralised kitchen which is sometimes the case for larger operations. They are also likely to be seen by customers. Health and safety, food safety and customer service will also be critical. In some cases, there will be a continuation of the fusing between kitchen and front-of-house roles, where staff do both.

7.8 Future occupational profiles

7.8.1 Job growth

According to employment projection figures for the whole economy, the occupational group which is projected to increase by the largest amount is *professional occupations* (due to increase by 869,000 between 2010 and 2020 (Table 7.1). Both *associate professional and technical staff* and *managers, directors and senior officials* are set to increase substantially (550,000 and 544,000 respectively). At the other end of the spectrum *administrative and secretarial roles* are due to fall by the greatest margin (-386,000), followed by *skilled trade occupations* (-230,000).

The overall workforce it is set to grow by five per cent between 2010 and 2020, from 30.5m to 32m.

Table 7.1: Workplace job growth by occupation within the Whole Economy, by geography

Employment growth	2010	2015	2020	2010	2015	2020	2010-2020
	Numbers (000s)			% shares			Net change (000s)
Managers, directors and senior officials	3016	3279	3560	9.9	10.6	11.1	544
Professional occupations	5843	6189	6712	19.2	20.1	21	869
Associate professional and technical	3926	4138	4476	12.9	13.4	14	551
Administrative and secretarial	3698	3466	3312	12.1	11.2	10.3	-387
Skilled trades occupations	3526	3389	3295	11.6	11	10.3	-230
Caring, leisure and other service	2719	2801	3032	8.9	9.1	9.5	313
Sales and customer service	2608	2555	2610	8.6	8.3	8.2	2
Process, plant and machine operatives	1950	1829	1737	6.4	5.9	5.4	-213
Elementary occupations	3173	3209	3274	10.4	10.4	10.2	101
All occupations	30458	30855	32008	100	100	100	1550

Source: Wilson and Homenidou (2011)

With regards to *hospitality, tourism and sport*, the workforce is projected to grow by 11 per cent; more than double that of the whole economy. However, the sector's occupational projections differ somewhat from the economy as a whole (Table 7.2). The occupational group which is set to grow by the largest number is *elementary occupations* (increase of 112,000 between 2010 and 2020) followed by *managers, directors and senior officials* (71,000) and *associate professionals* (52,000). *Skilled trades occupations* are projected to fall by the greatest amount (57,000).

Occupational growth over the ten years to 2020 is forecast to generate more higher skilled jobs, with 32 per cent growth predicted in *professional occupations*, 26 per cent in *associate professional and technical*, 24 per cent in *caring, leisure and other service*, and 19 per cent in *managers, directors and senior officials*.

Table 7.2: Workplace job growth by occupation within hospitality, tourism and sport, by geography (UK)

Employment growth	2010	2015	2020	2010	2015	2020	2010-2020
	Numbers (000s)			% shares			Net change (000s)
Managers, directors and senior officials	377	401	449	14.8	14.9	15.8	71
Professional occupations	123	140	162	4.8	5.2	5.7	40
Associate professional and technical	199	223	251	7.8	8.3	8.8	52
Administrative and secretarial	218	232	237	8.5	8.6	8.4	20
Skilled trades occupations	356	327	299	14.0	12.1	10.5	-57
Caring, leisure and other service	153	169	190	6.0	6.3	6.7	37
Sales and customer service	162	170	177	6.4	6.3	6.2	15
Process, plant and machine operatives	68	68	68	2.7	2.5	2.4	-1
Elementary occupations	895	965	1007	35.1	35.8	35.5	112
All occupations	2552	2696	2841	100.0	100.0	100.0	289

Source: Wilson and Homenidou (2011)

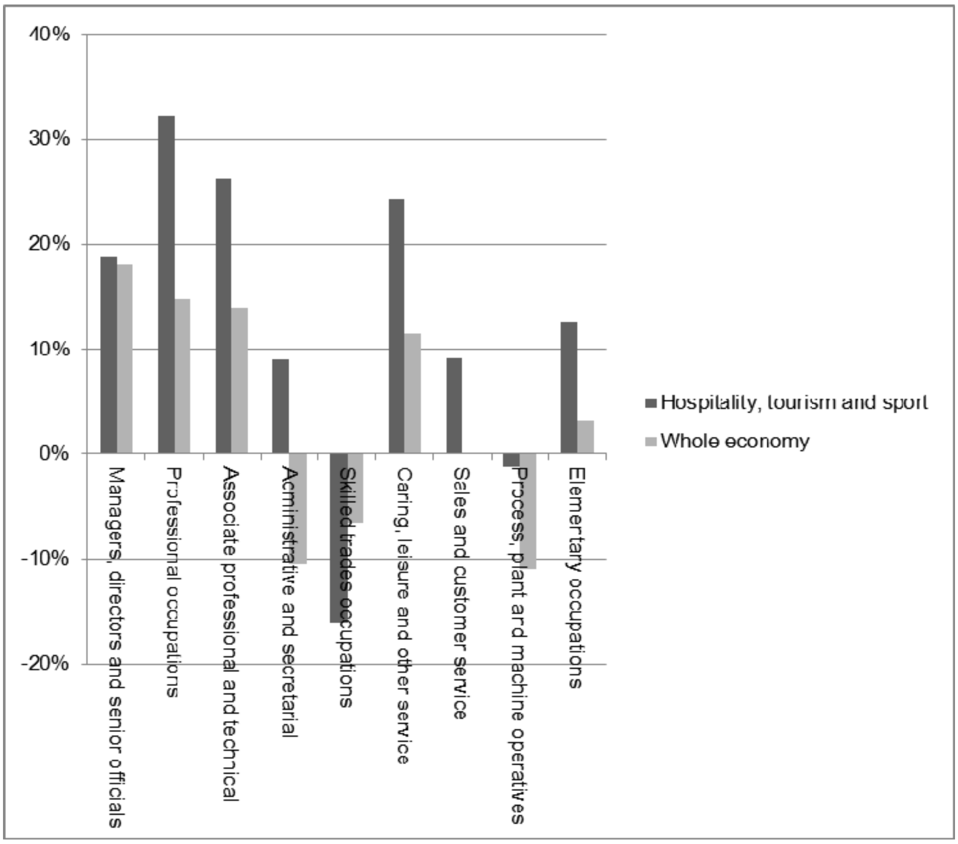
To give a better indication of how the *hospitality, tourism and sport* sector compares with the whole economy, Figure 7.1 plots proportional increases for each occupational role.

Occupational roles in hospitality, tourism and sport are set to increase at a higher rate than across the whole economy in almost all cases. Of most importance are the three largest occupational groups within hospitality, tourism and sport (*elementary occupations, managers, directors and senior officials* and *skilled trades occupations*).

Elementary occupations in the sector are projected to increase by 13 per cent (compared to three per cent across the economy) whilst *managers, directors and senior officials* are expected to increase by 19 per cent (roughly in line with the whole economy increase of 18 per cent). *Associate professionals* and *caring, leisure and other service* occupations are forecast to increase at a faster rate than the whole economy, at 26 per cent and 24 per cent compared to 14 per cent and 11.5 per cent respectively. *Skilled trades occupations* are expected to see the fastest rate of decline of any occupation in the sector. This rate is in excess of the average for the wider economy (16 per cent compared to seven per cent across the economy).

Despite skilled trades reducing in overall number, we must remember that there were still be substantial demand for individuals in this role to fill gaps left by those leaving their positions. This issue is discussed further in the next section.

Figure 7.1: Proportional change of workforce 2010-2020



Source: Wilson and Homenidou (2011)

7.8.2 Replacement demand for the sector

Whilst the figures above give a good indication of job growth, they do not always fully explain the demand for new entrants. For this we need to refer to replacement demand: where workers who retire or leave the sector need to be replaced.

As table 7.3 indicates, replacement demand outstrips expansion demand across the sector. With regard to skilled trades in particular, although the number of people in these roles is set to drop by 57,000, 140,000 are still required to replace those leaving.

Table 7.3: Replacement demand within hospitality, tourism and sport

							2010-2020		
Employment Levels (000s)	1990	2000	2010	2015	2020		Net Change	Replacement Demands	Total Requirement
1. Managers, directors and senior officials	280	314	377	401	449		71	165	236
2. Professional occupations	83	108	123	140	162		39	46	86
3. Associate professional and technical	117	175	199	223	251		52	71	123
4. Administrative and secretarial	212	222	218	232	237		20	100	119
5. Skilled trades occupations	292	305	356	327	299		-57	140	83
6. Caring, leisure and other service	113	135	153	169	190		37	68	105
7. Sales and customer service	106	135	162	170	177		15	53	68
8. Process, plant and machine operatives	41	52	68	68	68		-1	30	30
9. Elementary occupations	934	969	895	965	1,007		112	311	423
Total	2,180	2,415	2,552	2,696	2,841		289	984	1,273

Source: Wilson and Homenidou (2011)

8 Priority areas for action

Chapter Summary

A number of broad skills and labour market priority areas have been identified for the hospitality, tourism and sport sector:

- Increasing the supply of the workforce. This includes: supporting sector job growth, accelerating social mobility in the workplace, professionalising the workforce and increasing the effectiveness of training.
- Improvement of customer service skills.
- Increasing business investment in skills and reducing wasted public expenditure.
- Aligning employers and stakeholders to deliver sustained growth through skills.
- Matching training supply to employer needs

This section provides an overview of sector priorities and highlights some of the future activities required to address the needs of skills and labour market issues facing employers in *hospitality, tourism and sport*.

8.1 Increasing the supply of the workforce

8.1.1 Supporting sector job growth

As we saw in Section 7.8.1, the sector workforce is projected to grow by 11 per cent, double the rate for the whole economy, to 2.7 million in 2020. Given this forecast expansion, the sector will need to recruit in large numbers. The sector's low barriers-to-entry and the strong on-job training culture means that it is well positioned to recruit and develop the skills of jobseekers. Employers do, however, want to see robust, effective selection and pre-employment training in place to ensure recruits have the rights skills and demonstrate the desired attitude and behaviours.

To facilitate this in *hospitality, travel and tourism*, a number of sector initiatives have been developed. These include:

- Targeting low qualification zones to identify those areas of the UK with high unemployment and high sector vacancies. In these areas targeted programmes could be put in place to promote career opportunities in the sector and develop the required skilled to enter job roles.
- Developing an 'employment academy model', which will help larger businesses to select and train jobseekers with the essential skills and behaviours.
- Helping small businesses to recruit by working with larger employers who will undertake the selection and initial training, thereby ensuring that new entrants have a suitable skills base and attitude on which to develop their skills.

In *sport and active leisure*, two schemes have been developed to tackle employment issues and equip learners for the workplace: Personal Best and the Future Jobs Fund. *Personal Best* is a pre-employment programme for jobseekers and those considered to be socially excluded (the Skills Funding Agency (SFA) in England contracted SkillsActive to support the implementation). This provides an opportunity for those that are eligible to undertake a nationally accredited level 1 award in preparation for event volunteering, combined with some experience of volunteering in order to equip with the skills and experience to move into employment or further training. The *Future Jobs Fund* has financed training for 5,000 job seekers through the National Skills Academy for Sport and Active Leisure. With future funding cuts, it is not clear how such training and entry to the workforce opportunities will continue in future.

8.1.2 Accelerating social mobility in the workplace

There is a need to promote opportunities for people to enter or progress into higher craft or management roles, in order to alleviate skill gaps and shortages in these areas. There are also some clear demographic imbalances across the sector. For example, women are significantly under-represented in managerial roles. Similarly, the sector has a very young workforce.

In order to address these issues across *hospitality, travel and tourism* a number of initiatives have been developed by sector bodies, including:

- The promotion of progression routes into the sector to ensure they are fit for purpose and demonstrate how people can best enter specific occupations. This may mean developing new qualifications, but will also mean refreshing the content on the sector's careers website (uksp.org.uk).
- Developing a toolkit of resources to help employers target more women for those occupations where women are currently under-represented.
- Expand programmes such as Women 1st to help support more women progress into management positions. This will include rolling out its mentoring network, bespoke training programmes, networking opportunities and building its membership base.
- Work with employers to ensure that higher and management skill needs are being addressed. In England, this will mean looking at higher apprenticeship opportunities and across the UK looking at the role of higher education.

8.1.3 Professionalising the workforce and increasing the effectiveness of training

Professionalising the workforce is a key area of focus for *hospitality, tourism and sport*. As we saw in Section 4.1, the sector has higher proportions qualified at level 1, 2 and 3 and lower proportions at level 4 and above compared to the whole economy. As discussed in that section, this varies by sub-sector. Occupational growth over the ten years to 2020 is forecast to generate more higher-skilled occupations, with 32 per cent growth predicted in *professional occupations*, 26 per cent in *associate professional and technical*, 24 per cent in *caring, leisure and other service*, and 19 per cent in *managers, directors and senior officials*. To support this transfer to higher skilled occupations, a number of key solutions have and are being developed to professionalise the sector.

A key skills solution for *sport and active leisure* has been the development of the *Register of Exercise Professionals* which was set up to help safeguard and promote the health and interests of people who are using the services of those coaching, teaching and instructing in the exercise and fitness industry. The *Register* uses a process of self-regulation that recognises industry-based qualifications, practical competency and requires fitness professionals to work within a code of ethical practice. Continued implementation and expansion of professional registers is an ongoing strategic priority.

Within *hospitality, travel and tourism* the relevant sector skills council will be working with delivery partners to introduce an 'Investors in People' offer tailored for the sector. In addition, it will also develop an introductory programme to provide a 'taster' for small and micro operators to encourage them to progress to the full standard. If successful, this should provide essential support to smaller businesses to introduce better people-orientated infrastructure.

Return on investment studies will also be undertaken and case studies developed to demonstrate the impact that training is having on a business bottom line in the sector. This will be disseminated as part of a campaign to communicate best practice and encourage employers to improve the effectiveness of their training.

A number of voluntary licence to practice schemes will be tested, include one being taken forward by the BII for licensed retailing and others being piloted in Northern Ireland. These pilots will provide a focused approach to training specific occupations and as a result increase and promote the professionalism of these roles.

Professionalising the hospitality workforce is a particular focus for many partners across the industry so reputable training and training providers should be accredited to help employers identify the best training provision available. Centres of Excellence will be developed in a number of occupational areas. The first will be established for chefs working in Asian and Oriental cuisine.

8.2 Improvement of customer service

Sector employers recognise two important skills areas that are lacking in skills shortage vacancies: *job specific skills* and *customer handling skills* (Davies *et al*, 2012).

Job specific skills are vital to *sport and active leisure,* ranging from coaching and instructing to activity leadership, from pool life-guarding to pool plant maintenance. Over the last decade the UK Coaching Certificate has been developed by SkillsActive, the Governing Bodies of Sport and relevant Awarding Bodies as a means of improving the transferability and mobility of coaching qualifications, reducing the need to repeat common modules, and upgrading the assessment of competence.

Raising the customer service skills of the *hospitality, tourism and sport* sector is therefore critical to address skill shortage vacancies, skills gaps and consumer expectations. It will also ensure the sector can capitalise on a number of high profile events, such as the 2012 Olympic and Paralympic Games, the 2012 Titanic Commemorations in Northern Ireland and the 2013 Commonwealth Games in Glasgow.

Across *hospitality, travel and tourism*, there are plans to:

- Spearhead a customer service campaign to raise the importance of customer service and aim to train 200,000 sector employees in readiness for the Games. Available solutions, including the WorldHost training programme, which was successfully used for the Vancouver 2010 Winter Olympic and Paralympic Games. This programme has been brought over to the UK by People 1st and has since been awarded the Inspire kitemark from London Organising Committee of the Olympic Games and Paralympic Games (LOCOG).
- Work with tourist boards and associations to develop an online platform for WorldHost. This aims to widen opportunities for smaller businesses to access strong, cost effective customer service training programmes.

- Continue to embed customer service training within employers' broader training in order to widen the opportunities for the sector's workforce to receive structured customer service training.

The importance of good customer service is also recognised by the sports sector; employers in the *sport and active leisure* sector are highly likely to use the customer service training and are twice as likely as employers in other sectors to use other NVQs which embed customer service modules (People 1st, SkillsActive *et al*, 2008).

8.3 Increasing business investment in skills and reducing wasted public expenditure

Employers want to ensure that people are entering the sector with the appropriate skills and knowledge required to undertake specific job roles and that effective training solutions are in place to develop staff once they're in the workforce. Apprenticeships are an important tool to address both these needs.

Across *sport and active leisure*, apprenticeships play an important role in the progression and development opportunities available. There are over 12 apprenticeship frameworks to choose from. Higher level apprenticeships in the form of the Advanced Apprenticeship in Sporting Excellence (AASE) have been developed by SkillsActive and rolled out across a number of different sports.

The apprenticeship strategy in *hospitality, travel and tourism* has identified significant opportunities to increase both the number of apprentices working in the sector and the number of employers offering them. The strategy outlines plans to:

- Ensure apprenticeship frameworks are available, where appropriate, within robust progression routes. Where frameworks are not currently available, they will be developed.
- Offer greater support to employers to embed apprentices within their in-house training programmes in order to widen opportunities for employers and employees.
- Test and roll out innovative methods of delivery in order to widen opportunities for small businesses to benefit from apprenticeships, and enrich the content of existing frameworks.

- Introduce voluntary tracking system to help support apprentices on their journey and enrich and reward their experience of being an apprentice in the sector.
- Champion apprentices in the sector, build a network of employer champions and demonstrate the benefits of employing apprentices.

In addition, there are plans to establish an Apprenticeship Training Association to help widen the apprenticeship opportunities for smaller businesses.

8.4 Aligning employers and stakeholders to deliver sustained growth through skills

This priority area aims to ensure that the *hospitality, travel and tourism* sector can demonstrate to government, agencies and other partners across the four home nations its importance to the UK economy.

It also aims to ensure that employers and partners are collectively galvanized to addresses the skills and labour market issues facing the sector in order to raise its productivity and performance. As part of this, robust labour market intelligence for *hospitality, travel and tourism* is important to better understand the continuing skills and labour market trends across the sector.

Similarly, a range of areas have been identified in s*port and active leisure* that need to be addressed to align employers and stakeholders:

- Clear communication of sector skill needs, as well as recognition of emerging needs and developing new qualifications where required.

- Developing new standards and reviewing existing ones to ensure that they are up-to-date and fit for purpose in consultation with employers.

- Ensuring that employers can easily assess the quality of training provision to ensure that individuals and employees are undertaking the highest quality opportunities. For example, SkillsActive and the Online Academy aim to ensure that employers have easy access to information about industries endorsed/accredited qualifications and that the process for assessing quality of provision is put in place.

8.5 Matching training supply to employer needs

The need to rationalise the provision of training and qualifications with the *sport and active leisure* sector is well recognised, and the Register of Exercise Professional is an excellent example of providing quality assurance for employers and learners undertaking training in fitness instruction.

Over the last decade SkillsActive has been working with the British Association of Sport and Exercise Sciences (BASES) and the sport subject centre at Oxford Brookes University to the practical skills and experience of graduates in Sport Sciences.

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Appendix: Technical appendix

The provision of core data

To ensure consistency and comparability across all 15 SSA reports, data from core labour market information sources was centrally collected, processed and formatted. It was then distributed by the UK Commission to Sector Skills Councils for inclusion within the reports.

Core data was centrally produced from the following sources:

- The Labour Force Survey
- The UK Employer Skills Survey 2011
- Working Futures 2010-2020
- Regional Accounts (information on Gross Value Added)
- Mid Year Population Estimates
- European Continuing Vocational Training Survey
- Business Demography Statistics

Data from the Labour Force Survey, regional accounts and mid-year population estimates was collated, processed and formatted by Cambridge Econometrics and the Institute for Employment Research (IER), Warwick.

Data from the UK Employer Skills Survey 2011 was collated and processed by IFF Research and formatted by the UK Commission.

Data from Working Futures was collated, processed and formatted by IER.

Data from the European Continuing Vocational Training Survey and Business Demography Statistics was collated, processed and formatted by the UK Commission.

All data was quality assured by contractors, the UK Commission and by Sector Skills Councils.

It has been necessary to suppress some data within the reports to adhere to official guidelines regarding data quality. The details of suppression strategies applied to data from specific sources are described in more detail below. Data for Scotland, Wales and Northern Ireland for the three smallest SSA sectors is most likely to be suppressed. These are:

- Agriculture, forestry and fishing
- Energy production and utilities
- Information and communication technologies)

Methodological information for core labour market information sources

Method used to derive estimates of gross value added (GVA) per employee job by SSA sector and nation

No official estimates are currently available for the level of productivity by sector and UK nation. The figures presented in this report have therefore been estimated by the UK Commission using the following process.

Levels of workplace gross value added at current basic prices by SIC 2007 Section were derived from the official estimates published by the Office for National Statistics as part of its Regional Accounts series. Levels of employee jobs were taken from the Business Register and Employment Survey for 2009.

The sectoral “footprint” definitions used as the basis for the SSA reports are not coterminous with SIC Sections, however, and in some cases draw on 2-digit SIC divisions. At present the official GVA estimates for nations and regions are only available at a SIC section level.

To overcome this an approach was used which has been developed by Welsh Government to derive gross value added estimates for its priority sectors. This same approach was applied to the SSA sectors across the UK nations. Approximate estimates of GVA at 2-digit level are available for much of the economy from the Annual Business Survey (ABS). These were used to allocate GVA at the 2-digit level with the results being constrained to the official GVA totals by SIC section taken from the Regional Accounts. For those areas of the economy not covered by the ABS, shares of employment at the 2-digit level were used instead, taken from the Annual Population Survey.

Labour Force Survey

About the survey

One of the key data sources used within this report is the Office for National Statistics' (ONS) Labour Force Survey (LFS). The LFS is a survey of households living at private addresses (plus in NHS accommodation and student halls of residence) in the UK.

The survey is conducted on a quarterly basis. The sample is made up of around 41,000 responding (or imputed) households in Great Britain every quarter, and around 1,600 households in Northern Ireland. The LFS uses a rotational sampling design which means that, once selected, a household[22] is kept in the sample for a total of five consecutive quarters.

Interviewers can take answers to questions by proxy if a respondent is unavailable. This is usually from another related adult who is a member of the same household. About a third of LFS responses are collected by proxy. Information on individuals aged 16 – 19 most likely to be obtained by proxy.

Full user guidance can be accessed here: http://www.ons.gov.uk/ons/guide-method/user-guidance/labour-market-statistics/index.html

Preparation of LFS data for this report

The UK Commission provided report authors with a core set of tables based on LFS data for mandatory inclusion within Sector Skills Assessment reports. The data within these tables was prepared by two contractors: Cambridge Econometrics (CE) and Warwick Institute for Employer Research (IER).

Data was prepared in three stages:

- The original survey data was gathered and coded by IER to the categories and classifications required for the SSA tables. This was then sent to CE
- CE used the data prepared by IER and derived the indicators and aggregated the data to the dimensions required for the tables
- The UK Commission checked tables and distributed to report authors

[22] Note, it is the address that is selected and not necessarily the particular people who live there.

Annual data presented within this report is based on an average of four consecutive quarters of data. Data prior to 2009 is based on SIC2003 and data for 2009 and 2010 is based on SIC2007 codes.

Reporting of LFS data

In line with ONS convention, annual LFS data presented within this report has been suppressed if individual cell sizes fall below 6,000. This is because cell sizes of fewer than 6,000 are deemed to be low quality estimates.

Analysis of employment uses all four categories of employments status within the LFS: employee, self-employed, government scheme & unpaid family worker.

Please note, some tables present a total for All sectors while others present a total for Whole economy. The values for these totals are different because the Whole economy total includes the ‘Not within scope’ category (i.e. sectors that don’t fall within an SSA sector), whereas All sectors is the total for just the 15 SSA sectors.

UK Commission’s Employer Skills Survey 2011

The UK Commission’s Employer Skills Survey 2011 (UK Commission’s ESS 11) was the first large-scale economy-wide employer skills survey to be conducted across the whole of the UK. The survey was managed by the UK Commission for Employment and Skills and was conducted by three contractors: IFF Research, BMG Research and Ipsos Mori (Davies *et al*, 2012). The project steering group included representatives from all four nation governments, the Alliance of Sector Skills Councils, the Department for Work and Pensions and the Skills Funding Agency.

Fieldwork was carried out from March to July 2011. Two waves of interviews were conducted. The main survey involved telephone interviews with approximately 87,600 employers and a follow-up survey focusing on investment in training was undertaken with over 11,000 respondents. The data presented within this report draws only on information gathered from the main survey.

The table below provides information on the number of employers interviewed by sector and nation for the main survey.

SSA sector	England	Scotland	Wales	NI	UK
Agriculture, forestry and fishing	1,270	99	133	45	1,547
Energy production and utilities	1,306	106	133	69	1,614
Manufacturing	6,774	182	470	350	7,776
Construction	7,538	300	660	463	8,961
Wholesale and retail trade	13,919	333	1,129	769	16,150
Transportation and storage	4,078	152	300	205	4,735
Accommodation, food and tourism activities	9,630	324	909	455	11,318
Information and communication	2,262	56	111	81	2,510
Creative media and entertainment	3,301	99	227	135	3,762
Financial, insurance & other professional services	4,525	146	391	281	5,343
Real estate and facilities management	3,113	85	133	93	3,424
Government	2,078	163	188	176	2,605
Education	4,597	164	391	287	5,439
Health	2,912	107	242	137	3,398
Care	4,028	101	338	296	4,763
Not within scope	3,722	86	257	162	4,227
Total	75,053	2,503	6,012	4,004	87,572

UK Commission's ESS 11 is a quota survey. Quotas were set on a size by sector within nation / English region basis. In Northern Ireland and Wales, where more interviews were carried out than the required minimum to get national representation, they were predominately distributed in proportion to the population.

In order to include the maximum number of questions without extending the overall length of the interview, the sample was randomly split in half for some sections, and one set of employers were asked one module of questions, and the other half of the sample different questions.

The survey is a local unit (establishment) survey. This means that for large multi-site organisations several branches/ locations may have been interviewed. The establishment level sampling reflects that the survey asks employers about issues that need to be answered by people with day-to-day contact with employees rather than head office.

Respondents are those who have the best overview of HR and training within the establishment. This will tend to be HR or training managers in large establishments and owner/managers or senior managers within small establishments.

The valid population of establishments being used in UK Commission's ESS 11 is all establishments with the exception of sole traders (this means that establishments with one employee and no working proprietors (for e.g. flower stall at a station, where there is one person working but they don't own it themselves) are included). In addition, establishments with multiple working proprietors but no employees are also included.

Sampling error for the survey results overall and for different sub-groups by which analysis is presented in the report is shown in the table below. Sectoral figures are presented for the 14 SIC 2007 sections which were used for the survey sampling approach.

Figures have been based on a survey result of 50 per cent (the 'worst' case in terms of statistical reliability), and have used a 95 per cent confidence level. Where the table indicates that a survey result based on all respondents has a sampling error of +/- 0.32 per cent, this should be interpreted as follows: 'for a question asked of all respondents where the survey result is 50 per cent, we are 95 per cent confident that the true figure lies within the range 49.68 per cent to 50.32 per cent'.

As a note, the calculation of sampling error has taken into account the finite population correction factor to account for cases where we are measuring a significant portion of the population universe (i.e. even if two sample sizes are the same, the sampling error will be lower if in one case a far higher proportion of the population was covered).

These confidence intervals are based on the assumption of a normal distribution of responses.

Sampling error (at the confidence 95 per cent level) associated with findings of 50 per cent

	Population	Number of interviews	(Maximum) Sampling Error
Overall	**2,299,921**	**87,572**	**+/-0.32**
By country			
England	1,960,298	75,053	+/-0.35
Northern Ireland	65,559	4,004	+/-1.5
Scotland	175,114	2,503	+/-1.94
Wales	98,950	6,012	+/-1.22
By size of establishment			
1-4	1,466,397	18,955	+/-0.99
5-24	648,446	47,770	+/-0.61
25-99	147,319	15,951	+/-1.03
100-249	25,945	3,270	+/-2.27
250+	11,814	1,626	+/-3.12
By sector			
Agriculture	98,458	939	+/-3.18
Mining & Quarrying	2,222	188	+/-6.84
Manufacturing	128,255	7,704	+/-1.08
Electricity, Gas and Water	10,583	1,426	+/-3.35
Construction	241,429	6,654	+/-1.18
Wholesale and Retail	441,365	15,340	+/-0.78
Hotels & Restaurants	167,215	8,471	+/-1.04
Transport and Communications	210,801	7,885	+/-1.08
Financial Services	52,381	1,881	+/-2.22

	Population	Number of interviews	(Maximum) Sampling Error
Business Services	551,612	14,488	+/-0.80
Public Administration	26,058	1,617	+/-2.36
Education	65,499	5,439	+/-1.27
Health and Social Work	140,269	8,161	+/-1.05
Community, Social and Personal Services	163,774	7,379	+/-1.11

Looking specifically at sampling error for SSA sectors at national level, Agriculture in Scotland provides an illustrative example. 99 interviews were completed for this sub-group. Applying the assumptions outlined above this gives a maximum sampling error of around +/-10 percentage points. This demonstrates the indicative nature of the detailed survey estimates for smaller sectors.

Within the report, data based on unweighted bases of less than 25 have therefore been suppressed for quality reasons. In addition, data based on unweighted bases of between 25 and 50 have been marked as indicative. More stringent thresholds have been applied in Scotland because of the lower total number of interviews that were conducted. Estimates based on unweighted bases of fewer than 50 have been suppressed, whilst estimates based on bases of 50-99 are marked as indicative in the relevant tables.

Finally, occupations within the survey are defined by 2010 Standard Occupational Classification codes and sectors are defined by 2007 Standard Industrial Classification codes.

Please visit the UK Commission's Employer Surveys website for further information including the full survey report and questionnaire. https://ness.ukces.org.uk/default.aspx

Working Futures

Working Futures 2010-2020 is the latest in a series of detailed projections of UK employment, productivity, labour supply and skills. The projections have been prepared by the Institute for Employment Research (IER) and Cambridge Econometrics (CE) on behalf of the UK Commission for Employment and Skills (UKCES).

The projections are calculated from a number of different data sources, including the Annual Business Inquiry, the Business Register and Employment Survey, and the Labour Force Survey. The results provide a picture of employment prospects up to 2020 by industry, occupation, qualification level, gender and employment status for the UK as a whole, the four nations, and English regions.

As with all projections and forecasts, the results presented in Working Futures should be regarded as indicative of likely trends and orders of magnitude given a continuation of past patterns of behaviour and performance, rather than precise forecasts of the future. At a time of great uncertainty about the short to medium term prospects for the economy, it is important to stress the value of Working Futures in aiding understanding of likely prospects for employment in the longer term (i.e. in 2020). Readers should therefore focus on the relative position of sectors, and occupations in 2020 and treat the projected values as broad indicators of scale rather than exact predictions.

Further methodological details can be found on the UK Commission's website - http://www.ukces.org.uk/publications/working-futures-technical-report

State of the nation

This report has been produced by People 1st in 2009, 2010 and 2011. Drawing on a wide range of data sources, these reports examine the changing skills and labour market across the hospitality, leisure, travel and tourism sector.

Key to the analysis within these reports is both quantitative and qualitative analysis undertaken by People 1st. With regard to quantitative analysis, the analysis in the latest edition of the report was based largely on 2,068 telephone interviews conducted with private sector establishments across the four nations within the United Kingdom.

For further information on the methodology and data-sources used within State of the Nation, please refer to People 1st's website[23.]

23 http://www.people1st.co.uk/webfiles/Research/State%20Of%20The%20Nation/2011/State_of_the_Nation_2011_Annexes.pdf

The UK Commission for Employment and Skills is a social partnership, led by Commissioners from large and small employers, trade unions and the voluntary sector. Our mission is to raise skill levels to help drive enterprise, create more and better jobs and economic growth.

All of the outputs of the UK Commission can be accessed on our website at www.ukces.org.uk

UKCES
Renaissance House
Adwick Park
Wath-upon-Dearne
Rotherham
S63 5NB
T +44 (0)1709 774 800
F +44 (0)1709 774 801

UKCES
Sanctuary Buildings
Great Smith St.
Westminster
London
SW1P 3BT
T +44 (0)20 7227 7800

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