

The Hospitality, Leisure, Travel and Tourism Sector in Wales

Regional report

February 2005

Executive Summary

Size and scope of the sector in Wales

Establishments

- There are approximately 9,500 hospitality, leisure, travel and tourism establishments in Wales.
- 68 percent of these establishments are pubs, bars and nightclubs or restaurants.
- Cardiff has the largest number of hospitality, leisure, travel and tourism establishments in Wales.
- 83 percent of hospitality, leisure, travel and tourism establishments employ between 1 and 10 people.

Employment

- There are approximately 97,200 hospitality, leisure, travel and tourism employees in Wales.
- A quarter of all those working in the People1st sector work in restaurants.
- Two thirds of the hospitality, leisure, travel and tourism workforce are female (66 percent)
- There is a fairly even split between those who work on a full-time basis and those who work part time.
- A quarter of the hospitality, leisure, travel and tourism workforce in Wales are aged between 16 and 19.

Occupations

- Over half of the workforce in Wales work in elementary occupations, such as kitchen assistants, waiting staff and bar staff
- Approximately 87,000 people work in core hospitality, leisure, travel and tourism occupations

Skills needs and challenges

Qualification profile

- 17 percent of the hospitality, leisure, travel and tourism workforce in Wales do not have any qualifications. A further 28 percent are qualified to either Level 1 or entry level.
- Nearly a third of the sector's workforce are qualified to Level 2 and over a fifth are qualified to Level 3.
- A relatively low proportion of people working in the sector hold Level 4 or higher qualifications.

Notified vacancies

- There were 1,800 vacancies in core hospitality, leisure, travel and tourism occupations advertised in Jobcentres in Wales in September 2004.
- The largest number of vacancies were for kitchen and catering assistants, bar staff, chefs, cooks, waiters and waitresses.

Hard-to-fill vacancies

- 15 percent of employers reported that they had hard-to-fill vacancies.

Skills shortages

- 4 percent reported of employers reported skills shortage vacancies.

Skills gaps

- Almost a fifth of establishments in Wales report skills gaps

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Introduction

The Hospitality, Leisure, Travel and Tourism sector employs approximately 1.9 million people and contributes around 4 per cent of GDP. Consequently it is an important generator of both wealth and jobs across the United Kingdom.

Its importance is also felt regionally, within England, and across the devolved nations, as it supports other sectors such as agriculture, transport and retailing.

People1st has produced these **Regional Reports** to provide an analysis of the sector regionally: highlighting both its employment characteristics and its main skill requirements and challenges.

Shorter **Regional Profiles** have also been produced that provide an accessible regional snap shot of the sector.

For further information on these reports or any of our research contact the People1st research team on 0870 060 2558.

Section one: A snapshot of Wales

Wales comprises Mid Wales, North Wales, South East Wales and South West Wales.

Wales has a population of 2 $\frac{3}{4}$ million. Most of Wales's inhabitants live in and around the lowland coastal plains of the south and north.

According to the Welsh Tourist Board, there were 10.9 million tourism trips to Wales, bringing 2.5 billion into the economy in 2001. Visitors from the UK account for 93 percent of tourism trips to Wales with overseas visitors accounting for just 7 percent.



Wales has a number of top tourist attractions including:

- Museum of Welsh Life, Cardiff
- Oakwood, Narberth
- National Museum & Gallery Cardiff, Cardiff
- Portmeirion, Penrhyndeudreath
- Cardiff Bay Visitor Centre, Cardiff

According to ONS estimates, hotels and restaurants contributed 3.7% of total GVA (Gross Value Added) in Wales in 2001, slightly higher than the UK average of 3.4%.

Other perspectives of the sector in Wales

The national tourism strategy for Wales was launched in April 2000. Achieving Our Potential was prepared by the Wales Tourist Board in consultation with the industry, the strategy is based on four key themes - sustainability, quality, competitiveness and partnership.

Research carried out in 2004: Labour Market Research Report, found the following key findings include:

- The need to develop a methodology for the maintenance of labour market and skills needs data as a management tool to inform public sector interventions and continue to enhance the quality of the Welsh tourism product.
- The dominance of micro-businesses, many of whom are not well equipped with practical business planning and marketing skills to compete successfully and who need support to develop profitable businesses and emphasise the inherent role of trained staff. It is important to encourage them to see the bigger picture - that the industry in Wales needs quality staff to achieve a good reputation and deliver a quality product, but that quality requires investment.
- A mismatch between learning providers and the requirements of employers.
- Negative industry image, which affects recruitment into the industry.
- Hard-to-fill vacancies amongst chefs, cleaning and waiting staff, which corresponds with the number of officially notified job vacancies. Persistent hard-to-fill vacancies impact upon business performance, service quality and ultimately visitor experience.

- Skills gaps amongst existing employees in relation to: customer service skills: including communication; generic skills and attributes: including initiative and personal presentation and occupational-specific skills, e.g. chef and silver service skills.
- A consensus on the need to upgrade skills; improve professionalism amongst employers and employees and nurture a training culture as an integral part of overall business performance.

Section two: Size and scope of the sector in Wales

The Hospitality, Leisure, Travel and Tourism sector is made up of 14 industries:

- Hotels
- Restaurants
- Pubs and nightclubs
- Contract food service provision
- Hospitality Services
- Membership clubs
- Travel services
- Tourist information services
- Events
- Gambling
- Visitor attractions
- Youth hostels
- Holiday parks
- Self-catering accommodation

As far as possible these industries are broken down separately within this report. However, in some cases either figures are unavailable or are combined. For a full technical overview see Annex A.

Establishments

According to the Annual Business Inquiry (2003) there are approximately 9,500 hospitality, leisure, travel and tourism establishments in Wales (see table 1).

68 percent of these establishments are pubs, bars and nightclubs or restaurants.

Table 1. Number of People 1st establishments, by industry

	Wales		England	
	Number	%	Number	%
Contract food service providers	750	8%	17,700	11%
Gambling	450	5%	8,300	5%
Holiday parks and self catering accommodation (combined)	300	3%	2,500	2%
Hotels	900	9%	9,150	6%
Pubs, bars and nightclubs	3,750	39%	54,400	35%
Restaurants	2,750	29%	53,850	34%
Travel and tourist services (combined)	500	5%	10,800	7%
Visitor attractions	50	1%	350	0%
Youth hostels	50	1%	300	0%
Total	9,500	100%	157,350	100%

Source: ABI, 2003

Note 1. Figures may not add to totals due to rounding

Note 2. '**' denotes confidential data

The number of establishments can be further broken down by county / unitary authority (see table 2). Cardiff has the largest number of hospitality, leisure, travel and tourism establishments in Wales, 10 percent of all sector establishments in Wales. When compared against all establishments in each area it can be seen that

Conwy have a higher percentage of establishments (14 percent) compared with an average of 10% in Wales.

Table 2. Number of People1st establishments by County / Unitary Authority

County Unitary Authority	HLTT Establishments	All Establishments	%
Anglesey	224	1,984	11%
Blaenau Gwent	171	1,381	12%
Bridgend	394	3,693	11%
Caerphilly	478	4,132	12%
Cardiff	956	11,106	9%
Carmarthenshire	532	5,475	10%
Ceredigion	306	2,765	11%
Conwy	522	3,854	14%
Denbighshire	356	3,244	11%
Flintshire	418	4,672	9%
Gwynedd	609	4,658	13%
Merthyr Tydfil	135	1,170	12%
Monmouthshire	302	3,444	9%
Neath Port Talbot	336	3,330	10%
Newport	410	4,125	10%
Pembrokeshire	631	4,273	15%
Powys	606	5,859	10%
Rhondda, Cynon, Taff	560	5,149	11%
Swansea	731	6,531	11%
Torfaen	200	2,235	9%
Vale of Glamorgan	292	3,665	8%
Wrexham	287	3,682	8%
Wales	9,456	90,427	10%

Source: Annual Business Inquiry, 2003

Note 1: Figures may not add to totals due to rounding

Note 2: '**' denotes confidential data

83 percent of hospitality, leisure, travel and tourism establishments in Wales employ between 1 and 10 people, while a further 15 percent employ between 11 and 49 people.

Employment

A quarter of all those working in the People1st sector in Wales work in restaurants (see figure 4). A further 20 percent work in hospitality services while 18 percent work in pubs, bars and nightclubs.

Figure 4. Total employment in the hospitality, leisure, travel and tourism industry in Wales

Industry	Employment	
	Number	%
Restaurants	23,850	25%
Hospitality services	19,800	20%
Pubs, bars and nightclubs	17,800	18%
Hotels	14,350	15%
Contract food service providers	9,200	10%
Travel and tourist services	4,000	4%
Holiday parks and self catering accommodation	3,450	4%
Gambling	2,950	3%
Visitor attractions	1,600	2%
Youth hostels	200	0%
Total workforce	97,200	100%

Source: Labour Force Survey, 2003/04

Note 1. '**' figures suppressed because not statistically reliable

The location quotients (LQ) below express the percentage of employment in each industry in Wales relative to the benchmark area of Great Britain (see figure 5). An LQ score of 2 means that the percentage share of total employment accounted for by that industry is twice the national (GB) average. Scores of above 1 indicate a regional specialisation.

Figure 5. Regional specialisms in the hospitality, leisure, travel and tourism industry in Wales

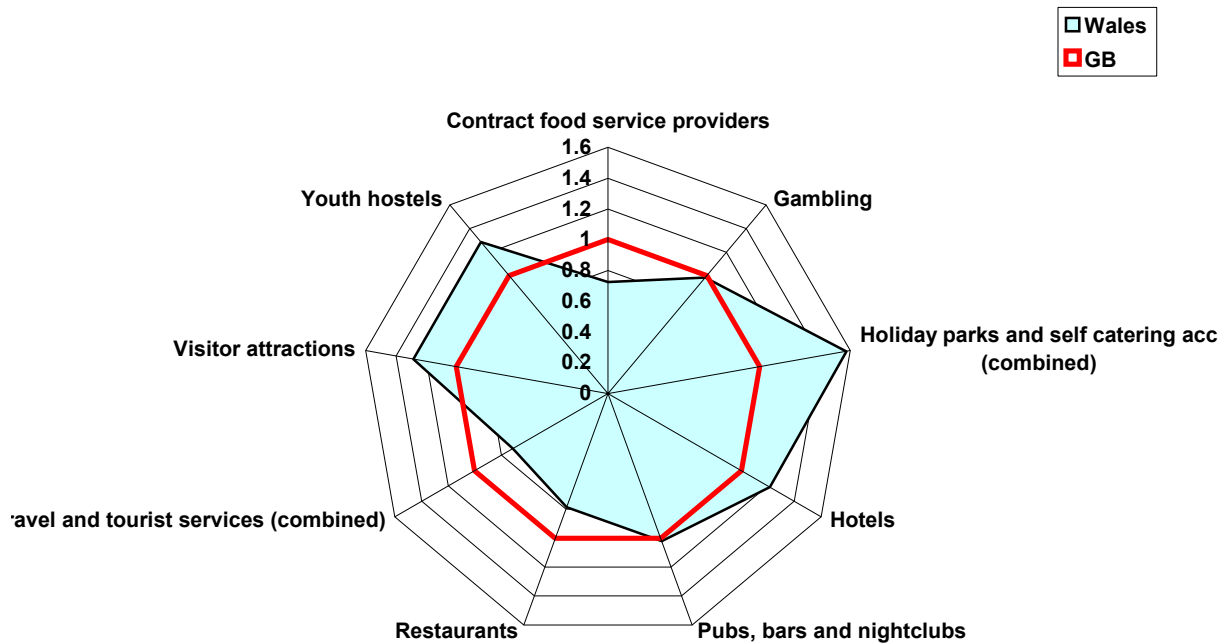


Figure 6. Employment by gender

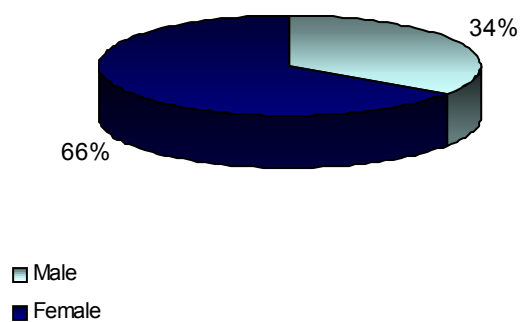
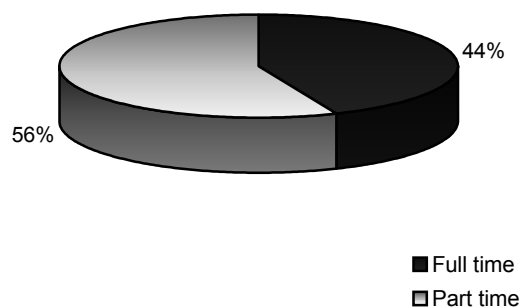


Figure 7. Full and part time employment

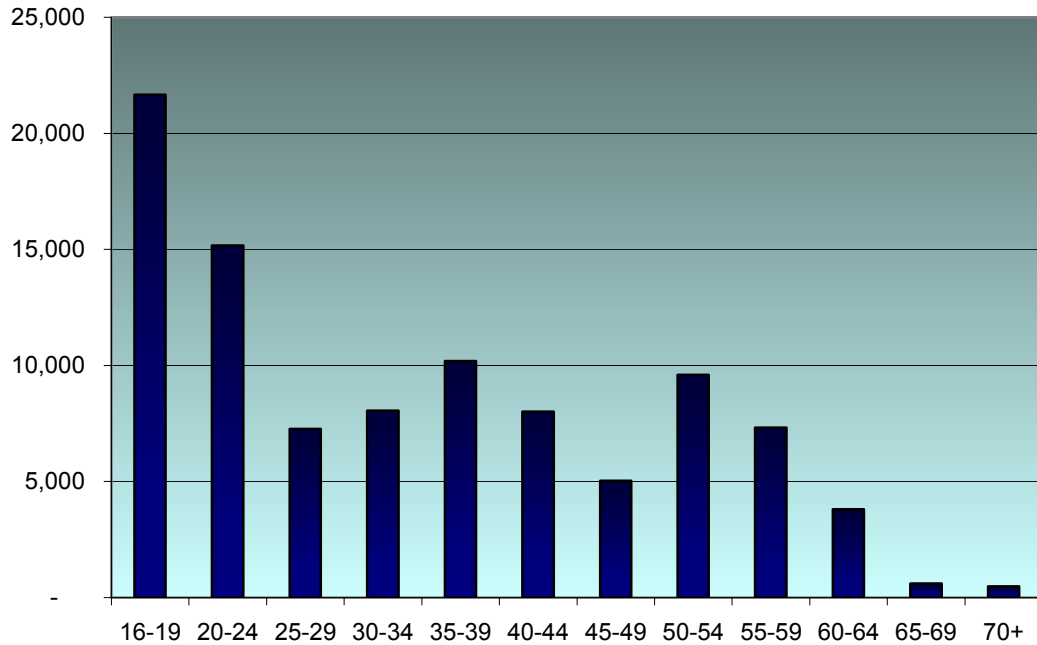


Source: Labour Force Survey, 2003/04

- Two thirds of the hospitality, leisure, travel and tourism workforce in Wales are female (66 percent).
- There is a fairly even split between those who work on a full-time basis and those who work part time.

A quarter of the hospitality, leisure, travel and tourism workforce in Wales are aged 16-19 while a further 17 percent are between 20 and 24 years old. Almost a fifth of the workforce are aged 50 or over (see figure 8).

Figure 8. Age profile of hospitality, leisure, travel and tourism workforce Wales



Source: Labour Force Survey, 2003/04

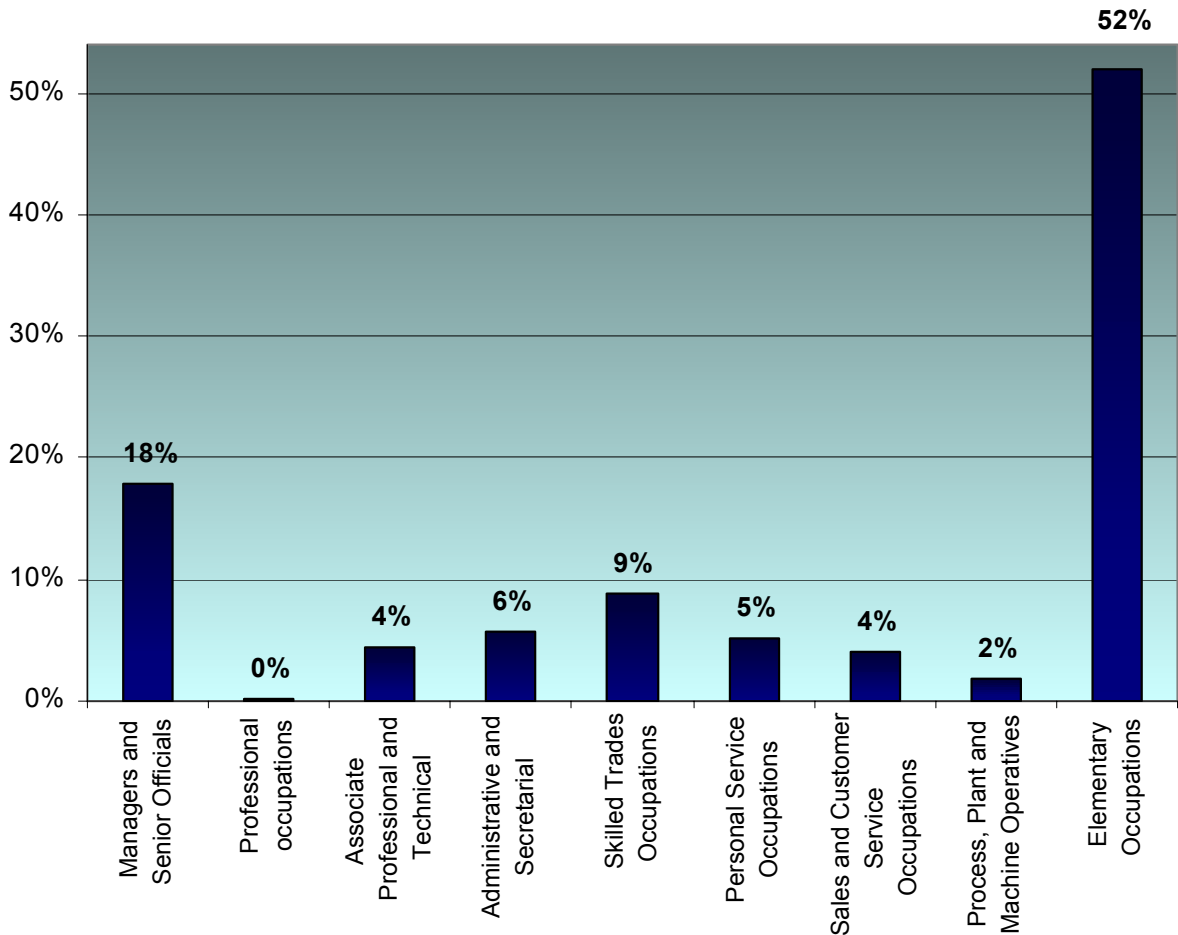
Also:

- 5 percent of the hospitality, leisure, travel and tourism workforce in Wales are from ethnic minority groups.
- 11 percent of the sector's workforce in Wales is self-employed.
- Approximately 9 percent of the workforce are in temporary employment. Of which 50 percent describe their employment as 'casual' and 25 percent describe their employment as 'seasonal'.

Occupations

Over half of the workforce work in elementary occupations, such as kitchen assistants, waiting staff and bar staff (see figure 9). 18 percent are managers while 9 percent work in skilled trade occupations.

Figure 9. Occupational profile of the hospitality, leisure, travel and tourism sector in Wales



Core occupations are those that are unique to the sector, such as travel agents, chefs and bar staff. Approximately 87,000 people in Wales work in core hospitality, leisure, travel and tourism occupations.

These include:

- Kitchen and catering assistants (22,900)
- Waiting staff (13,700)
- Bar staff (11,800)
- Chefs and cooks (11,800)
- Restaurant and catering managers (5,200)

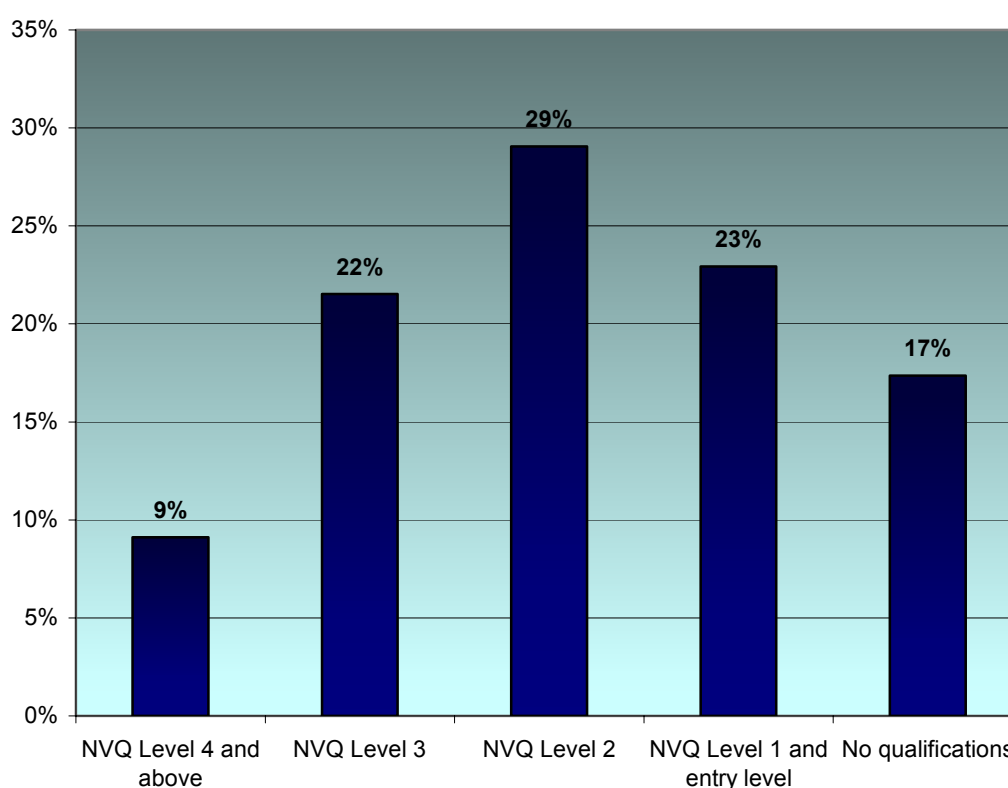
In contrast, **additional** occupations are equally as integral to the sector, but are can be found in a wide range of sectors. These occupations include finance, human resource and marketing professionals, gardeners and cleaners etc.

Section three: Skills needs and challenges

Across the United Kingdom, the sector is characterised as suffering from a high proportion of hard-to-fill vacancies, relatively low skill shortages and high levels of skills gaps within the current workforce.

Nearly a third of the sector's workforce are qualified to Level 2 and over a fifth are qualified to Level 3 (see figure 10). 17 percent of the hospitality, leisure, travel and tourism workforce in Wales do not have any qualifications. A further 28 percent are qualified to either Level 1 or entry level. A relatively low proportion of people working in the sector hold Level 4 or higher qualifications.

Figure 10. Qualification profile of hospitality, leisure, travel and tourism workforce in Wales



Source: Labour Force Survey, 2003/04

What the levels mean in practice:

Entry level – includes basic literacy and numeracy qualifications

Level 1 - includes GCSEs at grades D – G, an NVQ level 1, a level 1 Certificate or equivalent

Level 2 - includes 5 GCSEs at grades A*-C, an NVQ level 2, an Intermediate GNVQ or equivalent

Level 3 - includes 2 GCE A-levels (or AS equivalent), an NVQ level 3, an advanced GNVQ or equivalent

Level 4 - includes any degree, higher degree, an NVQ level 4 or equivalent

Level 5 - includes post-graduate certificates and diplomas, masters degrees and doctorates.

Vacancies

1,800 vacancies in core hospitality, leisure, travel and tourism occupations were advertised in Jobcentres in Wales in September 2004. The largest number of vacancies were for:

- Kitchen and catering assistants
- Bar staff
- Chefs, cooks
- Waiters and waitresses

According to Future Skills Wales, almost a quarter (24 percent) of employers in the hospitality, leisure, travel and tourism sector reported vacancies. When broken down by sub-sector, the data shows that vacancies are most likely in the hotels sub-sector (with a third of establishments having vacancies). Bars are least likely to report vacancies and only 2 percent reported that they were finding it hard to fill vacancies because of skills shortages.

Hard-to-fill vacancies

15 percent of employers said that they had hard-to-fill vacancies.

Skill shortages

4 percent of employers reported skills shortage vacancies. Hotels are also most likely to have hard-to-fill and skills shortage vacancies (see figure 11).

Figure 11. Incidence of vacancies, hard-to-fill (H2F) vacancies and skill shortage vacancies (SSV) by sub-sector

	Proportion of establishments reporting vacancies	Vacancies as a proportion of employment	Proportion of establishments reporting H2F vacancies	H2F vacancies as a proportion of employment	Proportion of establishments reporting SSV
Wales total	22%	2.0%	14%	1.1%	7%
Hospitality, leisure, travel and tourism	24%	7%	15%	3.6%	4%
Hotels	33%	9.2%	20%	5.3%	7%
Restaurants	29%	4.8%	18%	2.2%	5%
Bars	17%	4.4%	11%	1.9%	2%
Tour operators etc	18%	2.3%	10%	1.0%	4%

Skill gaps

Skill gaps are reported where an employer considers that their current workforce do not have the required skills to meet the business' objectives. In Wales almost a fifth of establishments in the sector reported skills gaps in their current workforce, comparable to the figure for Wales as a whole. However, 1 in 10 staff did not have the skills to meet business objectives, double the proportion for Wales as a whole.

A third of establishments with skill gaps said that *communication skills* were lacking. *IT skills* followed, cited by 20 percent of establishments with skill gaps, and *showing initiative* (15 percent) and *ability to learn* (14 percent) were also frequently mentioned.

Technical overview

Industries within the People1st footprint

The People1st sector footprint is defined across 14 separate industries as highlighted below. Most industry can be defined using the Standard Industrial Classification (SIC) system. The following SIC codes have been used.

Sub-sector	Industry	Official SIC	SIC used
Hospitality	1. Hotels	55.1	55.1
	2. Restaurants	55.3	55.3
	3. Pubs, bars and nightclubs	55.4, 92.34/1	55.4, 92.34
	4. Contract Food Service providers	55.5	55.5
	5. Hospitality services	-	-
	6. Membership clubs	55.40/1	Included in 55.4 above
	7. Events	-	-
	8. Gambling	92.71	92.71
	9. Travel services	63.30/1, 63.30/2	63.3
	10. Tourist services	63.30/3, 63.30/9	63.3
	11. Visitor attractions	92.33	92.33
	12. Youth hostels	55.21	55.21
	13. Holiday parks	55.23/1	55.23
	14. Self catering accommodation	55.23/2	55.23

- As most surveys only report data at the four digit SIC level, the SIC codes in the second column have been used in these reports to define each industry.
- No four digit SIC codes exist that allow us to produce data for the events or membership club industries.
- In addition, data for 'holiday parks and self-catering accommodation' and 'travel services and tourist services' have been combined.
- The hospitality services industry comprises those who work in core hospitality occupations (e.g. chefs, cooks and waiting staff) and in non-hospitality industries, such as schools, retail, local authorities.
- The difference between hospitality services and contract food service provision is that the former is managed in house (so, for example, a chef might be employed by a hospital) while the latter is outsourced and staff are employed by the contact food service provider.
- Figures from the Future Skills Wales Generic Skills Survey are for the whole of the People1st footprint.

The main data sources used in this report are:

- Annual Business Inquiry, 2003
- Labour Force Survey (average of four quarters, 2003 quarter 2 to 2004 quarter 3)
- Future Skills Wales Generic Skills Survey, 2003
- JobCentre Plus Vacancy data, September 2004