Dundee City Region Tourism Labour Market Study

A Report to Scottish Enterprise

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Contents

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Executive Summary

Introduction

1.1 This study has taken a detailed look at the profile of the tourism industry within Dundee City Region and the potential for growth in the sector over the coming years as a result of the V&A at Dundee and other developments[1]. It has also considered the likely employment and skills requirements of the industry, as it grows, drawing a distinction between new entrants to the sector and up-skilling of the existing workforce to respond to increasing demand.

Methodology

1.2 There have been four main elements to the study:

1. **Desk Review** – a literature review of industry publications and official data sources was carried out during April/May 2013.
2. **Stakeholder Consultations** – consultations were carried out with a range of local and national stakeholders during May 2013. Relevant consultees were identified by the project steering group and a full list of those included can be found in Annex B.
3. **Skills Supplier Consultations** – telephone consultations were carried out with skills suppliers across the region during June 2013. A full list of those consulted with can be found in Annex B.
4. **Business Survey and Telephone Consultations** – feedback was received from 52 tourism and hospitality employers across the region. This included 35 responses to the online survey and 17 in-depth telephone consultations.

Findings

The market

1.3 Tourism in Dundee City Region has grown sharply over the last couple of years, though it is probably still a little lower than in the mid-2000s. There were around 1.9 million staying visitors to the City Region in 2011, of which 1.7 million were from the UK. Only 10% were from overseas. The number of overseas visitors has been falling since the recession replaced by an increasing number of domestic 'staycation' visits.

1.4 Staying visitors spent around £382 million in 2011. In Angus and Dundee, the figure was £116 million (up 10% from 2009), though still below the estimate of £130 million in 2005.

1.5 The day visitor market is disproportionately important for Angus and Dundee. The GB Day Visit Survey estimates that expenditure on day visits to area was £242 million in 2011, twice

[1] *For the purposes of this study, Dundee City Region has been defined as the local authority areas of Angus, Dundee and Perth & Kinross and the parliamentary constituency of North East Fife.*

the value of staying visitors. The contribution of day visits is an important consideration as the majority of visitors to the V&A at Dundee will be on day trips.

The businesses

1.6 Tourism-related businesses are a large and important part of the Dundee City Region economy, contributing £316m in Gross Value Added (GVA) in 2010. This was 6% of the total GVA for the region (double the equivalent figure for Scotland as a whole) and this has grown over the past five years. Productivity (as measured by GVA per employee) in the tourism-related sector is low - less than half the average of all industry sectors, but above the national average. The sector employs almost 20,000 people, accounting for 10% of employment in the City Region.

Potential growth

1.7 The tourism outlook for Dundee is very positive. With UK and international economies improving, the arrival of the V&A at Dundee, the regeneration of the waterfront and new hotel and leisure developments, there are many reasons to expect the number of visitors to Dundee, and the wider City Region, to increase.

1.8 Forecasting tourism growth is challenging and expectations often exceed the reality. Despite previous strategies and targets aspiring to significant growth, the level of staying tourism remains broadly where it was in 2005, so it is sensible to be cautious.

1.9 The national tourism strategy (*Tourism Scotland 2020)* provides a broad framework, anticipating growth of 20% - 30% by 2020. Significant investment (including the V&A at Dundee), makes it more likely that this range can be achieved in Angus and Dundee. On this basis, a working assumption for potential tourism employment to 2017 would be a net increase in tourism-related jobs of around 700, of which around a third (200-300) would be directly associated with visitors to the V&A at Dundee. These jobs will primarily be in food and drink (bars and restaurants), accommodation (hotels) and in retail.

Skills requirements

1.10 The skills requirements to support tourism growth are in two parts:

- **Skills requirements resulting from the expansion of the sector**
- **Skills requirements of the existing workforce to respond to increasing demand.**

1.11 More than half of the new jobs are likely to be in sales and customer service or other elementary occupations. Employers will be looking for candidates with 'soft' skills, such as positive attitude, motivation and communication, rather than more technical or job-specific skills, to fill these posts. Skills mismatches within the sector are most likely to be around sourcing appropriately experienced and qualified managers and chefs. There also seems to be an issue in relation to sourcing appropriate training for managers locally.

1.12 Tourism employers often use informal routes, such as word of mouth and existing networks. This can make it difficult for young people and the unemployed to access the upcoming opportunities in the sector.

1.13 In realising the potential for growth, a potentially bigger issue relates to the developing the skills of the existing workforce. Skills development is not just about the smaller number of additional posts. The V&A at Dundee provides a focus for supporting this in the way that the Commonwealth Games is being used in Glasgow.

Conclusions

1.14 The new infrastructure in the regeneration of Dundee waterfront and the V&A at Dundee is only part of the story in relation to tourism. A key theme of the Tourism 2020 strategy is the shift in visitor expectations away from individual tourism attractions towards more rounded experiences. It identifies the conversion of tourism assets into *'quality, authentic visitor experiences'* as a priority action.

1.15 This requires a skilled workforce capable of delivering this experience. The travel and tourism industry, perhaps more than any other, relies heavily on word of mouth and the spread of opinions. This is happening increasingly through online channels such as social media and websites like Tripadvisor. As a result, the standard of service received by visitors and tourists is having an increasingly influential impact on travel choices.

1.16 However, there are well understood market failures that lead businesses to under invest in training and customer service skills[2]. High staff turnover, one-off visitors and a lack of understanding of the benefits mean can often result in individual businesses having limited incentive to spend money. As a result, improving skills and customer service is better addressed at a *destination level.*

1.17 Given the scale of investment at the waterfront, it is important to make sure that there is also investment in delivering high standards of customer service. Without this, the impact of the new investment will be weaker. Further, the interest and engagement of the sector at the moment provides a momentum that can be used to encourage businesses to participate in skills and training activities.

1.18 Finally, it is unlikely that this investment will be made without the leadership and co-ordination of a skills group. At the moment there are a number of smaller groups covering different parts of the region. This should be resolved and a single, skills focussed group, perhaps along the lines of the Glasgow Service with Style model, could be set up.

1.19 The analysis points to three broad areas for action:

- develop mechanisms for matching skills supply to demand
- access to new opportunities
- initiatives to develop skills in the existing workforce.

[2] See Keep, E. (2006) *Market Failure in Skills.* SSDA Catalyst, Issue 1.

Recommendations

Develop mechanisms for matching skills supply to demand

1.20 As described above, the expected growth in the visitor economy in Dundee over the coming years represents a unique opportunity for the city and the wider region. However, visitor experience is critical and this will be driven by the quality of the people working in the sector.

1.21 Given the market failures in skills investment by businesses, there is a strong case for some form of public sector intervention. The Tourism Skills Investment Plan (SIP) identifies investment in local structures to enable businesses to work together, identify skills needs and influence local provision as a key priority action for partners. Whilst there are a number of localised tourism partnerships operating across Dundee City Region, there is no overarching body or organisation currently taking the lead, particularly in relation to skills.

Recommendations for consideration:

- **There is a need for a skills group for the tourism industry in Dundee City Region. This needs to be employer-led, providing a mechanism for tourism businesses to articulate their skills requirements and influence provision accordingly.**
- **We would recommend any such group to consider developing an initiative similar to the "Glasgow Service with Style" model. This is an industry-led advisory group that brings together all the main stakeholders in supporting skills and training. It co-ordinates a range of customer service training, but also leads specific events, such as facilitating potential employees to shadow staff in the sector, events with school children to promote the sector and the city, city information activities and master-classes.**
- **The arrival of the V&A at Dundee in particular provides a focus and momentum to bring tourism businesses together and encourage investment in their people and skills. This could be channelled through a Service with Style group.**
- **The development of College Regional Outcome Agreements provides an opportunity to co-ordinate the tourism and hospitality FE offer across the region, in way that has not happened before. A skills group could provide direct input into this Agreement to ensure that it is geared towards meeting emerging needs.**

Access to new opportunities

1.22 The current high levels of youth unemployment are a particular concern across Scotland and the UK. In Dundee City Region, a fifth of all young people aged 16-24 were unemployed and looking for work in March 2013. This amounted to over 7,500 people within that age group.

1.23 The tourism industry employs a relatively young workforce and many of the jobs it creates are less dependent on formal qualifications. However, there are potential barriers to accessing these opportunities that could be addressed by local partners.

1.24 Tourism employers often favour informal recruitment methods, which can disadvantage young people and the unemployed who tend to rely on more formal recruitment mechanisms or are unaware of the career opportunities in the sector. In addition, many of the new opportunities will be in customer facing roles and employers will be looking for people with the right 'soft' skills to fill these posts – these can often be lacking amongst young people with limited previous work experience.

Recommendations for consideration:

- **At a general level, more active promotion of the career opportunities in the tourism and hospitality industries within schools in the region. This is happening but more could be done through a skills group to engage teachers and careers guidance staff.**
- **Development of pathways into the industry for young people through the use of initiatives such as the Certificate of Work Readiness and Employability Fund. These offer work experience combined with learning to help those new to the industry to develop the skills required by employers. The programmes could be adapted for Dundee.**
- **Actively engage new and existing tourism and hospitality employers in the region to negotiate work experience placements and access to job opportunities for young people.**
- **Springboard runs several initiatives that could be more widely promoted: the IWISH programme, (Into Work in Scottish Hospitality), which helps bridge the gap by introducing young unemployed to career opportunities in the sector. Kickstart provides school leavers with pre-placement training and interviews.**
- **Specifically, the business survey suggests that the positions that are hardest to fill are for experienced managers and chefs.**
  - **Management –** the sector typically has younger staff and recruiting experienced managers can be difficult. **Training for less experienced managers would be very valuable, but businesses are unsure where and how to access this. A priority should be to identify providers and promote the benefits**
  - **Chefs -** with the majority of V&A at Dundee visitors on day trips, there will be more opportunities to increase spending on food and drink. Taking advantage of this will require more chef and cooking experience. **A priority of a new skills group should be to discuss with colleges how they can encourage more training and promote positions in the sector.**

Supporting existing businesses and staff

1.25 The sector generally faces some important challenges around skills development. The nature of the sector means that there are high levels of staff turnover and too little investment in training and in career development. As a result, productivity and wages are low, and the sector becomes less attractive to investors and to people looking for careers.

1.26 The waterfront regeneration and V&A at Dundee will attract new visitors to city, but unless it is backed up with a good 'tourism experience', these will only be one-off day visits, rather than longer trips (and recommendations).

1.27 There will be sufficient people to take these additional jobs, the issue is whether they have the right skills to help build Dundee's tourism reputation and to enable businesses in the sector to generate profits, and attract further investment (and further employment). A positive result would see businesses providing training and working together to help improve the experience of visitors, which in turn generates more tourism. A negative result would mean visitors being more reluctant to stay, preferring to spend time and money elsewhere. Poorer feedback and reviews of the experience would limit the number of visitors, expenditure and employment.

Recommendations for consideration:

- **Develop opportunities for collaboration between tourism and hospitality businesses in the region. In particular, creating a forum for businesses to get together to discuss and develop joint initiatives focused around the V&A at Dundee and the waterfront. There is interest in this, but it needs to be channelled and co-ordinated.**
- **There are a range of activities that a skills group could develop to promote the sector. These would build awareness of the sector and encourage skills and training investment. For example:**
    - **Activities to build familiarisation with the City and Region among employees in the sector (trips to attractions, restaurants, etc.)**
    - **Bringing the sector together through events**
    - **Promoting the benefits of investing in training**
    - **Provide a link between FE Colleges and the sector; signposting to relevant courses and also promoting the opportunities in Dundee and the City Region**
    - **Presentations from industry leaders and case studies from elsewhere.**
- **World Host training is now being offered by Dundee College. Partners should consider how this could be adapted (if necessary, based on identified need) and promoted more widely across the City Region.**

2. Introduction

2.1 SQW was commissioned by Scottish Enterprise (SE), Dundee City Council and Skills Development Scotland (SDS) to assess the scale and nature of the potential job opportunities likely to arise from the V&A at Dundee and associated wider development of the tourism sector within the Dundee City Region.

2.2 The main objectives of the study were to provide:

- a baseline assessment of the current nature and scale of the tourism industry in Dundee City, Angus, Perth & Kinross and North East Fife
- a detailed picture of how the tourism industry in and around Dundee is likely to grow over the period leading up to and immediately after the planned opening of the V&A at Dundee (2013 – 2017)
- an assessment of the labour and skills requirements of the sector as it develops over this period including any potential skills gaps, shortages, barriers and issues that might emerge as a result of this growth
- assessments of the capacity of the existing skills supply system to meet emerging needs
- recommendations, including examples of best practice, of how the tourism industry can most effectively respond to the above.

2.3 The findings from this work are to inform planning by local partners to ensure that individuals and businesses in the region are well placed to benefit from the anticipated growth in the sector over the coming years.

Methodology

2.4 The study has been carried out in two phases, the key elements of which are outlined below.

2.5 **Phase 1**:

- **Inception** – an inception meeting was held with SDS and Scottish Enterprise in April 2013.
- **Desk Review** – a literature review of industry publications and official data sources was carried out during April/May 2013.
- **Stakeholder Consultations** – consultations were carried out with a range of local and national stakeholders during May 2013. Relevant consultees were identified by the project steering group and a full list of those included can be found in Annex B.
- **Interim Report –** an interim report was submitted to the project steering group in May 2013 detailing the findings from Phase 1.

2.6 **Phase 2**:

- **Skills Supplier Consultations** – telephone consultations were carried out with skills suppliers across the region during June 2013. A full list of those consulted with can be found in Annex B.
- **Business Survey and Telephone Consultations** – feedback was received from 52 tourism and hospitality employers across the region. This included 35 responses to the online survey and 17 in-depth telephone consultations.

Report Structure

2.7 This document reports on the findings from both phases of the study and is structured as follows:

- **Chapter 3** looks at the nature and scale of tourism in Dundee City Region
- **Chapter 4** profiles the tourism-related business base in the region
- **Chapter 5** profiles the tourism workforce and the types of jobs supported
- **Chapter 6** looks at the growth potential for the sector over the coming years
- **Chapter 7** provides an assessment of the likely skills requirements of the sector as it grows over this period
- **Chapter 8** outlines the existing skills supply into the tourism industry in Dundee City Region
- **Chapter 9** provides conclusions and recommendations for consideration by local partners in the region.

3. Tourism in Dundee City Region

Tourism in Dundee City Region has grown sharply over the last couple of years, though is probably still a little lower than in the mid-2000s. There were 1.9 million staying visitors to the region in 2011 of which 1.7 million were from elsewhere in the UK. Just 10% were from overseas and this figure has fallen since the start of the recession, replaced with domestic “staycation” visits.

Staying visitors to the region spent a total of £382 million in 2011. In Angus and Dundee, the figure was £116 million (10% higher than in 2009), though still below the estimate of £130 million in 2005.

The day visitor market is disproportionately important for Angus and Dundee. The GB Day Visit Survey estimates that expenditure on day visits to Angus and Dundee amounted to £242 million in 2011, twice the value of staying visitor expenditure. The size of this market suggests two things:

- It reinforces the importance of day visits. The majority of visitors to the V&A at Dundee will be on day trips and this provides opportunities, particularly around food and drink.
- It suggests that there is scope for the city in particular to use the new developments to turn some of the day visit market into staying visits.

The VisitScotland Satisfaction Survey (2012) found that Dundee and Angus scored well in relation to value for money and the availability of local produce, but was weaker on the availability of good quality accommodation and the proportion that would ‘definitely’ recommend the area to others.

Introduction

3.4 This section provides a baseline assessment of the current nature and scale of tourism in the Dundee City Region. For the purposes of this study, Dundee City Region has been defined as the local authority areas of Angus, Dundee and Perth & Kinross and the parliamentary constituency of North East Fife. In cases where data is not available for North East Fife, a proxy measure has been used – the details of which can be found in Annex D.

3.5 The chapter covers:

- Tourism (staying visitors)
- Tourism (day visitors)
- Top Attractions
- Visitor Satisfaction.

Tourism numbers (staying visitors)

3.6 **In 2011, the City Region attracted just under two million staying visitors.** It should be noted that, whilst the figures for Angus, Dundee and Perthshire are prepared by VisitScotland, the figure for North East Fife has been estimated based on the proportion of tourism related jobs in the area (38% of the Fife total)[3].

3.7 The number of staying visitors to the region increased by 250,000 between 2009 and 2011, with Angus and Dundee experiencing the largest overall increase over this period.

Table 3-1: Staying visitor numbers in the Dundee City Region (2011)

	UK		Overseas		Totals	
	2009	**2011**	**2009**	**2011**	**2009**	**2011**
Angus and Dundee	430,000	660,000	70,000	74,000	500,000	734,000
Perthshire	740,000	830,000	130,000	123,000	870,000	953,000
North East Fife	205,000	163,000	49,000	22,000	254,000	185,000
Total	**1,375,000**	**1,653,000**	**249,000**	**219,000**	**1,624,000**	**1,872,000**

Source: Visit Scotland data 2011

3.8 Table 3-2 shows that Perthshire attracted the highest share of tourism expenditure within the region in 2011, accounting for more than half (56%) of the total. The area experienced strong growth (16%) on this measure between 2009 and 2011. Expenditure in Angus & Dundee also experienced growth of over 10%.

3.9 **A total of £382m was spent by staying tourists in 2011, representing 8% of all tourism expenditure in Scotland.** The estimates for North East Fife are based on a proportion of the expenditure for all Fife, which declined significantly over the two years.

Table 3-2: Tourism Expenditure (£ millions)

			Change 2009-11	
	2009	**2011**	**No**	**%**
Angus & Dundee	£105	£116	£11	10%
Perthshire	£186	£215	£29	16%
North East Fife	£70	£51	-£19	-28%
Dundee City Region	**£361**	**£382**	**£21**	**6%**
Scotland	£4,105	£4,512	£407	10%

Source: Visit Scotland data 2011

3.10 As a further comparison, we sourced tourism expenditure figures for Angus and Dundee in 2005 from the Angus & Dundee Tourism Partnership '*A Strategy for Growth 2007 to 2010*'. This showed that total staying tourism expenditure was around £130 million from a total of 780,000 trips. Despite the recent growth in visitor numbers and expenditure, the figures for Angus and Dundee (and much of Scotland) are therefore not radically different from eight years ago, pre-recession.

[3] See Annex D for further details.

3.11 The message here is that despite aspirational tourism targets, economic conditions and other external factors often make it extremely difficult to achieve sustainable change.

Tourism (day visitors)

3.12 **Tourism in Dundee and Angus is proportionately more dependent on the day market than the staying market.** Tourism Day Visits[4] are defined as those involving participation in specific activities that are not undertaken 'very regularly' and in a different place (i.e. city, town, village or London borough) from where the participant lives, They also last at least 3 hours, including time spent travelling to the destination.

3.13 **In 2011, Dundee and Angus hosted 6.9 million day trips and these visitors spent an estimated £242 million.** This was more than twice the equivalent expenditure of staying visitors in that year (Table 3-3).

3.14 A comparison with the figures for Scotland as a whole shows that Dundee and Angus is proportionately more dependent on day trips than other areas. Day visitor expenditure accounts for 68% of the total tourism market in Dundee and Angus, compared with 58% for Scotland as a whole.

3.15 The V&A at Dundee and wider development of the waterfront is expected to impact on the number of staying visitors, but equally on the day trip market and, although day visits are often not considered as 'tourism', they play an important role in supporting employment.

Table 3-3: Day and Stay Visitor numbers in Angus & Dundee (2011)

	Tourism day visits	Staying visitors	Day visitor expenditure as a % of market
Dundee and Angus	£242 million	£116 million	68%
Scotland	£6.15 million	£4.51 million	58%

Source: GB Day Visit Survey 2011 compared with Visit Scotland tourism data 2011

Top Attractions

3.16 Table 3-4 shows that **Dundee Contemporary Arts (DCA)** was the region's top attraction in 2011 with more than 386,000 visitors. The **McManus Art Gallery and Museum i**n Dundee also made the top five with over 158,000 visitors.

3.17 **The new V&A at Dundee** would be close to the top of the list with an estimated 200,000 to 300,000 visits after the first year (which would be higher because of the initial interest and various opening events).

3.18 Angus is home to several country parks and three of these – **Monikie, Forfar Loch and Crombie** – were amongst the top attractions in the region in 2011. Popular attractions within Perth & Kinross include the **Queens' View Visitor Centre, Scone Palace and the Birnam Institute** – each of which attracted over 100,000 visitors in 2011.

[4] GB Day Visit Survey 2011 definition

Table 3-4: Top Visitor Attractions in Dundee City Region, 2011

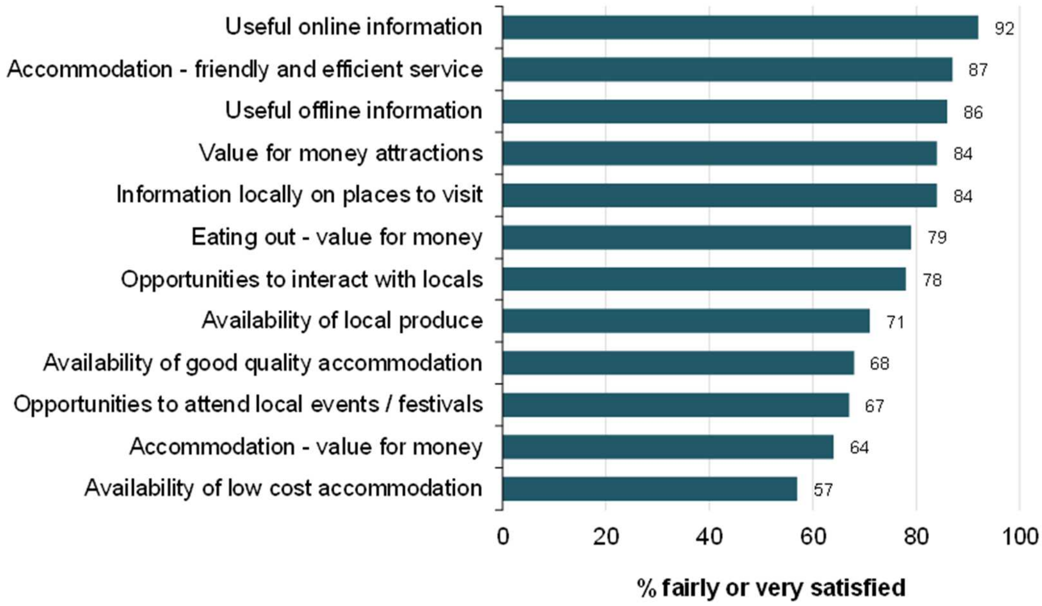
	Total
Dundee Contemporary Arts	386,100
Monikie Country Park	243,000
Forfar Loch Country Park	224,100
The McManus: Dundee's Art Gallery & Museum	158,100
Queens' View Visitor Centre	142,000
Crombie Country Park	120,000
Glamis Castle	102,900
Scone Palace	101,100
The Birnam Institute	100,000
The Famous Grouse Experience	90,300
Scottish Fisheries Museum	88,700
Perth Museum & Art Gallery	85,100
Camperdown Wildlife Centre	84,900
Dunkeld Cathedral	78,300
University of Dundee Botanic Garden	76,700

Source: Visit Scotland data 2011

Visitor Satisfaction

3.19 VisitScotland surveyed overnight visitors to Scotland in 2012 to gather feedback on their experiences (Figure 3-1). The survey asked how satisfied they had been with various aspects of their visit and the services they had accessed. Angus and Dundee received the highest satisfaction scores for the usefulness of online and offline information, friendly service in accommodation, useful information on local places to visit and value for money visitor attractions.

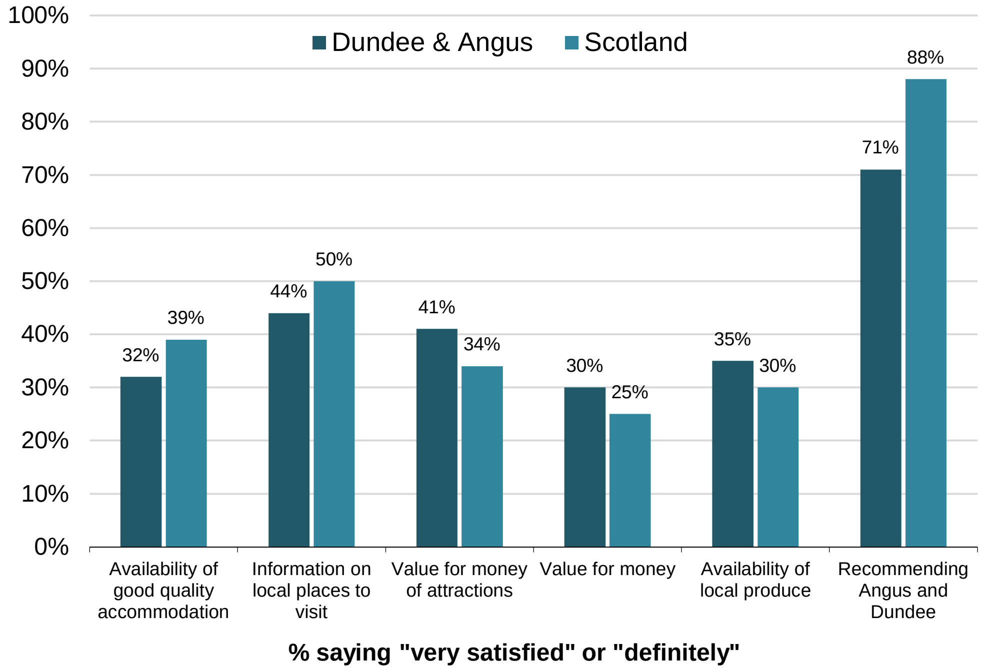
Figure 3-1: Satisfaction with different aspects of experience in Angus & Dundee, 2012



Source: VisitScotland 2012

3.20 We also compared the areas where the proportion of responses is more than five percentage points different from the national average. **Dundee and Angus scores well on all the value for money categories and availability of local produce, but is weaker on the availability of good quality accommodation and crucially on the proportion that would 'definitely' recommend the area to others.**

Figure 3-2: Satisfaction with different aspects of experience in Angus & Dundee, 2012



Source: VisitScotland 2012

4. Tourism-related businesses

Tourism-related businesses

There were 1,570 tourism-related businesses in the Dundee City Region in 2010[5]. This accounted for 10% of all businesses in the area.

Tourism-related businesses are a large and important part of the Dundee City Region economy, contributing £316m in Gross Value Added (GVA) in 2010. This is 6% of the total GVA of the region, double the equivalent figure of 3% for Scotland as a whole.

Despite the prevailing economic climate, GVA from the region's tourism-related businesses increased by 36% between 2008 and 2010. This was three times faster than the 11% growth across the industry in Scotland as a whole and was is in contrast to a *decline* of 3% in total GVA from the Region.

Productivity (as measured by GVA per employee) in the tourism-related sector in Dundee City Region was £18,000 in 2010 – less than half the average of all industry sectors, but slightly higher than the national figure

These businesses employ almost 20,000 people accounting for 10% of employment. Hotels accounted for more than one in every three (37%) of these tourism-related jobs in 2011, whilst bars and restaurants combined accounted for a further 43%.

The number of tourism-related jobs in Dundee City Region has fallen slightly since 2008 (-1%). However, this is much slower than the decline in employment across all industry sectors in the region (-4%).

4.1 It is important to note that the output of businesses in the tourism sector is not the same as the value of tourist spending (which can be made in lots of other sectors). These businesses also cater for local residents (e.g. pubs and restaurants) meaning that the total value of their output is not a direct reflection of tourist activity. Even so, it is these jobs and the growth or decline in their numbers that is central to an analysis of the tourism labour market.

4.2 The Scottish Government has identified tourism as one of seven key sectors offering significant potential for future economic growth[6]. The analysis contained within this section is based on their definition of Sustainable Tourism unless otherwise stated. A full list of the sub-sectors included within this definition can be found in Annex B.

4.3 The chapter provides an overview of the economic contribution and recent performance of the sector within Dundee City Region covering:

- Business Base

[5] Based on the Scottish Government definition of sustainable tourism – see Annex B for a list of SIC codes / descriptions
[6] Government Economic Strategy, Scottish Government (2011)

- Gross Value Added
- Productivity
- Employment Structure.

Business Base

4.4 **The Annual Business Survey reports 1,570 tourism-related businesses in Dundee City Region in 2010 (the most recent data), accounting for 10% of all businesses in the region**, slightly higher than the 9% across Scotland as a whole. Table 4-1 shows that there were 60 fewer tourism-related businesses operating in the region in 2010 than in 2008. This was a faster rate of decline than across Scotland (-3% relative to -1%). The vast majority (97%) of firms in the tourism-related sector in Scotland are small, employing fewer than 50 people. Of these, 78% are micro-businesses with less than 10 employees.

4.5 The Annual Business Survey only records businesses that pay VAT or PAYE and there are some smaller operators below this threshold that cannot be included in the totals.

Table 4-1: Number of Tourism Businesses

			Change 2008-10	
	2008	2010	Number.	%
Angus	310	280	-30	-8%
Dundee City	390	370	-20	-4%
North East Fife	340	320	-10	-4%
Perth & Kinross	600	600	0	0%
Dundee City Region	**1,630**	**1,570**	**-60**	**-3%**
Scotland	**15,070**	**14,840**	**-230**	**-1%**

Source: Office for National Statistics, Annual Business Survey

Gross Value Added

4.6 **Tourism-related businesses are a large and important part of the Dundee City Region economy, contributing £316m in Gross Value Added (GVA) in 2010**. This is 6% of the total GVA of the region, double the equivalent figure of 3% for Scotland as a whole.

4.7 The sector appears to have fared well in recent years, despite the prevailing economic climate. Table 4-2 shows that GVA from the region's tourism-related businesses increased by 36% between 2008 and 2010, three times faster than the growth of 11% across the Scottish industry as a whole.

4.8 **This growth is in contrast to a *decline* of 3% in total GVA from the region and 6% across Scotland over the period.** Tourism-related business is therefore accounting for an increasingly large share of economic output from both Dundee City Region and Scotland as a whole.

Table 4-2: GVA in Tourism Industry (£m), 2008-10

			Change 2008-10	
	2008	2010	No.	%
Dundee City Region	233	316	83	36%
Scotland	2,594	2,882	288	11%

Source: Office for National Statistics, Annual Business Survey

Productivity

4.9 **The tourism industry tends to be characterised by low levels of productivity**. This is not uncommon in service sector industries (such as retail) that employ large numbers of people. The sector also has a high prevalence of part-time and seasonal working, low skill levels within the occupational structure and relatively low levels of business investment and innovation compared to some other industries[7]. These are issues that have been found to impact on productivity levels within the tourism sector across the UK as a whole[8].

4.10 **Figure 4-1 shows that productivity (as measured by GVA per employee) in the tourism-related sector in Dundee City Region was £18,000 in 2010 – less than half the average (£37,500) for all industry sectors.** Across Scotland as a whole, the difference is even more marked with GVA per employee in tourism amounting to just 29% of the average for all industries in 2010.

Figure 4-1: GVA per Employee, 2010

Source: Office for National Statistics, Annual Business Survey

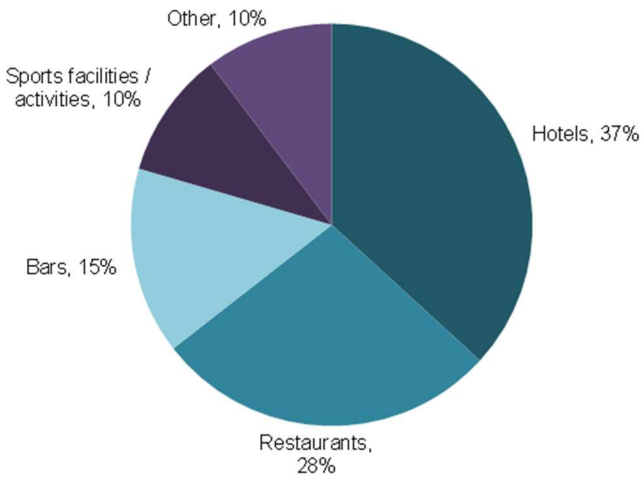
[7] Scottish Government, *Tourism Key Sector Report* (2009).
[8] People 1st, *State of the Nation Report: An analysis of labour market trends, skills, education and training within the UK hospitality and tourism industries* (2013).

Employment Structure

4.11 **A total of 19,600 people were employed in the tourism-related industry in the Dundee City Region in 2011. This accounts for 10% of all jobs in the area, relative to 8% across Scotland as a whole.** These jobs are not supported solely by tourists, but are also supported by expenditure by local residents.

4.12 Figure 4-2 shows that hotels accounted for more than one in every three (37%) of these tourism- related jobs in the region in 2011. Bars and restaurants combined accounted for a further 43%, whilst sports activities/facilities accounted for 10%. The remaining 10% includes other types of accommodation, such as camping sites, as well as museums, visitor attractions and other amusement and recreation activities.

Figure 4-2: Tourism Employment in Dundee City Region by sub-sector, 2011

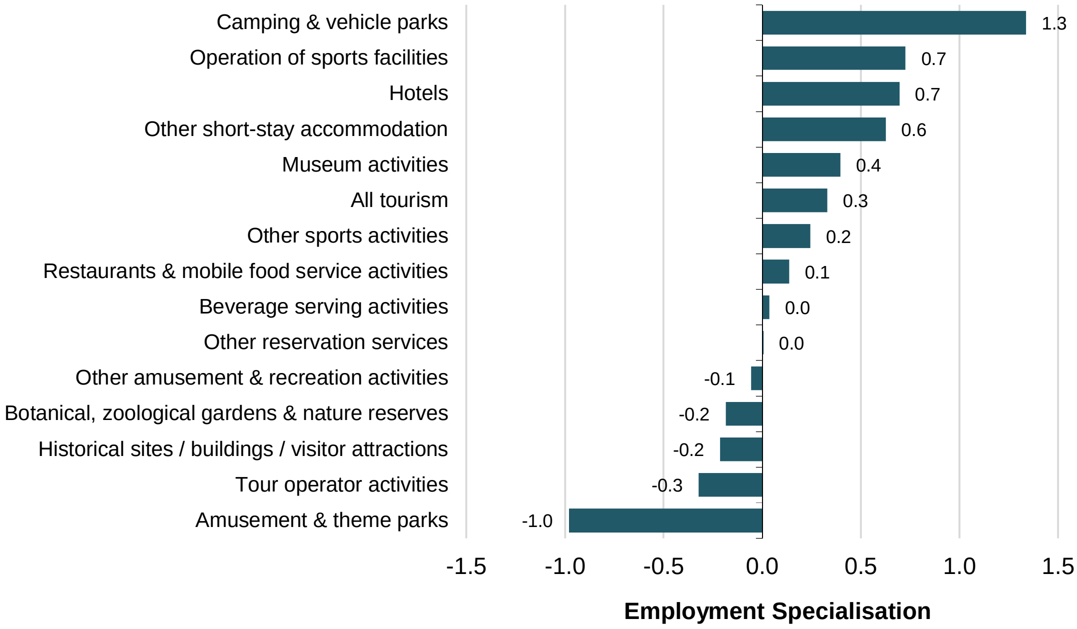


Source: Business Register and Employment Survey 2011

4.13 Figure 4-3 shows *employment specialisation* across sub-sectors of the tourism-related industry in Dundee City Region relative to Scotland as a whole. A positive score indicates a higher concentration of employment relative to the Scottish average, whilst a negative score indicates a below average concentration of employment.

4.14 Across the tourism industry as a whole, Dundee City Region has an employment specialisation score of +0.3. This indicates that the region has a 30% higher concentration of employment in the industry relative to the national average. The key sub-sectors within which the region specialises are **accommodation, sports facilities and museums.**

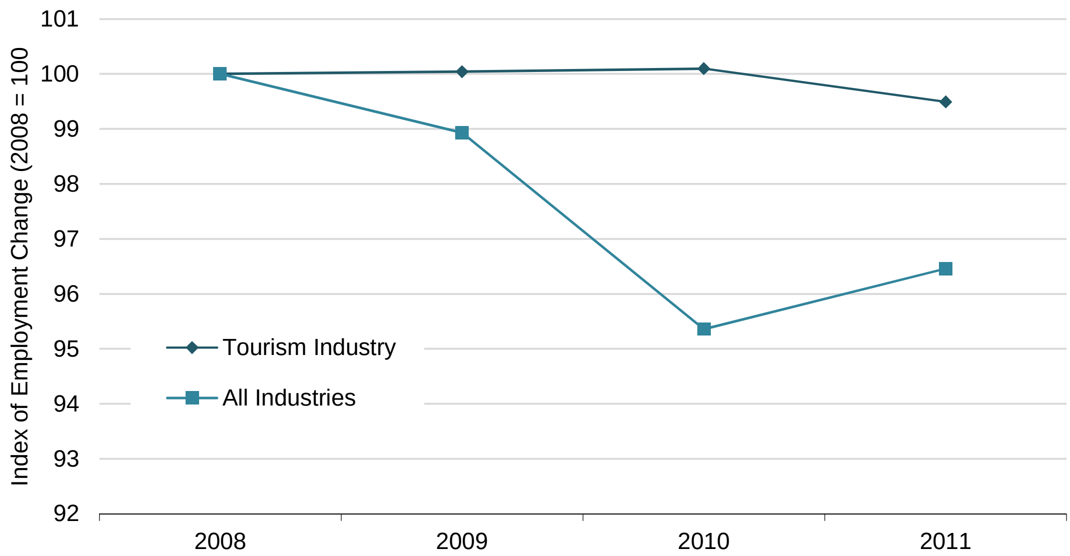
Figure 4-3: Employment specialisation in Dundee City Region relative to Scotland, 2011



Source: Business Register and Employment Survey 2011

4.15 Figure 4-4 shows that total employment in the tourism industry in Dundee City Region was slightly lower in 2011 than in 2008 (-1%), but this fall was slower than the relative decline across all industry sectors over the period (-4%).

Figure 4-4: Index of Employment Change in Dundee City Region, 2008-2011



Source: Business Register and Employment Survey 2011

5. Tourism workforce

Tourism workforce

The tourism sector is an important source of job opportunities for young people. A report on Scotland's Tourism Labour Market (2008) found that nearly 40% of all people employed in tourism-related industries are in the 16-24 age group[9].

The sector employs a higher proportion of managers and individuals in sales and customer service occupations, but fewer people in professional and administrative occupations, when compared to the workforce as a whole.

Around a quarter (23%) of all jobs in retail, hotels and restaurants are in elementary occupations. This includes cleaners, kitchen assistants and other entry-level occupations.

The tourism sector has more part-time workers than other industries and pays considerably lower wages than average, reflecting the higher proportion of elementary positions.

Growth in the tourism sector will increase the number of roles that could fit younger, unemployed job seekers. However, the survey of businesses indicates that recruitment is often informal and a high proportion of jobs are taken by students.

5.1 This section sets out a profile of the workforce working in the tourism industry, in Dundee City Region by:

- Age and gender
- Occupation
- Full time/part time working
- Wages.

5.2 The figures are based on the Scottish Government definition of Sustainable Tourism. Where the data is not available for indicators, we have used the retail, hotels and restaurants sector as a proxy.

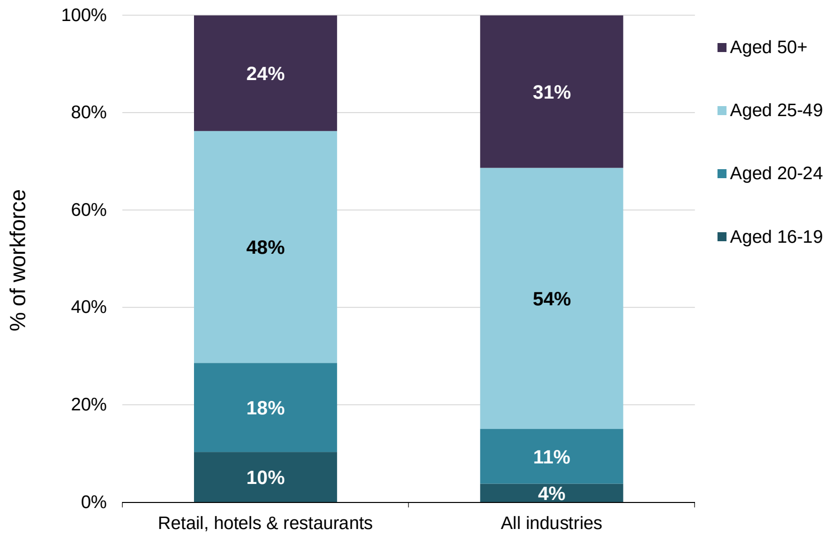
Age and Gender

5.3 **Women account for a higher proportion of people working in retail, hotels and restaurants than men.** Just over half (52%) of all people working in the sector were female in 2013, compared to less than half (47%) across all industry sectors.

[9] Sutherland, V., Clelland, D. and McGregor, A. (2008), Scotland's Tourism Labour Market. University of Glasgow, Glasgow, UK

5.4 **The tourism industry is an important source of employment opportunities for young people**. Figure 5-1 shows that 28% of all people working in retail, hotels and restaurants are under the age 25. This compares with just 15% of people working across all industries. A report on Scotland's Tourism Labour Market[10] (2008) reported that nearly 40% of those employed in tourism-related industries are in the 16-24 age group – a far higher proportion than across the economy as a whole.

Figure 5-1: Employment by Age structure in tourism sector for Dundee City Region, 2013



Source: Annual Population Survey

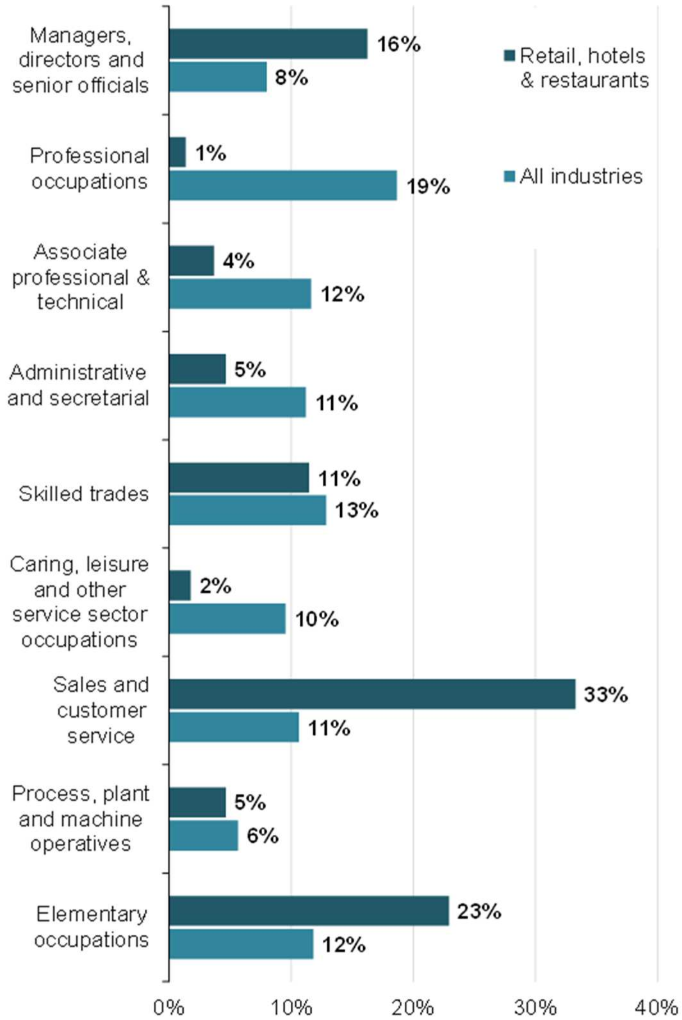
Occupation

5.5 Figure 5-2 shows the occupational breakdown of people working in retail, hotels and restaurants in Dundee City Region compared to all industries. It shows that:

- Across the economy as a whole, around 8% of all people in work are **managers, directors or senior officials**. However, this doubles to 16% for those working in the retail, hotels and restaurant sector,
- There are relatively few people working in **professional and administrative occupations** in retail, hotels and restaurants when compared to all industries,
- People working in retail, hotels and restaurants are three times more likely to be employed **in sales and customer service occupations** than across the economy as a whole,
- Around a quarter (23%) of all jobs in retail, hotels and restaurants are in **elementary occupations**. This includes cleaners, kitchen assistants and other entry-level occupations.

[10] Sutherland, V., Clelland, D. and McGregor, A. (2008), Scotland's Tourism Labour Market. University of Glasgow, Glasgow, UK

Figure 5-2: Employment by Industry and Occupation in Dundee City Region (inc Fife), 2013



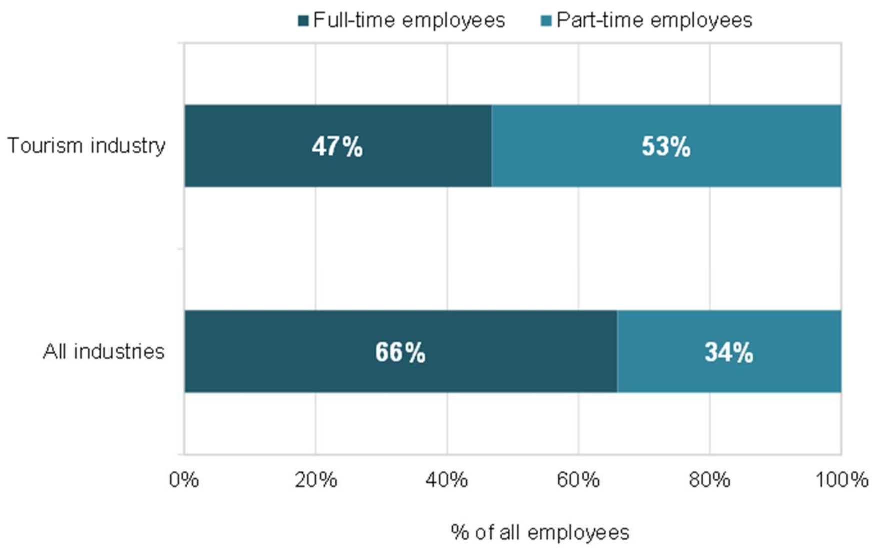
Source:

Source: Annual Population Survey

Full-time / part-time working

5.6 The tourism industry tends to be characterised by a high prevalence of part-time working and unsociable working hours. Figure 5-3 shows that two thirds (66%) of all jobs in the Dundee City Region were full-time in 2011. This compares with less than half (47%) of all jobs in the tourism industry.

Figure 5-3: Employment by Full-Time / Part-Time Working, Dundee City Region 2011



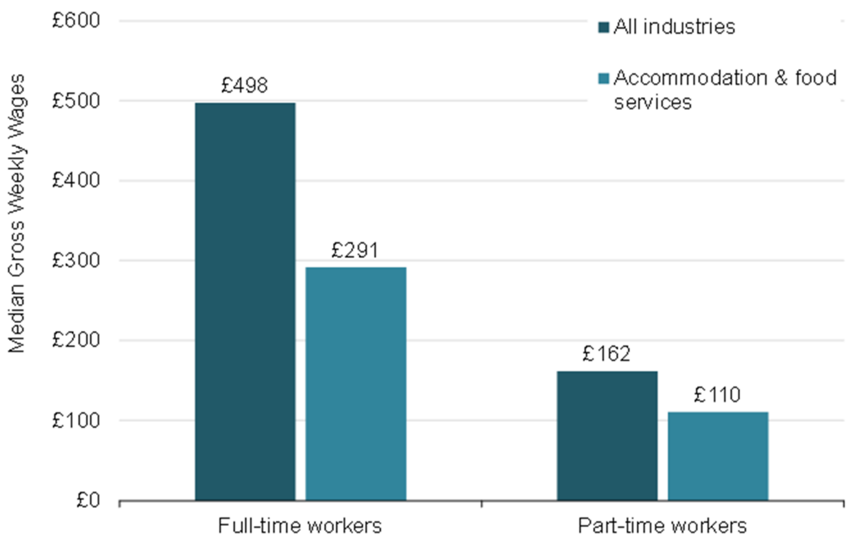
Source: Business Register and Employment Survey

Wages

5.7 Across all industry sectors in Scotland, full-time workers earned an average of £500 per week in 2012. The equivalent figure for full-time employees working in accommodation and food services was £290 per week, 58% of the all-industry average.

5.8 The wage differential is slightly less marked when looking at part-time working, though still significant. Part-time workers in accommodation and food services across Scotland earned an average of £110 per week in 2012 – 68% of the average of £162 for all industries.

Figure 5-4: Median Weekly Wages, Scotland 2012



Source: Annual Survey of Hours and Earnings

6. Potential for Growth

Potential for Growth

The tourism outlook for Dundee is very positive. With UK and international economies improving, the arrival of the V&A at Dundee, the regeneration of the waterfront and new hotel and leisure developments, there are many reasons to expect the number of visitors to Dundee and the wider City Region to increase.

Forecasting tourism growth is challenging and often expectations exceed reality, so it is sensible to be cautious. The new national strategy provides a broad framework which anticipates growth of 20% - 30% by 2020. Significant investment, including the V&A at Dundee, makes it more likely that this can be achieved in Dundee and Angus. Achieving growth (in the number of staying visitors) of 20% by 2017 would generate 680 new tourism jobs.

A separate analysis of the anticipated visitors to the V&A at Dundee indicates that the additional expenditure would support in the region of 200-300 jobs in 2017.

A working assumption for potential tourism employment to 2017 would be a net increase in tourism-related employment of around 700 of which around a third to half would be directly associated with visitors to the V&A at Dundee. These jobs will primarily be in food and drink (bars and restaurants), accommodation (hotels) and in retail.

One of the most notable conclusions is the importance of the food and drink sector. The V&A at Dundee will bring a lot of day trips. Almost half of day trip expenditure is on food drink and, taken together with the demand from additional staying visitors, this will be a big opportunity for Dundee. Coupled with the data and feedback from the business survey about gaps in chef and food preparation skills, this is an area that the tourism sector should focus on.

From our survey of 52 businesses in Dundee and Angus, almost half (47%) expected to increase staff numbers (against just 11% that expected numbers to decline).

6.1 The tourism outlook for Dundee is very positive. With UK and international economies improving, the arrival of the V&A at Dundee, the regeneration of the waterfront and new hotel and leisure developments, there are many reasons to expect the number of visitors to Dundee and the wider City Region to increase.

6.2 This positive outlook is supported by a recent feasibility study into a proposed new hotel development at Dundee rail station concourse[11]. The study involved a detailed appraisal of the current and future market for hotel accommodation in Dundee. It concluded that there was a strong market opportunity for the development of an additional hotel to enhance the existing offer (taking into account the other new hotel developments in the city, such as the

[11] Tri Hospitality Consulting (March, 2013), *Proposed Hotel Development: Dundee Rail Station Concourse.*

Malmaison). This was predicated on an expected increase in demand as a result of the V&A at Dundee and the £1 billion planned investment in Dundee Waterfront.

6.3 However, at the moment the opportunity to attract more visitors, income and employment is still potential. Realising this requires that businesses and public agencies work together to promote the City Region and to provide high quality tourism experiences. This in turn encourages visitors to return, to make recommendations and give positive feedback. If this does not happen it will be difficult to sustain visitor numbers, income and jobs.

Tourism Scotland 2020

6.4 A new strategy for the tourism sector was launched in 2012 by the Scottish Tourism Alliance, Tourism Scotland 2020. This set a target of increasing overnight visitor spend from £4.5 billion to between £5.5 and £6 billion by 2020 but recognised that this increase would require a step change in the performance of the sector:

> *If the long-term trend in overnight visitor spend witnessed since 1973 was to continue, we would see little or no real growth in the coming decade our ambition for the industry as a whole is to break from the status quo and achieve an annual visitor spend of between £5.5bn and £6.5bn by 2020. This would generate an additional £1bn or more (at 2011 prices).*

6.5 This represents an increase of roughly 20% to 30%, a more conservative target than the previous Tourism Framework for Change (2008) target of 50% growth over ten years.

6.6 A growth in the number of staying visitors in Dundee and Angus in line with the lower figure (20%) would see an increase from 734,000 to 880,000 (an increase of 147,000). Using the most recent expenditure per trip (£158) this would increase staying visitor expenditure by £23 million by 2020. Using the current turnover per job in the tourism sector this expenditure would support an additional 680 jobs.

6.7 Although the national tourism strategy is to 2020, with the range and scale of investment in Dundee we would expect tourism performance to reach this by 2017. We would therefore estimate an increase of around 700 jobs by 2017.

V&A at Dundee

6.8 A key part of this growth is the arrival of the V&A at Dundee. While it will attract a significant number of visitors overall and can play a huge part in the profile of Dundee, the majority of its visitors will be residents or tourists on day trips. A proportion of the overseas visitors to the V&A at Dundee will stay outwith the city, perhaps making day trips from the central belt.

6.9 The most recent assessments of visitor numbers suggest that there will be around 200,000 to 300,000 visits to the V&A at Dundee in the second year (the first year may be higher as result of initial interest and large opening events).

6.10 The economic impact modelling of the V&A at Dundee assumes that around 20% of the visitors will stay overnight in Dundee & Angus and the rest will be on day trips. This includes tourists staying outside the region and travelling in to the V&A at Dundee. Most visitors will be on day visits from within Scotland.

6.11 Not all the visitors to the V&A at Dundee and their expenditure is "additional" to Dundee, or the City Region. Many visitors would have been in Dundee anyway, doing other things. Without carrying out a detailed impact assessment, we can use some broad assumptions. There are large uncertainties in these estimates, but they provide a sense of the likely scale of demand for tourism-related labour generated by the V&A at Dundee.

6.12 We have assumed that 20% of all the staying visitors to the V&A at Dundee will be in the city only because of the V&A at Dundee and that the expenditure of their full trip generates additional employment. Among day visitor, we have assumed that 50% are there only because of the V&A at Dundee and their expenditure is additional.

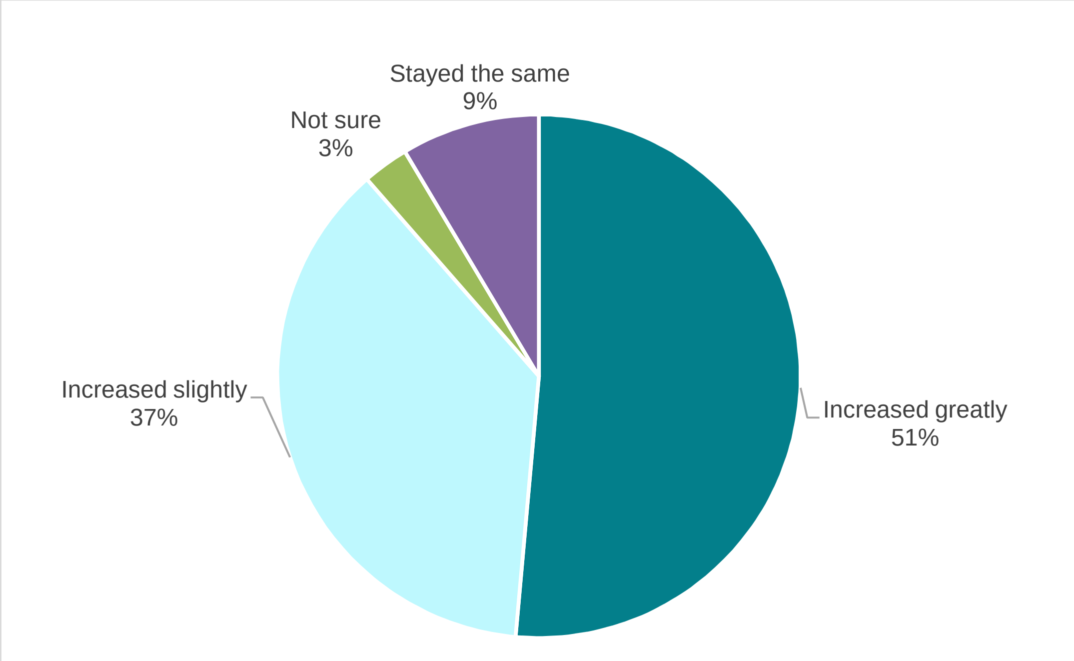
6.13 Applying these numbers to the average trip expenditures, gives a range of between £6.4 million and £9.6 million. In the tourism sector the average value of output or sales per job is £33,700. This gives a net increase in employment of between 200 and 300 jobs.

6.14 This employment would be split between the accommodation, food and drink, retail and entertainment sectors. **One of the most noticeable conclusions is the importance of the food and drink sector.** While the V&A at Dundee will help encourage more people to stay overnight, the majority of visits will still be day trips. Almost half of day trip expenditure is on food and drink and, taken together with the demand from additional staying visitors, this will be a key sector and a big opportunity for Dundee. **Coupled with the data and feedback from the business survey about possible gaps in chef and food preparation skills, this is an area that the tourism sector should focus on.**

Perspectives on growth and employment demand from businesses

6.15 The survey of tourism-related businesses demonstrated a sense of confidence in the prospects for tourism in Dundee and Angus (covered by the survey). Figure 6-1 shows that just over half expected the number of tourists to increase greatly and 37% increase slightly. Overall 90% expect the number of tourists to grow.

Figure 6-1: In 3 years' time, do you expect the number of tourists and visitors to the region to have...?



Source: SQW business survey 2013 (52 responses)

Reasons for growth

6.16 The reasons for the anticipated growth generally focussed on the development of the V&A at Dundee and the waterfront. A sample of some of the comments is shown in Table 6-1. These developments are underpinned with the expectation of the economy recovering and improvements in the marketing of the city.

6.17 While this provides only anecdotal evidence it demonstrates that businesses are extremely upbeat about the potential impacts and also suggests that there is an optimism and drive that the city can use.

Table 6-1: Examples of the typical reasons for growth given in the survey

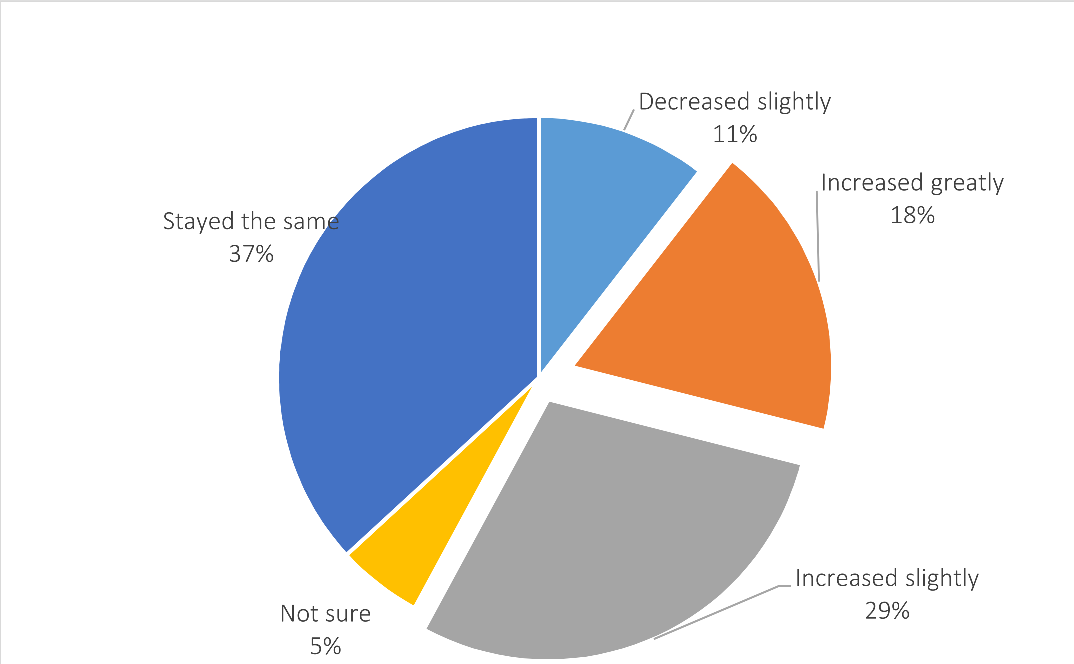
A return to economic growth
The V&A, waterfront development, new golf course & hotels in the Dundee & Angus area
Re-generation of Dundee, raised profile of the City
Regeneration of Dundee Waterfront and arrival of V&A
The area is working hard and investing a lot to become more attractive to visitors and I think the benefits are already apparent and will continue to grow.
All the exciting things that are happening and are about to happen in Dundee especially the V&A
The development of new tourist attractions and an increased interest from tourists from the Eurozone.
The development of the V&A and the development of Hospitalfield
Dundee is profiling itself a little better, and some improvements (like the Riverside project) will draw more attention
Dundee is becoming an exciting city to visit, new city centre, new hotels, new pool, new station, the V&A and many more visitor attractions

Source: SQW business survey 2013

Creating new jobs

6.18 As well as gathering information on expectations around visitor numbers, the survey of businesses also asked whether they expected to increase the number of employees they had over the next three years. Almost half (47%) expected to increase staff numbers (against just 11% that expected numbers to decline).

Figure 6-2: In 3 years' time, do you expect the number of staff employed at this establishment to have...?



Source: SQW business survey 2013 (52 responses)

How many new jobs reported in the business survey?

6.19 The survey also asked businesses how many new jobs they planned to create over the next three years. All of those that expected an increase provided details of the number and type of posts they expected to require. The aggregate new employment across the 18 businesses that expected to recruit was 302. This included 90 new posts in a hotel and 100 in a shopping centre. The pattern of new jobs is fairly diverse with a large number of retail/sales assistants (114), waiting and bar staff (55), housekeeping (34) and managers (26).

6.20 The survey is not a truly representative sample of tourism businesses as it targeted some of the main operators in the city, so the results cannot be applied more widely. But they provide further evidence of the anticipated levels of growth and the types of jobs that will be required.

6.21 Given the earlier analysis of the types of visitors the V&A at Dundee is expected to bring, and some of the feedback from stakeholders. The demand for managers and chefs and cooks, is likely to be the biggest challenge. Changing expectations of food and drink quality and the current difficulties of attracting suitable chefs could be a particular bottleneck, while finding experienced managers is another area where there may be shortages.

Table 6-2: Anticipated jobs reported in the business survey

Position	Number
Managers	26
Reception / front of house	18
Chefs and cooks	19
Kitchen and catering assistants	17
Waiting staff	33
Bar staff	23
Retail / sales assistants	114
Housekeeping / cleaning occupations	34
Other	18
Total	**302**

Source: SQW business survey 2013

Summary

6.22 A working assumption for potential tourism employment to 2017 would be a net increase in tourism-related employment of around 700 of which around a third to half would be directly associated with visitors to the V&A at Dundee. These jobs will primarily be in food and drink (bars and restaurants), accommodation (hotels) and in retail.

7. Skills Requirements

Skills Requirements

The skills requirements to support tourism growth are in two parts:

- **Skills requirements resulting from the expansion of the sector**
- **Skills requirements of the existing workforce to respond to increasing demand.**

In meeting additional demand, more than half of the new jobs are likely to be in sales and customer service or elementary occupations. For these posts, employers will be looking for 'soft' skills such as attitude, motivation and communication, rather than more technical or job-specific skills.

Feedback from tourism employers in the region suggests that there are some existing skills mismatches within the sector. In particular, there is evidence of skills shortages in managerial and chef occupations. There also seems to be an issue in relation to sourcing appropriate training for managers locally.

In relation to the labour market, a potentially larger issue is in developing the skills of the existing workforce. The V&A at Dundee provides a focus for supporting this in the way that the Commonwealth Games has been used in Glasgow.

Tourism employers often use informal routes, such as word of mouth and existing networks. This can make it difficult for young people and the unemployed to access new opportunities in the sector.

The waterfront and V&A at Dundee investment is only part of the offer. Parallel investment in people and skills is necessary to deliver the type of tourism experience that will sustain visitor numbers. This will not happen without the co-ordination and leadership of an employer-led industry group. The consensus amongst consultees was that there is no regional body or organisation currently taking the lead in relation to skills.

7.2 The previous chapter provides an assessment of the growth potential of the tourism industry in Dundee City Region and how this is likely to translate into new job opportunities in the sector over the coming years. **The focus for this chapter is on identifying the likely skills requirements for the sector, including consideration of any skills mismatches that currently exist or are likely to arise as a result of this increased demand.**

7.3 When thinking about the skills requirements likely to arise from growth, there are two main considerations:

- Skills requirements resulting from the **expansion** of the sector
- Skills requirements of the **existing workforce** to respond to increasing demand.

Skills requirements from expansion

7.4 If we assume that the 700 new jobs expected to be created in the sector will follow a similar occupational profile to those already working in the sector, we can expect a breakdown similar to that outlined in Table 7-1.

Table 7-1: Occupational breakdown of additional jobs

Occupation	Additional new jobs	% of total
Managers & senior officials	120	17%
Professionals	15	2%
Associate Professional and Technical	20	3%
Administrative and secretarial	35	5%
Chefs and cooks	70	10%
Caring, leisure or other service sector	15	2%
Sales and customer service	230	33%
Process, plant and machine operatives	35	5%
Elementary occupations	160	23%

Source: SQW Analysis

7.5 More than half of the new jobs (390) are likely to be in sales and customer service or elementary occupations. Many of these will be entry-level jobs requiring minimal level qualifications. Employers will be looking for candidates with **'soft' skills such as a good positive attitude, motivation and communication**, rather than more technical or job-specific skills.

7.6 The second category will be managers and senior professionals, which are likely to account for around 17% of the new jobs in the sector (approximately 120). Employers will be looking for individuals with **good people management and business management skills to fill these posts**. Managers working in the hospitality sector also require **good customer handling skills** as they are responsible for dealing with queries, complaints and ensuring a high standard of service and quality customer experience.

7.7 Chefs and cooks are likely to account for around 10% of the new jobs created, which should translate into approximately 70 new posts. This is becoming an increasingly skilled profession as a result of trends in consumer demand and the growth of the global fresh food market. **Employers are therefore likely to be looking for individuals that are skilled in working with fresh ingredients and able to produce food of a high standard and quality.**

Skills requirements for existing workforce

7.8 In addition to the new job opportunities likely to arise from the increase in visitors to the region over the coming years, there will also be skills requirements for the existing tourism workforce. **This is potentially a much larger and more salient issue in terms of supporting growth than the skills requirements of new entrants**.

Quality of service

7.9 There are 20,000 people currently working in tourism and hospitality businesses across Dundee City Region[12]. The expected increase of visitors as a result of the V&A at Dundee and other developments means that they will have to deal with an increasing number of tourists.

7.10 The travel and tourism industry relies heavily on word of mouth and the spread of opinions. This is happening increasingly through online channels such as social media and websites like Tripadvisor. **As a result, the standard of service received by visitors and tourists is becoming increasingly influential in the travel choices taken by others**.

7.11 We saw in Chapter 3 that 71% of visitors to Angus and Dundee said that they would 'definitely' recommend the area to others[13]. The equivalent average for Scotland as a whole was 88%, suggesting that there is scope for improvement in terms of the existing tourism offer. Indeed, the view amongst many of the stakeholders consulted with as part of this study was that **existing tourism businesses within the region needed to 'raise their game' in terms of quality of service.**

7.12 However, it is not clear whether businesses themselves recognise this as an issue. The vast majority of employers (89%) surveyed as part of this study reported that their existing staff were all fully proficient. **There may therefore need to be some work done to 'sell' this concept to the tourism business community through promotion of the benefits of offering a high quality service and the provision of accessible solutions for up-skilling staff in this area.**

Management

7.13 The extent to which existing tourism businesses in the region are able to maximise the opportunities arising from the growth of the sector over the coming years will to a large extent be dependent on the quality of their managers. They will be responsible for recruiting and retaining appropriately skilled staff, adapting the service offer to meet changing levels and types of demand, developing links with other tourism businesses in the region and maintaining customer care and service standards.

7.14 As highlighted in Chapter 3, productivity levels within the tourism industry are generally lower than across the economy as a whole. **Management skills can drive productivity improvements in the sector** through better staff planning and scheduling, employing new technology and improving employee motivation, thereby reducing staff turnover.

7.15 The tourism industry employs a relatively young workforce and managers within the sector also tend to be comparatively young[14]. This is an issue across the industry as a whole and is indicative of the potential career progression opportunities, but also results in many managers being relatively inexperienced. **There is therefore a requirement for up-skilling existing tourism managers in the region in order to maximise the potential for growth and to drive productivity improvements.** Exploratory work should be undertaken to

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[12] Business Register and Employment Survey 2011
[13] Source: VisitScotland 2012
[14] People 1st, *State of the Nation Report: An analysis of labour market trends, skills, education and training within the UK hospitality and tourism industries* (2013).

identify the specific skills requirements for this group in order to aid prioritisation of any potential solutions.

Skills Mismatches

7.16 There is no direct measure of mismatches between the demand for and supply of skills at the sectoral level and inferences about the balance of the two are therefore typically made through a variety of means given that each measure provides only partial information. The most common means are through employer reports of:

- Recruitment activity
- Hard-to-fill vacancies
- Skills gaps
- Investment in training.

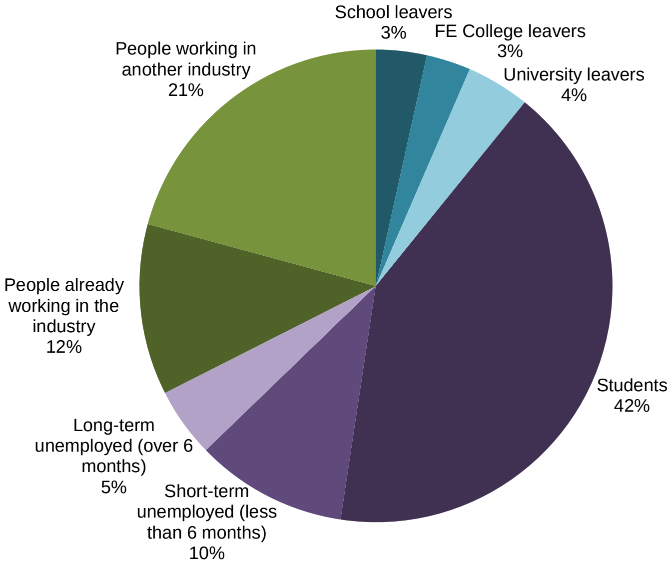
7.17 This section summarises feedback received from tourism business in the region in relation to these issues. It concludes with a summary assessment of potential skills mismatches for the sector.

Recruitment activity

7.18 The majority (77%) of employers surveyed as part of this study had recruited at least one person within the past three years. They reported having recruited a combined total of 231 people over the period. Figure 6-1 shows that:

- **Students** accounted for the largest share of these new recruits (42%)
- Relatively few (12%) were people **already working in the industry**
- A higher proportion (21%) were people **working in another industry**
- Relatively few were recruited **directly from school, FE / HE** (combined accounting for 10% of the total)
- The remaining 15% were **unemployed**, the majority of which having been unemployed for less than six months.

Figure 7-1: People recruited over the past three years by type (base = 231)



Source: SQW business survey 2013

7.19 The most common methods of recruitment were **word of mouth, direct enquiries from interested people and advertisements in the local media.** Relatively few reported engaging with local colleges, universities, recruitment agencies or job centres to source staff.

7.20 For elementary / entry-level occupations, which make up around a quarter of all jobs in the tourism industry, employers reported that they were less concerned with qualifications and **more interested in sourcing people with the right soft skills such as attitude, motivation and communication.**

7.21 The focus on soft skills can be an advantage for unemployed people, who are more likely to have fewer qualifications. However, the fact that employers in the industry tend to favour less formal recruitment methods for these jobs can disadvantage those on the unemployment register who tend to rely on more formal recruitment methods[15].

Hard-to-fill vacancies

7.22 A quarter of the employers surveyed (26%) reported that they had experienced difficulties filling vacancies. The most common posts cited as being hard-to-fill include:

- Chefs and cooks
- Kitchen staff
- Managers

7.23 The main reasons given for these roles being hard to fill include:

- Low number of applicants with the **required skills**, and
- Low number of applicants with the required **attitude, motivation or personality**.

[15] UKCES (2011) *Low skills and social disadvantage in a changing economy.* Briefing paper series.

7.24 The skills that were found to be most lacking amongst applicants were management, communication and customer handling / customer care.

Case Study: Malmaison

The Malmaison will open in Dundee in September 2013 bringing 90 new jobs to the city. These will cover the full range of occupations involved in restaurant, kitchen, bar and hotel activities, as well as back office functions such as sales, marketing and finance. They have started the recruitment process and have so far filled around half of the posts. The main messages from their experiences so far have been:

- **Managerial Posts** – they have found it a particular challenge to source candidates with the right level of skills and experience for these roles. They will therefore be looking to bring in experienced managers from other sites for the opening.
- **Customer Service Occupations** – they are very happy with the response they've had so far to the frontline / customer facing vacancies. This includes bar, restaurant and waiting staff. They've had a lot of interest from young people who are energetic, enthusiastic and 'fit the brand'.
- **General lack of suitable experience** – in other cities that they operate in, they find they can draw on a pool of experienced staff that have worked in hotels, restaurants and bars of a similar standard and type. However, the existing hotel and restaurant offer in Dundee is quite different meaning there is a smaller pool of suitably experienced staff.

Skills gaps

7.25 The majority of employers within Dundee City Region that participated in the survey (89%) reported that their existing staff were all fully proficient. Of those that reported skills gaps, these were mainly within **managerial or front of house occupations.**

7.26 This contrasts with the picture across Scotland as a whole where 26% of tourism employers report having a skills gap[16]. There are three possible explanations for this:

1. Tourism businesses in Dundee City Region are genuinely not experiencing skills gaps on the same scale as the Scottish industry as a whole
2. The sampling for the survey was disproportionately skewed towards employers that are not experiencing skills gaps
3. Tourism businesses in the region do not recognise that they are experiencing skills gaps.

[16] People 1st, *State of the Nation Report: An analysis of labour market trends, skills, education and training within the UK hospitality and tourism industries* (2013).

7.27 In practice, this is likely to be a combination of two and three as there is no reason to expect that skills gaps in the region would be less pronounced than elsewhere in Scotland.

Investment in training

7.28 Around half (46%) of employers surveyed had a training plan. However, a lower proportion (31%) had a budget for training, suggesting that much of the planned training will be carried out in-house.

7.29 Around half of employers had arranged some form of training for staff over the preceding 12 months, though the majority of this was **mandatory health and safety or induction training.**

Case Study: Tourist Attraction

A tourist attraction within Dundee reported that they had recently undertaken an Investors in People review, which resulted in a recommendation for them to invest in managerial training. This was an issue they were aware of already and keen to address. In attempting to source this type of training locally, they encountered a number of issues:

- **Lack of information about what was available –** they found it very difficult to find out what was actually available within the area. There was no obvious place to look for this and so they spent a lot of time web searching and asking around.
- **Lack of recommendations / endorsements –** in addition to information about what provision was available, they were also keen for some form of recommendation / assurance of quality, which they found difficult to get. They are planning to make a substantial financial investment and want to ensure that they get what they need.
- **Lack of suitable provision –** the courses that they did manage to find locally were not considered to be of sufficient quality or standard. They have therefore had to source training from outside the region from a recommended provider.

Summary – skills mismatches

7.30 Feedback from tourism employers in the region suggests that there are some existing skills mismatches within the sector. In particular, there is evidence of **skills shortages in managerial and chef occupations**. There also seems to be an issue in relation to sourcing appropriate training for managers locally.

7.31 A separate issue identified relates to the recruitment practices of tourism employers in the region. They often use informal routes, such as word of mouth and existing networks. This might make it difficult for young people and the unemployed to access the upcoming opportunities in the sector over the coming years. **There may therefore be a requirement**

for agencies working with these groups to engage with tourism employers in the region in order to access these opportunities.

Addressing skills mismatches

7.32 Skills mismatches in the tourism industry usually result from shifts in patterns of demand in external markets. The expected increase in visitor numbers to the region is therefore likely to result in some form of skills mismatch.

7.33 Skills mismatches are often transitional as the demand side begins to fully articulate its skills requirements and the supply side responds accordingly[17]. However, this process is dependent on appropriate mechanisms being in place to allow the demand side to communicate requirements and also for the supply side to adapt. In others words, **there needs to be some form of engagement between employers and the skills system in order to ensure that skills mismatches are identified and addressed before they become structural.**

7.34 In recognition of this, the **Tourism Skills Investment Plan (SIP)** identifies investment in local structures to enable businesses to work together, identify skills needs and influence local provision as a key priority action for partners. The national **Tourism Skills Group (TSG)**, which is made up of industry representatives from the public, private, further and higher education sectors, was actively involved in the development of the SIP and is responsible for overseeing implementation of the key actions identified within this.

7.35 At the national level, there is clearly a strong commitment to developing industry-led strategies and action plans to support growth in the tourism sector. For example, the Tourism Leadership and Skills Groups are both chaired by industry representatives and include strong representation from businesses operating in the sector. However, whilst there are a number of localised tourism partnerships operating across Dundee City Region, **the consensus amongst consultees was that there is no regional body or organisation currently taking the lead, particularly in relation to skills.**

7.36 Dundee City Council is very active in the sector and recently published a draft Tourism Action Plan for the city. They hosted an event in May 2013 to launch the Action Plan and this was attended by over 80 tourism businesses from across the region – more than double the expected turnout. **This indicates high levels of interest and a willingness on the part of local tourism businesses to engage in discussions around potential opportunities.**

7.37 Following the launch of the Action Plan, Dundee City Council is now looking to establish a **Tourism Steering Group**. Plans for this are at a fairly early stage, but once set up this could offer a platform from which to establish a local skills group. This could mirror the national structure with the steering group having an overarching role and a sub-group established to take forward actions relating to skills.

[17] UKCES (2012) *Sector Skills Insights: Tourism,* Evidence Report 55.

8. Skills Supply

Skills Supply

The general consensus amongst businesses and stakeholders was that more could be done to promote career opportunities in the tourism and hospitality sector within schools by working with teachers and careers guidance staff.

A common complaint amongst employers is that young people are not 'work-ready'. A lack of working-world or life experience is the most commonly cited reason for school leavers not being well prepared.

The recently launched Certificate of Work Readiness and Employability Fund, both of which are delivered by Skills Development Scotland, are targeted at young people aged 16-19. These could be used to support young people into opportunities within the tourism sector in Dundee City Region.

Over 2,000 people started Modern Apprenticeships (MAs) in the tourism industry in Dundee City Region during 2010-13. Almost half (47%) of these were waiters / waitresses. This is an important route in to the sector and reduce staff turnover, but more could be done to encourage chef / kitchen roles.

The new FE structures and the development of Regional Outcome Agreements offers an opportunity to co-ordinate the tourism and hospitality FE offer across the region and ensure that it is geared towards meeting emerging needs of the industry.

The number of FE students on tourism related courses, including food and drink / catering courses, has fallen by 30% since 2008/09.

Some consultees felt that colleges were too focussed on the provision of technical skills and could do more on the 'softer' skills, such as customer care. The links to employers could also be improved.

The Higher Education sector will provide many of the future managers and leaders for the sector and there was a feeling amongst consultees that they are becoming increasingly engaged.

8.1 This chapter looks at skills supply into the tourism and hospitality sector within Dundee City Region covering:

- School Leavers
- Modern Apprenticeships
- Further Education
- Higher Education.

8.2 Most of the analysis contained within this section incorporates the whole of the Fife local authority area. The main reason is that it has not been possible to separate out North East

Fife from data on participation. In addition, when looking at the infrastructure of the skills system, it is arguably worth taking a slightly broader perspective. This is particularly true in the context of the forthcoming college regionalisation programme, which will result in a merger of the two Further Education colleges currently located within Fife.

School Leavers

8.3 We know from the analysis contained within Chapter 4 that **the tourism sector employs a relatively young workforce**. For example, 10% all people working in the industry are aged 16-19. This is more than double the equivalent proportion of 4% across all industry sectors. A substantial proportion of people taking up the new employment opportunities within the sector over the coming years are therefore likely to still be at school.

8.4 In 2011/12, there were over 7,300 leavers from schools across Dundee City Region. Of these, 1,500 (20%) went straight into employment and a further 600 (8%) were unemployed and seeking work. School leavers will be an important source of labour to fill the upcoming vacancies in the sector over the coming years.

Promoting the sector

8.5 The **Tourism Skills Investment plan (SIP)** identifies *'raising the attractiveness of the sector to new entrants*' as one of four skills priorities for supporting growth. Specific activities identified in relation to this priority include improving young people's awareness of career opportunities in tourism, raising the status of tourism occupations through sharing of personal 'case studies' and providing seamless pathways to help those new to the industry to develop the skills needed by employers.

8.6 The general consensus amongst businesses and stakeholders consulted with as part of this study was that **more could be done to promote career opportunities in the tourism and hospitality sector within schools in Dundee City Region**. A key challenge identified was the need to overcome negative perceptions of Dundee amongst young people as a good place to live and work.

8.7 In addition to promoting the sector and city to school pupils, it was felt that it was also important to engage with **school staff, including teachers and career advisors**. These are key influencers and if they are not on board could potentially steer young people away from local opportunities.

8.8 The **Springboard Charity** has in the past been very active in terms of promoting careers in tourism and hospitality within schools in the region and delivered the successful Discovery Trail in Perth. However, they appear to have had limited involvement in the sector locally in recent years.

8.9 In terms of more recent activity, Dundee Waterfront has been working with the **Dundee Pupils Council,** which is made up of three senior pupils from each of the high schools in Dundee. They act as 'ambassadors' for the city and have been engaged in a range of activities including competitions, artwork and events. The aim is two-fold – to promote positive attitudes about Dundee amongst young people in the city and to educate them about the potential job opportunities that will be coming available in the city over the coming years.

Work-readiness

8.10 The businesses surveyed as part of this study had recruited 230 people over the past two years. However, just 3% of these new recruits (a total of 8) were school leavers. This suggests that **there may be barriers facing local tourism and hospitality employers in relation to employing young people directly from school.**

8.11 A common complaint amongst employers is that young people, particularly school leavers, are not 'work-ready'. However, the latest Employer Skills Survey results show that almost two thirds (64%) of Scottish employers that had taken on someone direct from secondary school found them to be well prepared for work[18]. **A lack of working world or life experience was the most commonly cited reason for school leavers not being well prepared.**

8.12 There is provision available to help young people bridge the gap from school to the world of work, particularly in relation to gaining the work experience that is so valued by employers. The recently launched **Certificate of Work Readiness and Employability Fund**, both of which are delivered by Skills Development Scotland, are targeted at young people aged 16-19. They combine work experience with learning to help young people make the successful transition from school to the labour market. These could both offer significant potential in terms of supporting young people into opportunities within the tourism sector in Dundee City Region.

8.13 Springboard also offers several programmes to help school leavers find jobs in the hospitality sector. Into Work In the Scottish Hospitality (IWISH) is an example that has been used in the Highlands, while Kickstart also provides pre-interview training and help with placements.

Modern Apprenticeships

8.14 Modern Apprenticeships (MAs) combine paid employment with training to achieve industry qualifications at the level required for the job. They are geared towards helping new recruits and existing employees to gain skills and industry recognised vocational qualifications.

Modern Apprenticeship Starts

8.15 **Over 2,000 people started Modern Apprenticeships (MAs) in the tourism industry in Dundee City Region during 2010-13**. The amounted to 20% of all tourism MA starts in Scotland over the period, higher than the region's share of national jobs in the industry (14%). **There is therefore a higher concentration of MAs working in the tourism industry in Dundee City Region than across Scotland as a whole.**

8.16 Table 8-1shows that the number of tourism MA starts has been fairly stable at 110-130 per year within Angus and Dundee. The numbers in Fife and Perth & Kinross have fluctuated a bit more, peaking at a combined total of 560 in 2011-12.

Table 8-1: Tourism & Hospitality MAs in Dundee City Region

Year	Angus	Dundee	Fife	Perth & Kinross	Dundee City Region Total

[18] *UK Commission's Employer Skills Survey 2011: Scotland Results, Evidence Report 65, December 2012*

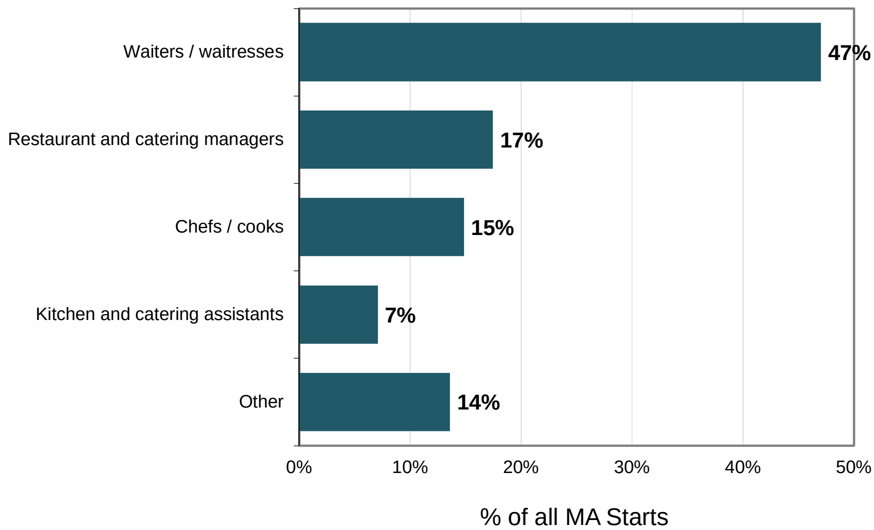
2010-11	120	120	200	140	**570**
2011-12	110	130	310	250	**790**
2012-13	130	130	260	180	**700**

Source: Skills Development Scotland

8.17 Figure 6-2 shows that of the 2,000 people that started MAs in the tourism industry in Dundee City Region during 2010-13:

- Almost half (47%) were **waiters / waitresses**,
- A further 17% were **restaurant / catering managers,**
- Chefs / cooks and kitchen and catering assistants combined accounted for 22%, and
- The remaining 14% covered a range of occupations including bar staff, travel agents, receptionists and housekeepers.

Figure 8-1: Occupations of Tourism MA starts in Dundee City Region 2010-13



Source: Skills Development Scotland

8.18 Whilst it is recognised the MA programme is demand-led, it would seem that provision is disproportionately skewed towards the lower end of the occupational spectrum with such a high volume employed in waiting occupations. Given the challenges highlighted by employers in relation to recruiting and retaining managers and chefs in the industry, there is an argument to say that increasing MAs in these occupations could potentially have a greater impact.

Modern Apprenticeship Achievements

8.19 Apprenticeships generally take between two and four years to complete. Over 1,500 people completed tourism apprenticeships within Dundee City Region during 2010-13. These accounted for 80% of all leavers from the programme during that period.

8.20 If the current levels of uptake of tourism MAs in Dundee City Region can be maintained, this will result in 550-600 successful completers each year. Many MAs remain with the same employer upon completion of their training, but many others move onto a different employer. These will be a potential source of skilled staff to fill the new vacancies in the sector.

Further Education

8.21 There are currently six Further Education Colleges within Dundee City Region offering travel, tourism and hospitality courses. These are listed in the table below along with a brief overview of their respective offer and 2011/12 student numbers.

Table 8-2: FE Colleges within Dundee City Region

Name	Summary of Travel, Tourism & Hospitality Offer	Number of Travel & Tourism Students 2011/12
Adam Smith College (Fife)	Hospitality and tourism is clustered with cultural industries within Adam Smith College. The courses on offer include hospitality, catering, food science and travel / tourism.	520
Angus College	Angus College offer a Certificate in Hospitality and Catering at SVQ Level 5 and a Diploma in Culinary Arts at SVQ Levels 5-7.	570
Carnegie College (Fife)	The tourism offer at Carnegie College focusses on cookery, catering and food processing.	160
Dundee College	Dundee College offer courses in both hospitality and professional cookery at SVQ Level 2 and upwards. The College also offers World Host Principles of Customer Service training.	1,040
Elmwood College (Fife)	Elmwood offers cookery courses ranging from entry level Introduction to Cookery through to an HNC in Professional Cookery.	180
Perth College UHI	Perth College forms part of the University of the Highlands & Islands (UHI). The Hospitality and Tourism Department offers courses in food and hospitality service, professional cookery and supervisory and management in the sector.	210

Source: Skills Development Scotland

Co-ordinating provision

8.22 There was an FE tourism initiative in the region between 2004-2006 entitled *Employment, Employability and Employee Skills – A model for Tayside*. This was better known as *Targeting Tourism.* It brought together three colleges in the region – Perth, Dundee and Angus – to deliver a co-ordinated tourism offer. The focus of this initiative was on:

- 'selling' tourism as a career through engagement with schools and other PR / marketing activity such as awareness raising events
- co-ordinating their combined offer to avoid duplication and draw on their relative strengths
- actively engaging local employers in the development of courses and aligning provision to meet their specified requirements
- providing work placement opportunities for students.

8.23 Overall, the initiative was considered successful, but at the end of the three year funding period it was discontinued. Consultees were not aware of (or engaged in any) other specific tourism initiatives within the regional FE sector.

8.24 Over the coming months, several of the colleges in the region will be merging as part of the Scottish Government college regionalisation programme. There will be two new college regions within the area:

- **Fife** – this will incorporate Adam Smith, Carnegie and the non-land based elements of Elmwood College
- **Tayside** – Angus and Dundee Colleges have merged and are operating under new joint banners.

8.25 The aim of the regionalisation programme is to make the college sector more efficient and responsive to the needs of students and local economies. There is an expectation that they will collaborate and work closer together within their respective regions. This process will be formalised through the development of a series of Regional Outcome Agreements between the Scottish Funding Council (SFC) and each college region. **The development of these Outcome Agreements offers an ideal opportunity to co-ordinate the tourism and hospitality FE offer across the region and ensure that it is geared towards meeting emerging needs of the industry.**

Further Education Participation

8.26 Table 6-3 shows the number of students on tourism and hospitality courses at FE colleges in Dundee City Region between 2008-09 and 2011-12. It shows that:

8.27 Almost 2,700 students were enrolled on travel and tourism related courses at FE colleges in the region during 2012/13. This was 1,150 lower than in 2008-09, a decline of 30%. The majority of this decline was in Food / Drink (-660), Hospitality (-440) and Catering Services (-240). By contrast, the number of students on Cookery and Food Science / Technology courses increased over the period by 220 and 190 respectively.

Table 8-3: FE Students on Travel and Tourism Courses in Dundee City Region

			Change 08/09 – 11/12	
	2008-09	**2011-12**	**No**	**%**
Hotel / Catering	290	260	-20	-8%
Food / Drink Services	890	230	-660	-74%
Catering Services	580	340	-240	-42%
Hospitality Services	720	280	-440	-61%
Baking / Dairy / Food & Drink Processing	140	130	-10	-6%
Cookery	480	700	220	46%
Food Science / Technology	280	470	190	67%
Travel / Tourism	270	200	-70	-27%
Leisure / Sports Facilities Work	180	70	-110	-63%
Total Travel and Tourism	**3,830**	**2,680**	**-1,150**	**-30%**

Quality of provision

8.28 In relation to the quality/suitability of FE provision for the tourism sector, the general view amongst consultees at both a regional and national level was that **colleges were very much focussed on the provision of technical skills** possibly to the neglect of 'softer' core skills such as customer care. There was also a general view that links to employers could be improved.

University Provision

8.29 Perth College is an FE institution, which forms part of the University of the Highlands and Islands (UHI). It offers tourism courses (focussing on catering and hospitality) ranging from entry-level / SVQ Level 1 up to a Higher National Diploma (HND) in Hospitality Management. The UHI connection means that it can now also offer degree and postgraduate courses to students looking to continue their studies beyond HND level. The HND course also acts as an articulation to the BA Hospitality course at Queen Margaret University should students wish to pursue that route.

8.30 The University of Abertay was the only HE institution within the region to offer a degree level course specifically aimed at individuals looking to pursue a career within the tourism industry. However, their BA (hons) Tourism Management was cancelled two years ago with the final cohort graduating this year. **There is therefore no longer any dedicated university provision for the tourism sector within Dundee City Region.**

8.31 Some people graduating from hospitality, leisure or tourism degree courses at other HE institutions in Scotland do go on to find work in the region. However, the numbers involved are relatively small, amounting to just 35 from the 2010/11 academic year[19].

8.32 It is important to note that we are looking here at graduates from courses specifically aimed at the hospitality and tourism industry. Across Scotland, just 155 people graduated from such

[19] *Source: Higher Education Statistic Authority (HESA)*

courses in 2011/12, accounting for less than 1% of all Scottish graduates. However, we know that graduates from other disciplines do go on to work in the tourism sector. The industry employs people across a range of graduate level occupations such as human resource, marketing and finance professionals, business managers and creative / cultural professionals. **The links to HE are therefore complex with graduates from a range of disciplines going into the tourism industry both in Dundee City Region and across Scotland.**

HE Engagement

8.33 Hospitality Industry Trust (HIT) Scotland runs various initiatives at a national level linking young people to **HE scholarships** within the sector. They deliver their own bursary and scholarship programme to support their Emerging Talent agenda. This includes the provision of places to industry employees and FE / HE students at national and international education and business venues. They are a charity supported almost exclusively by industry contribution.

8.34 The Higher Education sector will provide **many of the future managers and leaders** for the sector and there was a feeling amongst consultees that they are becoming increasingly engaged. They are represented in the national Tourism Skills Group and could potentially be involved in any regional skills groups.

9. Conclusions and Recommendations

9.1 This study has taken a detailed look at the profile of the tourism industry within Dundee City Region and the potential for growth in the sector over the coming years as a result of the V&A at Dundee and other developments. It also considers the likely employment and skills requirements of the industry, as it grows, drawing a distinction between new entrants to the sector and up-skilling of the existing workforce to respond to increasing demand.

9.2 This final chapter presents the conclusions and recommendations arising from the work. In particular it highlights the main areas where action is likely to be required to ensure that the people and businesses of Dundee and the wider City Region are well placed to benefit from the opportunities in the sector over the coming years.

Overview and conclusions

The market

9.3 Tourism in the Dundee City Region has grown sharply in the last couple of years, though it is probably still a little lower than in the mid-2000s. There were around 1.9 million staying visitors to the City Region in 2011, of which 1.7 million were from the UK. Only 10% were from overseas. The number of overseas visitors has been falling since the recession replaced by an increasing number of domestic 'staycation' visits.

9.4 Staying visitors spent around £382 million in 2011. In Angus and Dundee the figure was £116 million (up 10% from 2009), though still below the estimate of £130 million in 2005.

9.5 The day visitor market is disproportionately important for Angus and Dundee. The GB Day Visit Survey estimates that expenditure on day visits to area was £242 million in 2011, twice the value of staying visitors. The contribution of day visits is an important consideration as the majority of visitors to the V&A at Dundee will be on day trips.

The businesses

9.6 Tourism-related businesses are a large and important part of the Dundee City Region economy, contributing £316m in Gross Value Added (GVA) in 2010. This was 6% of the total GVA for the region (double the equivalent figure for Scotland as a whole) and this has grown over the past five years. Productivity (as measured by GVA per employee) in the tourism-related sector is low - less than half the average of all industry sectors, but above the national average. The sector employs almost 20,000 people, accounting for 10% of employment in the City Region.

Potential growth

9.7 The tourism outlook for Dundee is very positive. With UK and international economies improving, the arrival of the V&A at Dundee, the regeneration of the waterfront and new hotel and leisure developments, there are many reasons to expect the number of visitors to Dundee, and the wider City Region, to increase.

9.8 Forecasting tourism growth is challenging and expectations often exceed the reality. Despite previous strategies and targets aspiring to significant growth, the level of staying tourism remains broadly where it was in 2005, so it is sensible to be cautious.

9.9 The national tourism strategy (*Tourism Scotland 2020)* provides a broad framework, anticipating growth of 20% -30% by 2020. Significant investment (including the V&A at Dundee), makes it more likely that this range can be achieved in Angus and Dundee. On this basis, a working assumption for potential tourism employment to 2017 would be a net increase in tourism-related jobs of around 700, of which around a third to half (200-300) would be directly associated with visitors to the V&A at Dundee. These jobs will primarily be in food and drink (bars and restaurants), accommodation (hotels) and in retail.

Skills requirements

9.10 The skills requirements to support tourism growth are in two parts:

- **Skills requirements resulting from the expansion of the sector**
- **Skills requirements of the existing workforce to respond to increasing demand.**

9.11 More than half of the new jobs are likely to be in sales and customer service or other elementary occupations. Employers will be looking for candidates with 'soft' skills, such as positive attitude, motivation and communication, rather than more technical or job-specific skills, to fill these posts. Skills mismatches within the sector are most likely to be around sourcing appropriately experienced and qualified managers and chefs. There also seems to be an issue in relation to sourcing appropriate training for managers locally.

9.12 Tourism employers often use informal routes, such as word of mouth and existing networks. This can make it difficult for young people and the unemployed to access the upcoming opportunities in the sector.

9.13 In realising the potential for growth, a potentially bigger issue relates to the developing the skills of the existing workforce. Skills development is not just about the smaller number of additional posts. The V&A at Dundee provides a focus for supporting this in the way that the Commonwealth Games is being used in Glasgow.

Conclusions

9.14 The new infrastructure in the regeneration of Dundee waterfront and the V&A at Dundee is only part of the story in relation to tourism. A key theme of the Tourism 2020 strategy is the shift in visitor expectations away from individual tourism attractions towards more rounded experiences. It identifies the conversion of tourism assets into *'quality, authentic visitor experiences'* as a priority action.

9.15 This requires a skilled workforce capable of delivering this experience. The travel and tourism industry, perhaps more than any other, relies heavily on word of mouth and the spread of opinions. This is happening increasingly through online channels such as social media and websites like Tripadvisor. As a result, the standard of service received by visitors and tourists is having an increasingly influential impact on travel choices.

9.16 However, there are well understood market failures that lead businesses to under invest in training and customer service. High staff turnover, one-off visitors and a lack of understanding of the benefits mean that individual businesses have limited incentive to spend money. As a result improving skills and customer service is better addressed at a *destination level.*

9.17 Given the scale of investment at the waterfront, it is important to make sure that there is also investment in delivering high standards of customer service. Without this, the impact of the new investment will be weaker. Further, the interest and engagement of the sector at the moment provides a momentum that can be used to encourage businesses to participate in skills and training activities.

9.18 Finally, it is unlikely that this investment will be made without the leadership and co-ordination of a skills group. At the moment there are a number of smaller groups covering different parts of the region. This should be resolved and a single, skills focussed group, perhaps along the lines of the Glasgow Service with Style model, could be set up.

9.19 The analysis points to three broad areas for action:

- develop mechanisms for matching skills supply to demand
- access to new opportunities
- initiatives to develop skills in the existing workforce.

Develop mechanisms for matching skills supply to demand

9.20 As described above, the expected growth in the visitor economy in Dundee over the coming years represents a unique opportunity for the city and the wider region. However, visitor experience is critical and this will be driven by the quality of the people working in the sector.

9.21 Given the market failures in skills investment by businesses, there is a strong case for some form of public sector intervention. The Tourism Skills Investment Plan (SIP) identifies investment in local structures to enable businesses to work together, identify skills needs and influence local provision as a key priority action for partners. Whilst there are a number of localised tourism partnerships operating across Dundee City Region, there is no overarching body or organisation currently taking the lead, particularly in relation to skills.

Recommendations for consideration:

- **There is a need for a skills group for the tourism industry in Dundee City Region. This needs to be employer-led, providing a mechanism for tourism businesses to articulate their skills requirements and influence provision accordingly.**
- **We would recommend any such group to consider developing an initiative similar to the “Glasgow Service with Style” model. This is an industry-led advisory group that brings together all the main stakeholders in supporting skills and training. It co-ordinates a range of customer service training, but also leads specific events, such as facilitating potential employees to shadow staff in the sector, events with school children to promote the sector and the city, city information activities and master-classes.**

- **The arrival of the V&A at Dundee in particular provides a focus and momentum to bring tourism businesses together and encourage investment in their people and skills. This could be channelled through a Service with Style group.**
- **The development of College Regional Outcome Agreements provides an opportunity to co-ordinate the tourism and hospitality FE offer across the region, in way that has not happened before. A skills group could provide direct input into this Agreement to ensure that it is geared towards meeting emerging needs.**

Access to new opportunities

9.22 The current high levels of youth unemployment are a particular concern across Scotland and the UK. In Dundee City Region, a fifth of all young people aged 16-24 were unemployed and looking for work in March 2013. This amounted to over 7,500 people within that age group.

9.23 The tourism industry employs a relatively young workforce and many of the jobs it creates are less dependent on formal qualifications. However, there are potential barriers to accessing these opportunities that could be addressed by local partners.

9.24 Tourism employers often favour informal recruitment methods, which can disadvantage young people and the unemployed who tend to rely on more formal recruitment mechanisms or are unaware of the career opportunities in the sector. In addition, many of the new opportunities will be in customer facing roles and employers will be looking for people with the right 'soft' skills to fill these posts – these can often be lacking amongst young people with limited previous work experience.

Recommendations for consideration:

- **At a general level, more active promotion of the career opportunities in the tourism and hospitality industries within schools in the region. This is happening but more could be done through a skills group to engage teachers and careers guidance staff.**
- **Development of pathways into the industry for young people through the use of initiatives such as the Certificate of Work Readiness and Employability Fund. These offer work experience combined with learning to help those new to the industry to develop the skills required by employers. The programmes could be adapted for Dundee.**
- **Actively engage new and existing tourism and hospitality employers in the region to negotiate work experience placements and access to job opportunities for young people.**
- **Springboard runs several initiatives that could be more widely promoted: the IWISH programme, (Into Work in Scottish Hospitality), which helps bridge the gap by introducing young unemployed to career opportunities in the sector. Kickstart provides school leavers with pre-placement training and interviews**

- **Specifically, the business survey suggests that the positions that are hardest to fill are for experienced managers and chefs.**
    - **Management –** the sector typically has younger staff and recruiting experienced managers can be difficult. **Training for less experienced managers would be very valuable, but businesses are unsure where and how to access this. A priority should be to identify providers and promote the benefits.**
    - **Chefs -** with the majority of V&A at Dundee visitors on day trips, there will be more opportunities to increase spending on food and drink. Taking advantage of this will require more chef and cooking experience. **A priority of a new skills group should be to discuss with colleges how they can encourage more training and promote positions in the sector.**

Supporting existing businesses and staff

9.25 The sector generally faces some important challenges around skills development. The nature of the sector means that there are high levels of staff turnover and too little investment in training and in career development. As a result, productivity and wages are low, and the sector becomes less attractive to investors and to people looking for careers.

9.26 The waterfront regeneration and V&A at Dundee will attract new visitors to city, but unless it is backed up with a good 'tourism experience', these will only be one-off day visits, rather than longer trips (and recommendations).

9.27 There will be sufficient people to take these additional jobs, the issue is whether they have the right skills to help build Dundee's tourism reputation and to enable businesses in the sector to generate profits, and attract further investment (and further employment). A positive result would see businesses providing training and working together to help improve the experience of visitors, which in turn generates more tourism. A negative result would mean visitors being more reluctant to stay, preferring to spend time and money elsewhere. Poorer feedback and reviews of the experience would limit the number of visitors, expenditure and employment.

Recommendations for consideration:

- **Develop opportunities for collaboration between tourism and hospitality businesses in the region. In particular, creating a forum for businesses to get together to discuss and develop joint initiatives focused around the V&A at Dundee and the waterfront. There is interest in this, but it needs to be channelled and co-ordinated.**
- **There are a range of activities that a skills group could develop to promote the sector. These would build awareness of the sector and encourage skills and training investment. For example:**
    - **Activities to build familiarisation with the City and Region among employees in the sector (trips to attractions, restaurants, etc.)**

- **Bringing the sector together through events**
- **Promoting the benefits of investing in training**
- **Provide a link between FE Colleges and the sector; signposting to relevant courses and also promoting the opportunities in Dundee and the City Region**
- **Presentations from industry leaders and case studies from elsewhere.**

- **World Host training is now being offered by Dundee College. Partners should consider how this could be adapted (if necessary, based on identified need) and promoted more widely across the City Region.**

Annex A: List of Consultees

Name	Organisation
Aileen Lamden	Adam Smith College
Alan Graham	Perth & Kinross Council
Allan Watt	Dundee Waterfront
Ann Cammus	Fife Council
David Allen	People 1st
David Cochrane	HIT Scotland
Gordon MacDougall	Skills Development Scotland
Ian Gibb	Perth College (UHI)
Jennifer Caswell	Dundee City Council
Jim Clarkson	VisitScotland
Karen Tocher	Dundee and Angus Convention Bureau
Lawrence Durden	Skills Development Scotland
Louisa Kingham	Dundee College
Lynn Rennie	V&A at Dundee (SE Project Manager)
Marc Crothall	Scottish Tourism Alliance
Merlyn Dunn	Angus Council
Neil Jack	Angus College
Sandra Burke	Dundee Chamber of Commerce
Shellie Huggins	Perth & Kinross Council
Stephen Baillie	Scottish Enterprise
Stephen Williamson	Scottish Enterprise
Stewart Murdoch	Cultural Services DCC

Annex B: SIC Definition of Tourism Industry

Sustainable Tourism: SIC 2007 codes / Description
55.1: Hotels and similar accommodation
55.2: Holiday and other short-stay accommodation
55.3: Camping grounds, recreational vehicle parks and trailer parks
56.1: Restaurants and mobile food service activities
56.3: Beverage serving activities
79.12: Tour operator activities
79.9: Other reservation service and related activities
91.02: Museum activities
91.03: Operation of historical sites and buildings and similar visitor attractions
91.04: Botanical and zoological gardens and nature reserve activities
93.11: Operation of sports facilities
93.199: Other sports activities (not including activities of racehorse owners) nec
93.21: Activities of amusement parks and theme parks
93.29: Other amusement and recreation activities

Annex C: North East Fife Calculation

C.1 The table below shows that there were 23,100 jobs in North East Fife in 2011, accounting for **18%** of all jobs in Fife.

C.2 Of these, 3,900 were in the tourism industry. The area was home to **38%** of all tourism jobs in Fife – more than double the equivalent share of all jobs.

Figure9-1: Workforce Jobs 2011

	Tourism	All Industries
North East Fife	3,900	23,100
Fife	10,200	129,400
North East Fife as % of Fife	**38%**	**18%**

Source: Business Register and Employment Survey, 2011

C.3 For some economic indicators of the tourism industry, such as GVA and visitor expenditure, data is not available below local authority level. In these cases, a proportion of **38%** of the Fife total has been attributed to North East Fife.