FUTURE SKILLS ISSUES AFFECTING INDUSTRY SECTORS IN WALES

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Tourism, Hospitality and Leisure Sector

Futureskills Wales

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INDUSTRY SECTORS IN WALES

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Executive Summary

Introduction

This document is one of a series commissioned by the Future Skills Wales Research Forum. The overall project aims to extend and complement the work begun by the original Future Skills Wales project, which forecast future generic skills needs across Wales using forecasting and survey data. The current project adds studies of future vocational skills needs within key sectors in Wales. Each sector study is based on desk research and qualitative interviews with practitioners and employers, and aims to provide an overview of the sector, the skills issues, and current and potential actions to further strengthen the sector.

Businesses and employees in each of the sectors studied have achieved great successes; that is why these sectors have become important for Wales. Our focus on current skills issues should not obscure these achievements or the determination of all concerned to meet current and future challenges.

Sector Profile

The Tourism sector, supported by hospitality and leisure, is important to the current and future economy of Wales but at the same time it is extremely complex with:

- over 7,500 businesses;
- over 70,000 employees;
- 85% of businesses employing less than 10 employees;
- businesses spread across the country, with many in rurally isolated areas.

As can be seen, businesses in the sector are typically small enterprises and face many of the issues common to small companies, particularly in relation to management ,e.g. business planning and marketing, and retention of staff.

Skills Issues

Future employment in the sector is forecast to increase, with approximately 15,000 new jobs anticipated by the year 2003 and up to 20,000 by 2010. However, with decreasing numbers on related FE courses, compounded by premature leaving from those courses and high drop-out rates for new entrants into the sector, it will be crucial to ensure that this increased demand can be met.

There are a number of issues that have been identified that may hinder this forecast growth:

- the identity of the Welsh brand and the overall poor image of the tourism sector;
- a lack of comprehensive, accessible data about the skills needs of the sector;
- a relatively low skills base of the existing workforce, with 18% having no qualifications and a further 25% having lower level qualifications;
- specific skills shortages are apparent for chefs, other kitchen staff and housekeeping staff;
- deficiencies exist in sales, management and entrepreneurial skills;
- there is a growing importance for ICT skills;
- there is a need to strengthen customer facing skills for new entrants;
- the lack of financial, management and entrepreneurial skills of a large proportion of owner/ managers can constrict growth;
- the apparent lack of structured career routes, particularly into management positions, can cause drop out from the sector and impact negatively on potential new entrants into it.

Action on Skills

There are 5 key themes which encompass the recommendations for potential action, these are outlined as follows:

- **Theme 1:** there are a number of **strategic issues relating to the infrastructure** of the sector, which will need to be addressed if the skills issues identified are to be tackled effectively;
- **Theme 2:** there are a number of problems for the sector in relation to the **skills shortages**, which have been on-going for a number of years and that need to be addressed as a priority;
- **Theme 3:** many of the issues for the existing workforce relate to the size of the businesses involved and **innovative ways to support** them must be developed;
- **Theme 4:** a specific issue, which can hinder the development of micro businesses, is the **skills of the owner/manager**;
- **Theme 5:** there is a general lack of interest in the sector by current and potential employees, and **finding new labour** to meet future needs will be increasingly difficult.

These are further expanded by means of more detailed recommendations. The table below summarises these. A number of recommendations in relation to information and further research are also made, in part following existing national and regional strategies:

- dissemination of the Phase 1 Hospitality Training Foundation (HtF) Forecast (Autumn 2000);
- further research into the level of skills required in the sector;
- research on the impact of new legislation;
- development of methods for engaging micro businesses in training and development;
- investigation of poor take up of, and drop out from, relevant provision;
- exploration of business profiles, ownership and employer background;
- research into business start up and failure rates;
- a review of employee retention.

Themes & Recommendations Matrix

Theme No:	Rec. No:	Action	Timescale	Key Partners
1	1a	Defining the Welsh brand	Ongoing	WA/WTB/RTB's
	1b	Development of a Registration Scheme	April 2002	WA/WTB/RTB's TQS
	1c	Development of a Welsh Centre of Expertise for Tourism and Hospitality	April 2001 and ongoing	WA/CETW/ TTFW/UWIC
	1d	Define the sector for the purposes of data collection/ comparison etc	April 2001	WTB and other key partners
	1e	Undertake more detailed research into sector characteristics	April 2001	TTFW/Impact
	1f	Develop systematic monitoring of skills gaps/ shortages	April 2001	TTFW/Impact/ FSW Unit
	1g	Develop a comprehensive system for data collection	April 2001	TTFW/Impact/ WTB/RTB's/ CETW/ES
	1h	Strategic support for TTFW's Education and Training Strategy	Aug 2000	NAfW/CETW
	1i	Support for Impact Wales esp. Strategic Priority C	Aug 2000	NAfW
2	2a	Map existing industry qualifications in relation to shortages and develop as appropriate	Ongoing	CETW/Impact
	2b	Explore collaborative approaches to skills shortages	Ongoing	Impact
	2c	Target information on progression routes e.g. HtF, consider developing similar information where this doesn't exist	April 2001	Impact/ Springboard
	2d	Consider developing a qualification to meet the needs of business tourism	September 2001	ESITO/QCA/ FEFCW/HEFCW/ CETW
3	3a	Look at increasing the take up of distance learning opportunities	Ongoing	TTFW/Impact
	3b	Look at targeting resources where collaborative approaches especially in relation to skills gaps/ shortages	Ongoing	TTFW/Impact/ CETW
	3c	Consider further flexibility in the design and delivery of training	Ongoing	TTFW/Impact/ CETW
	3d	Consider the development of an 'agency' to provide supply cover to micro businesses	April 2001	CETW/TTFW/ Impact/Employer
	3e	Developing businesses to provide better work based assessment	Ongoing	CETW/Impact/ Employer
	3f	Better promotion of progression routes to those in the sector already	Ongoing	TTFW/Impact/ CETW
4	4a	Look at developing a qualification for individual operators	April 2001	CETW/Impact/ TTFW
5	5a	Look at more effectively targeting the potential workforce	ongoing	CETW/ES/ Springboard/ TTFW
	5b	Consider the development of a new entrant mentoring programme	April 2001	Impact/ Springboard/ EBP's
	5c	Maximise the opportunities from the new Education Business Link structure	April 2001	CETW/Impact/ TTFW/EBP's

1. Introduction

1.1 This document is one of a series commissioned by the Future Skills Wales Research Forum. The overall project aims to extend and complement the work begun by the original Future Skills Wales project, which forecast future generic skills needs across Wales using forecasting and survey data. The current project aims to add studies of future vocational skills needs within key sectors in Wales.

1.2 Businesses and employees in each of the sectors studied have achieved great successes; that is why these sectors have become important for Wales. Our focus on current skills issues should not obscure these achievements or the determination of all concerned to meet current challenges.

1.3 Each of the individual sector reports is complemented by a report on management and information technology skills issues across the sectors studied. This reviews the situation in each sector and draws out common themes and implications.

1.4 In undertaking this research it has become evident that a great deal of work has been undertaken within the sector at UK level, and that a great deal has taken place at the national level within Wales, and much of this continues. A list of other studies, which have been utilised for the purpose of this research is at **Annex A**. However, many of the issues identified in these reports still endure and this would suggest that they are entrenched within the industry and will take time to resolve.

Method

1.5 The first phase of the study proceeded mainly by desk research and telephone discussions. Interviews with Catrin James of Hospitality Training Foundation (HtF), Chris Osbourne of HtF/Springboard and himself an employer, and Diana James of the Wales Tourist Board (WTB), were useful in setting the context for the leisure, tourism and hospitality sector.

1.6 In the second stage, further meetings have been held with sector representatives, and employer case studies extended and deepened the analysis of vocational skills issues.

1.7 The aim was not to conduct quantitative primary research, but to consult with sector representatives in order to identify perceived skills issues, the actions being taken in response to these, and the potential for further action or policy development. The published reports should therefore provide a clear introduction to the sector, a ‘snapshot’ of sector issues, and pointers to current and potential action.

2. The Tourism 'Sector'

Definition

2.1 The complex and diverse nature of tourism, hospitality and leisure, makes it more appropriate to consider them as 'an area of economic activity rather than a discrete set of occupations'. This presents a problem with analysis of published data, since the sector is very heterogeneous and not defined by one SIC. The relevant SIC codes used for the purposes of this report can be seen in **Annex B.**

2.2 For the purpose of this research it has been important to focus on tourism as a key economic driver for Wales, supported by aspects of hospitality and leisure. The Wales Tourist Board Strategy 'Achieving Our Potential: A Tourism Strategy for Wales' emphasises Wales' dependence on tourism, which is 'scarcely matched by any other country in Europe'. Whilst Wales has managed to create jobs and reduce unemployment over the past few years, it has not yet managed to increase GDP per head of population. The development of the tourism sector can be part of the solution required to address this problem.

2.3 The National Training Organisations (NTO's) covering the sector are:
- Travel and Tourism;
- Hospitality Training Foundation;
- SPRITO (Sport and Recreation);
- Cultural Heritage;
- Events Sector Industry Training Organisation (ESITO).

Profile of the Sector

2.4 The sector can be broken down into the following eight sub-sectors:
- Hotels;
- Camping/ Short stay accommodation;
- Restaurants;
- Bars;
- Travel Agents;
- Libraries and Museums;
- Sport;
- Other.

Segmentation

2.5 The tourism sector in Wales is broadly broken down into the following areas of consumer activity:
- Holidays – 69%;
- Visits – 21%;
- Business – 7%;
- Other – 3%.

Sector Characteristics

UK Tourism Sector – Facts and Figures

2.6 Key points to note are:
- 1,533,100 people are employed in the UK Tourism sector;
- 7.2% of the UK labour force is employed in tourism related activities;
- 55.8% of employees are employed in businesses with 25 or fewer employees;
- GDP is £11,448 per head, which is very low compared to other sectors;
- business tourism accounts for 25% of total inbound tourism.

Tourism Industry within Wales

2.7 The following characteristics of the Tourism Sector in Wales are taken from the DTZ Pieda Report 'Employment and Training in the Tourism Sector in Wales' undertaken on behalf of the Wales Tourist Board in 1998 and from 'Achieving Our Potential: A Tourism Strategy for Wales' by the Wales Tourist Board.

2.8 The key points to note are:
- the sector produces £2 billion in direct visitor spending;
- 7.4% of the Welsh labour force is directly employed in tourism related activities (10% if indirect employment is included), this is slightly more than the UK average;
- 66,700 people are employed in the Welsh Tourism sector;
- 72% are employed in the hospitality sector;
- 64.7% of employees are employed in businesses with 25 or fewer employees, this is larger than the UK average;
- the average size of hotel/ guest house is only six rooms and only 6% of hotels have over 40 rooms;
- over 60% of tourist attractions attract less than 500,000 visitors per annum;
- tourism accounts for 7% of GDP and this is set to increase to 8% by 2010;
- GDP is £9,442/ head (82.2% of UK);
- business tourism within Wales needs to be quantified.

Location and Employment

2.9 There is a 'best estimate' figure of 7,500 tourism-related businesses in Wales[1]. 50% of these businesses are outside formal industry structures, e.g. the Regional Tourism Boards. They are therefore difficult to identify in the first instance and, once identified, they are hard to target and influence.

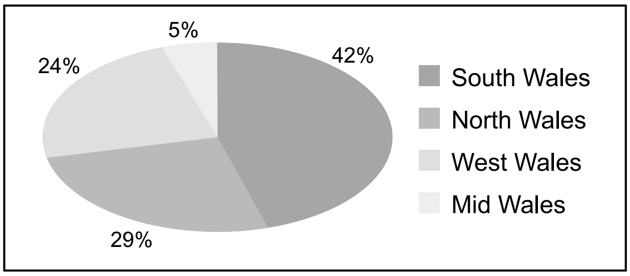
2.10 Approximately 66,700 people are directly employed in the tourism sector, allowing for indirect and induced employment the figure is approximately 100,000 FTE (full time equivalents) jobs. This is the equivalent of approximately 1 in 9 jobs in the Welsh economy.

2.11 The location of Tourism related businesses is spread across Wales but with the three regions of North Wales, West Wales and South-East Wales jointly accounting for 71% of tourism.

2.12 **Figure 2.1** shows that 42% of tourism specific employment is located in South Wales, 29% in North Wales, 24% in West Wales and only 5% in Mid Wales.

[1] *Tourism and Training Forum Strategy and Action Plan: Stevens and Associates.*

Figure 2.1: Tourism Employment



2.13 The apparently low percentage of employment in Mid Wales may be partly due to the high proportion of micro businesses in the area, who do not appear on any statistics and/or that some tourism businesses form part of other businesses e.g. agriculture. Consequently, this figure may under represent the true situation.

2.14 The regional distribution of employment for tourism, leisure and hospitality is estimated to remain constant over the next ten years (**Table 2.1** below).

Table 2.1: Location of Tourism, Leisure and Hospitality Employees (2000, and forecasts for 2010)

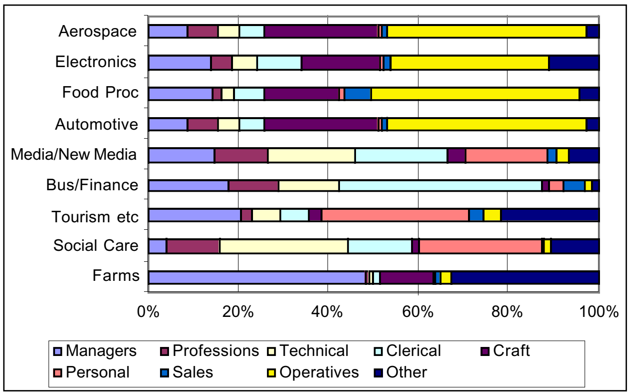
Year	Welsh Regions (%)			
	South East	Mid	West	North
2000	41%	11%	21%	27%
2010	41%	11%	21%	27%

Source: Business Strategies Ltd.

2.15 The tourism industry across Wales as a whole has a very high proportion of micro businesses (those employing 10 people or less). At 85% this represents a larger proportion than for the UK as a whole (74%) and for the overall Welsh economy (75%).

2.16 Recent forecasts by Business Strategies Limited, provide an estimate of the broad occupational profile of this and the other sectors studied by York Consulting. **Figure 2.2** below compares the profiles. In comparison with other sectors studied, the tourism, leisure and hospitality sector employs higher proportions of managers and personal service staff. Further comparisons between the sectors are made in **Annex D**.

Figure 2.2: Sector Occupational Profiles, 2000



Source: BSL Future Skills Wales sector forecast, 2000.

Seasonality

2.17 Available evidence[2] suggests that the seasonal nature of tourism can increase employment in the industry by between 10% and 11% between June and December.

2.18 The majority of the change is accounted for in three main sub-areas as follows:

- hotels and other accommodation – almost 50% increase;
- restaurants – an increase of 15%;
- bars – an increase of 10%.

2.19 However, over recent years there has been a decline in issues relating to seasonality in urban areas such as Cardiff.

2.20 The Business Tourism segment of the market generates significant levels of tourism all year round, but importantly it can generate demand during two key off-peak periods – January to March and October to December.

Workforce

2.21 The sector as a whole provides a complex model of employment with a mixture of full-time, part-time, temporary, permanent, waged and unwaged. In addition, the availability of employment data for Wales in the tourism, hospitality and leisure sub-sectors varies considerably and there is a problem of double and treble counting, as areas of work are included in more than one sub-sector.

2.22 The image of the sector is generally one of low paid, low skilled opportunities. However, there are key areas where this is not the case, such as museums and galleries, libraries and certain areas of business tourism activity, such as conference organisers.

2.23 Many of the sector workforce characteristics will impact on the nature of the skills issues, including:

- approximately 100,000[3] workers in Wales are directly dependent on Tourism; 66,700 direct full time equivalents, 10,900 indirect FTE and 22,400 induced FTE;
- 61% of those employed in tourism are female;
- 51% of employment is part-time, compared to 28% for the Welsh economy overall;
- 74% of these part-time workers are in the hotels, bars and restaurants sub-sectors;
- there is a wide spread of ages, especially for core staff.

2.24 Expanding on Figure 2.2 above, the key occupations in the sector are:

- hotel/accommodation managers;
- restaurant/catering managers;
- publicans, innkeepers/club stewards;
- entertainment/sports managers;
- travel agency managers;
- professional athletes, sports officials;
- receptionists;
- chefs, cooks;

[2] *AES Short Term Survey*
[3] *Employment and Training in the Tourism Sector in Wales: DTZ Pieda.*

- waiters/waitresses;
- bar staff;
- housekeepers;
- travel/ flight attendants;
- cleaners, domestics;
- non-domestic;
- hotel porters;
- kitchen porters, hands;
- counterhands, catering assistants.

Sources of Change and Prospects for the Future

2.25 The key NTO's within the Tourism sector are currently developing specific employment forecasts for Wales. However, employment growth forecasts have been produced by Business Strategies Limited (BSL) and can be seen compared to other sectors at **Table 2.2** below.

Table 2.2: Projected Employment Growth 2000 - 2010

	2000	2010	% Change
Tourism	90,150	109,840	+ 22%
Aerospace	6,110	4,870	- 20%
Food	20,600	23,410	+ 14%
Electronics	30,250	30,490	+ 1%
Business Services	57,320	63,540	+ 11%

2.26 DTZ Pieda estimated in their report that between 10,000 and 20,000 new jobs by the year 2003 and this would appear to be backed up by the BSL forecast, which predicts over 19690 new jobs by the year 2010. This is extremely high growth, unsurpassed by any other sector.

2.27 However, the DTZ Pieda report also predicts that growth in tourism employment in Wales will be less rapid than for the UK as a whole. The BSL forecast shows that the employment quotient for the tourism sector in 2000 is 1.03, which shows that employment is about par with the UK, but that in 2010 it will be 0.98, which shows that employment will be slightly lower in relative terms.

2.28 The estimated incidence of this growth will be distributed between the sub-sectors as follows:

- **hotels** – medium growth;
- **other accommodation** – low growth;
- **restaurants and bars** – high growth;
- **travel agents** – medium growth;
- **libraries** – low growth;
- **museums, sports facilities and attractions** – high growth.

2.29 Higher than average rates of increase are expected in rural areas and in South East and South West Wales.

2.30 The principal changes affecting the future of tourism are as follows, all of which point to an overall increase in the sector over the next 5 – 10 years:

- the sector is experiencing a **long term expansion** of business tourism, the day visitor market and the short break/ second holiday market;
- more aware and **purposeful consumers** with **greater prosperity** and more leisure time than in the past;
- **increased mobility** has given consumers greater freedom when choosing business and leisure destinations;
- **creation of the National Assembly for Wales**, which is charged with raising the profile of Wales and will consequently increase both general visitor demand and business tourism;
- an improved **road infrastructure** allows access to some areas previously considered remote/ inaccessible;
- identification of a number **tourism growth spots** – with consequent increased demand for skills in certain areas;
- across much of Wales the **length of the tourist season** will extend, some urban areas are already experiencing a year round season.

2.31 There are a number of factors that need to be taken into account and which could have a negative impact on the growth of the sector:

- the current **strength of the pound** which is adversely affecting the number of overseas tourists, both business and leisure, and making foreign holidays cheaper for UK residents;
- the continued **bad weather**, which, according to anecdotal evidence, is already affecting both the overseas and domestic markets, but is hopefully a short term factor;
- the overall **short tourism season** – which requires a very flexible source of labour in certain areas;
- a **decline** in coastal areas – businesses need to be innovative in attracting tourists and labour needs to be mobile to move to where demand is;
- a continuing need for **specialisation and diversification** – requires specialist skills, e.g. activity-based and environmental tourism;
- competition from **Ireland**, - the booming Irish economy has led to efforts to import workers from mainland UK and Wales in particular.

2.32 In addition, there are a number of issues impacting on the sector, the effect of which has yet to be seen:

- the impact of the **minimum wage** and the **EU Working Time Directive.** Anecdotal evidence suggests that a particular concern is that many staff, particularly in rural areas, receive live-in accommodation as part of the overall job package and this needs to be considered as part of their remuneration;
- response to increased competition by **greater use of part-time and flexible working**. In particular, the pub/bar area of the sector is now dominated by a small number of large players as a result of mergers and acquisitions necessitated by internal competition from the restaurant area of the sector. Independent tourism businesses will need to offer competitive terms and conditions if they are to attract and retain staff in this environment;

- the introduction of **stricter regulations and guidelines** for all sectors of the food industry in handling, preparation, storage and serving of food. Public concern about the standard of food has culminated in the creation of the independent Food Standards Agency; restaurants and hotels are expected to contribute to its running costs.

Geographical Change

2.33 In Mid Wales:

- there is ongoing decline in traditional tourism, businesses need to look at diversifying, which requires enhanced managerial and entrepreneurial skills;
- the area has been seeing a decline in the number of domestic long holidays (main), but an increase in the number of long holidays (additional). These tend to be second holidays and are therefore less lucrative;
- there is a decrease in its share of domestic short breaks and overseas trade, contrary to the national pattern.

2.34 In South Wales:

- there is one of the fastest growing economies in the UK;
- there has been and will continue to be expansion within and around Cardiff, which will result in an increased demand for skills in an ever tightening labour market;
- for the domestic market the main growth potential lies in the short break holiday market and in business related tourism;
- priority must also be given to the overseas market, for both general tourism and business travel;
- there is increasing competition with Bristol/Gloucestershire, one of the fastest growing economies in the UK;
- 19% of tourism is business related compared with 7% for Wales as a whole;
- the development of, for example, Cardiff Bay and the Millennium Stadium, will provide new market segments.

2.35 In North Wales:

- hotel and catering is the third largest sector in employment terms;
- employment is forecast[4] to increase from 24,000 to 27,000 by 2001, representing a 13% expansion compared to 10.66% for Wales and 11.43 for the UK;
- there needs to be less reliance on the long holiday market, which appears to be in decline, and more emphasis on short holidays, particularly those with an activity focus, and the overseas market;
- the sector is heavily biased towards the caravan sector, which supports the long holiday market, with less serviced accommodation in support of short breaks and overseas;
- there needs to be consolidation of the market for day trips and overnight stays, which have seen excellent growth in recent years.

2.36 **Table 2.3** provides a summary sector SWOT analysis.

Table 2.3: Summary Sector SWOT Analysis Strengths

Strengths	Weaknesses
Wales itself as a marketable commodity	Lack of profile of the Welsh ‘identity’
Effective partnerships to support development of the sector	Lack of profile and status of tourism as an economic driver
Ability to adapt to change	Small business tourism sector
Anticipated growth over the medium term	Large volume of lower value added tourism
Strong structural support for training e.g. Tourism Training Forum for Wales (TTFW)	Short tourism season
Strong occupational support for training e.g. Impact	Small businesses less likely to provide training/ career development
Ongoing development of Springboard	Poor perception of the sector and jobs within it
	Absence of a major student population
	Lack of training culture/ HR development and resources
	Lack of clarity of industry structures
	Lack of management skills
Opportunities	**Threats**
National Assembly for Wales promoting a Welsh identity	Increased mobility outside Wales
Opportunity to benefit from Objective 1 status in certain areas	Consumers expecting increased value for money
Domestic Tourism is in an upward trend	Tightening labour market
Greater prosperity and consumer leisure time	Coastal resorts are experiencing a long term decline
Increased mobility within Wales	Loss of young people through economic migration
Consumers becoming more discerning	General low level of skills which are transferable to other sectors
Expanding tourism season in certain areas	Continued poor weather during peak season
Growth spots e.g. Cardiff	
Spare capacity during off peak times	
Nature of tourism evolving – demand for a diverse range of skills	
Where there is decline there is the need to look at specialist areas e.g. outdoor pursuits	
Links with regeneration initiatives	

[4]*DTZ Pieda: ‘Future Employment Patterns in the CELTEC Area 1997-2001.’*

3. Sectoral Skills Issues

Main Vocational Skills in the Sector

3.1 The breadth of vocational skills and courses available is considerable and includes; degree courses and HNDs in Tourism, Leisure and Sports Studies, higher education catering and institutional management courses, further education hotel and catering courses, HCIMA professional certificates and diplomas, the British Institute of Inn Keeping qualifications; NVQs and GNVQs. A full list of qualifications can be found in **Annex C**.

3.2 The Welsh Funding Council's latest audit of FE courses related to tourism, leisure and hospitality reported 22 institutions offering a total of 803 tourism-related courses and a total of 5,188[5] students enrolled[6]. This may suggest that there is duplication in both course development and delivery, but this is difficult to ascertain from the available data.

3.3 The complexity of the training infrastructure appears to provide a source of confusion to both employers and potential students.

3.4 52% of the courses (420) lead to a GNVQ or an NVQ, 16% lead to BTEC qualifications, 2% to professional qualifications and the remainder to 'other forms of qualifications' (28%).

3.5 **Table 3.1** shows the spread of qualifications among the existing workforce and highlights that:

- the overall level of qualifications is much lower than that for the overall workforce in Wales;
- far fewer are qualified at Level 4 and 5;
- many more are at Levels 3 and below;
- almost one in five workers in the sector have no qualifications.

Table 3.1: Estimated Highest Qualifications Levels in the Leisure, Tourism and Hospitality Sector

	%	% for all sectors
Higher Degree/NVQ 5	1.4	4.6
Other Degree/NVQ 4	5.7	18.7
2 A+ levels/NVQ3	15.5	9.5
5 GCSE's/NVQ2	33.3	29.9
Lower Qualifications/NVQ1	25.3	23.2
No Qualifications	18.0	12.5

Source: Labour Force Survey Estimates

Future Skills Demand

3.6 The Skills Forecasts, which are currently being undertaken by the key NTO's within the Tourism sector, will be able to give an estimate of the future demand in each sub-sector.

3.7 Current documentation and consultation highlights the following as areas of future demand:

- chefs/cooks are the occupation with the greatest proportion of hard-to-fill vacancies7, followed by bar staff, waiters/ waitresses and catering assistants;
- anecdotal evidence suggests that housekeeping staff are also in short supply;
- the increasing use of ICT has raised the need for more individuals trained with these skills. The Internet will bring rapid changes to information and booking systems, and along with other media, will offer exciting opportunities for marketing and promotion and for visitor information;
- employers are placing an increasing emphasis on generic skills; communication, initiative, customer service and a willingness to learn;
- increasing competitiveness in both domestic and international markets will see an increased demand for managerial and entrepreneurial skills;
- the need for growth of overseas business will necessitate improved language skills;
- the demand for new workers will be spread across Wales, but with certain areas seen as 'growth hot spots' e.g. Cardiff.

Vocational Skills – Future Supply

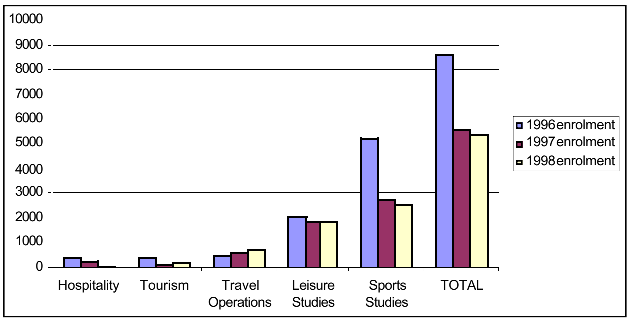
3.8 Historically the sector as a whole has used a large number of part-time and seasonal workers, many of whom have been students. Increasingly it is harder to find this supply of labour, partly due to other seemingly better paid alternatives and also to the nature of the courses they are undertaking, where more emphasis is put on course work throughout the academic year.

3.9 In addition, there is a slow down in the number of women returners, who are traditionally seen as a key part of the part-time employment market.

3.10 Student enrolment on Tourism related courses (including hospitality and leisure) has declined by 40% in the period 1996/97 – 1998/99[8] as shown in **Figure 3.1**. This has resulted in a real decrease in student numbers on these courses from 8,632 in 1996/97 to fewer than 5,188 three years later. Consequently there are fewer people trained and educated in tourism coming through the system. From an employers perspective this compounds the skills shortages that they are experiencing.

3.11 This has also been compounded by the fact that many of those who are taking up related courses are opting for more generic leisure, sports and recreation courses and less into the mainstream tourism courses. The consequence of this is that at the end of their courses students are entering other sectors that are perceived to be more attractive.

Figure 3.1: Number Of Students Enrolled By Subject Area In 1996, 1997 and 1998



[5] *Information provided by FEFCW.*
[6] *It is possible to ascertain exactly how many students are enrolled on tourism related HE programmes.*
[7] *The 1999 Employer Survey for the hospitality sector.*
[8] *Tourism and Training Forum Stategy and Action Plan: Stevens and Associates.*

3.12 Nevertheless, the research undertaken by DTZ Pieda concluded that the Further and Higher Education sector's provision of formal qualifications is comprehensive and would appear to be adequate in terms of the numbers feeding through each year for Wales as a whole.

3.13 However, many of those young people who do undertake and complete courses related to tourism, hospitality and leisure actually enter other vocational areas which appear more attractive and where the skills they have learned are transferable.

3.14 There is a great deal of geographic concentration of HE, and to a lesser degree FE colleges, in Wales. Consequently, certain areas experience inadequate levels of provision, this is particularly true in Mid Wales.

3.15 **Table 3.2** shows the distribution of tourism related FE provision within the regions.

Table 3.2: Distribution of Tourism Related Further Education Provision

	Welsh Regions (%)			
	South East	Mid	West	North
Percentage of student qualification aims	27%	9%	38%	26%

Source: 1997/98 Individual Student Records and HESA Student Record

3.16 Information available from two of the four regional TEC's suggests that the percentage of Modern Apprenticeship and National Traineeship places in tourism related vocational areas is adequate in these areas and reflects the percentage of the workforce in the sector. Both Mid-Wales and South East Wales have 8% of their MA and NT trainees in tourism and related areas, this includes hospitality and leisure.

3.17 The Strategy and Action Plan for the Tourism Training Forum highlights that the academic leadership and research resources in the field of tourism have reduced considerably over the past five years. In 1995 the Universities of Cardiff and Swansea and the Swansea Institute had Chairs of tourism, these positions do not now exist.

3.18 The main higher education focus is currently centred upon the University of Wales Institute in Cardiff (UWIC), with other centres offering tourism study. However, in 1995 there were many more centres offering a higher level of study and research.

3.19 Although Wales as a whole is experiencing a tightening labour market this is not a pattern reflected within sub-regions. Some areas have jobs with no people i.e. Cardiff, others have people but no jobs i.e. the valleys.

3.20 Consequently, as well as addressing the above issues, the tourism sector needs to look to the following for the future supply of labour:

- males are likely to become a more significant source of part-time workers in the future. Male employment in the tourism sub-sector is currently low, 39%, of which only a third is part-time. The available employment forecasts for Wales suggests that male part-time employment is due to expand by around 50%, compared to a female expansion rate of 16%;
- alternative sources of recruitment - older workers, the unemployed; voluntary workers and workers from other countries.

Skills Issues

3.21 Due to the quality of the information base the picture is once again incomplete. However, sector workforce studies and consultation with key organisations have helped to highlight skills issues for the sector as a whole. They include the following:

Skills Shortages

- the main **skills deficiencies** relate to customer facing skills[9], evidence suggests that the actual job skills are not considered as crucial, as employers feel that they can be taught 'on the job';
- there are specific **vocational shortages** that have been apparent over a long period of time, in particular Chefs, housekeeping staff;
- there is some evidence of **acute shortages** of management skills, in certain sub-sectors existing management skills are also seen to be poor, these include decision making, problem solving, managing from a distance;
- increasing support is required for **IT skills** – the use of ICT in various parts of the sector is increasing, such as event management and integrated management systems, but the current level of skills is considered to be inadequate;
- the conference and events industry, in support of business tourism, requires **enhanced negotiation skills**, higher client-management and problem solving skills and detailed knowledge of venues.

Existing Workforce Development

- **sales skills** are increasing in importance as the sector attempts to maintain its competitive position;
- there is evidence of skills gaps in **communication skills**;
- the anticipated expansion in the overseas market increases the requirement for **modern foreign languages**;
- support is required to meet the demands of **legislation** e.g. Health and Safety and Food Hygiene;
- an absence of **structured routes into managerial jobs** compounds the above problem, as many of the better qualified workers leave the sector in search of progression in other sectors;
- within the hospitality sub-sector there is an issue with the transition from **supervisory to management** positions. Many employers use the NEBB's qualification as they feel ***'there is no hospitality alternative'***.

[9]*Reflected in HtF's 'Look Who's Training Now.'*

Micro Businesses

- **skill levels of those running micro businesses** in an increasingly competitive market are seen to be weak, particularly in relation to people management policies and practices;
- in addition many owner/managers also lack **specific tourism expertise** and local and regional knowledge;
- **entrepreneurial skills** are important for those running their own businesses, but are currently not part of the training curriculum for new entrants.

Labour Supply

- the **poor perception** of the sector means that it is hard to attract the number of people required in the first instance before consideration can be given to their quality i.e. the skills they bring with them;
- a **high dropout rate among 16 to 18 year old students** is a factor that is exacerbated by a relatively high drop out of new entrants to employment in the tourism sector;
- currently there are no **degree courses which relate to business tourism** specifically, and with the anticipated growth in business tourism this is a significant gap that needs to be addressed;
- an issue relating to the rurality of certain areas mean that the labour supply is difficult to attract and retain and, once this has been achieved, to train.

Barriers to Training

- **awareness** of the need to train is very poor, especially within micro businesses, those that are aware of the need do not always know what training is most appropriate for them;
- due to the nature of the sector, most businesses do not have a **dedicated HR/training role or budget;**
- many businesses are very small, (92% employing less than 10 people), and are unable to attract external funding to train those who are over 25, meaning that **many of the workforce are likely to remain untrained;**
- a fundamental issue within the sector is the **complexity of the qualifications framework**, with many employers not sure what the qualifications are, how they relate to each other, what they should be looking for and even how relevant the qualifications on offer are to them.

Geographical Issues

3.22 The above issues relate to a greater or lesser extent to all areas of Wales. The following are issues drawn from these which are of particular relevance to certain sub-areas.

3.23 In Mid-Wales:

- there has been a great deal of diversification from the agricultural industry, but this is likely to reach saturation point in the near future;
- there is an issue about access to training and the number of HE/FE establishments and private training provision in the area;
- similarly there is a limited supply of local labour;
- due to the number of small businesses in the area there appears to be a poor culture of training.

3.24 In South Wales:

- the length of the tourism season has extended in certain urban areas which calls for increased demand for skills in a tightening labour market;
- there are especially acute problems with skills shortages in relation to chefs and managers.

3.25 In West Wales:

- this area is still dominated by seasonal tourism and the issues that go with it;
- there appears to be limited access to good quality training;
- there is a particular issue with the generic skills of new entrants to the sector.

3.26 In North Wales:

- the nature of tourism is changing and diversifying into specialist areas, where there may be skills shortages/gaps or where the appropriate training is not currently available;
- there is a higher incidence of poor perception of the industry;
- there is an acute shortage of hotel managers.

Case Studies

3.27 The following case studies with sector businesses highlight and emphasise a number of the issues raised.

Case Study 1: Rossett Hall Hotel, Wrexham – North Wales

Rossett Hall is an independently owned hotel, which is part of the Great Western brand. It has been trading for 14 years and employs 25 full time members of staff and 25 part time and casual members. Due to the location of the business on Deeside/ the Mersey Basin it has a balanced business, which does not suffer from the seasonal issues associated with other parts of Wales. During the week the majority of income generated is through business tourism, whilst at the weekends it is leisure tourism.

The hotel achieved IiP status over three years ago and continues to train it' staff in a structured way. For young people this means NVQ 3 in the first instance. Over and above that employees are trained in skills relating to individual need e.g. customer service, or business need e.g. legislation.

The key changes in the industry that have been noticed over the past five years include:

- moving into and out of a recession, which impacts heavily on both leisure and business tourism and therefore the staffing and training requirements of hotels;
- the level of labour supply, to the point where they have been unable to recruit appropriately skilled staff resulting in them deskilling in certain areas;

- an increase in European business, but a lack of language skills;
- an increased emphasis on customer facing skills, if businesses are offering the same product they can differentiate by the quality of the experience, giving 'exemplary customer service';
- competition is continually increasing, charges need to be competitive and the business needs to have an 'edge'.

The Hotel experiences particular skills shortages in relation to kitchen staff. In particular, Chefs, reflecting the national problem, and food service. In addition, there is difficulty in recruiting people with appropriate management skills, where the ability to innovate is considered important.

Issues for the sector raised during consultation include:

- new entrants to the industry not being given enough 'hands on work experience over a sustained period of time';
- young people leaving college who are 'nowhere near work speed';
- the NVQ qualifications not being consistent e.g. it can take anything between 6 and 24 months to achieve and the skill levels of those achieving varying substantially;
- some businesses are interested in the money they can attract to train their workforce, through for example IiP or Modern Apprenticeships, but they are not really interested in training;
- a difficulty in releasing staff to train, it recently took 15 days to release the hotel's staff for Food and Hygiene training;
- the need for non-core staff can grow organically, taking someone on for two days and then building up to full-time over a period of time, however the benefit system can cause problems in relation to older workers and those on complex benefits;
- the general feeling is that the skills needs will not change over the next five years, apart from the increased need for IT skills;
- a particular issue with the relevance of GNVQ's, which compounds the issue of young people being 'job ready'.

Case Study 2: Nick Edwards – Vale of Glamorgan Health and Racquets – South Wales

The hotel side of the complex employs 151 people on contracted hours of 37.5 hours per week. This increases to 220 over the seasonal shift over Christmas and the summer as well as weekends. It is a private hotel owned by four retail stores.

The company is currently embarking on IiP and takes the training needs of its staff very seriously. The skills deficits at the moment are in relation to customer care, the hotel needs more people with the confidence and presence to work with the public. The industry in the area is booming, but they are struggling to fill vacancies. Three years ago there were issues with recruiting kitchen staff, particularly chefs, but this is less so now.

Issues raised for the sector include:

- the tightening labour market in the area;
- the image of the sector, which is still not considered a 'career of choice';
- how to target older people who may want to work but who do not know about jobs within the industry;
- the low salary level, which is off putting to individuals and also seems to confirm the image of the sector;
- the high payroll costs (40%) of the industry, compared to other similar industries such as retail (7%);
- the high drop out for early entrants as a result of false expectations or a bad experience;
- the cutting of training budgets by businesses as a 'knee jerk reaction' to a recession, or a bad season;
- the skills of many college lecturers skills, which appear to be outdated and lacking up-to-date experience of industry;
- current recruitment difficulties and encouragement of new entrants, which Springboard is unable to help with.

Case Study 3: Sue Lloyd-Wilson – Bed and Breakfast – Mid-Wales

This is an owner/managed business with no direct employees. The business was set up 10 years ago when the owner needed to diversify away from a dependence on farming.

It is a member of the Heart of Wales Farm and Country Holidays Forum, which is constituted of a number of small businesses in mid-Wales. It is a marketing consortium that also provides a support infrastructure. Changes identified during consultation include:

- the small business owner/manager is getting older and is less willing to train;
- those who have relocated from the South East for a second career are more willing to train, but need to be made aware of what is appropriate for them;
- the level of diversification that has taken place in the agricultural community for economic reasons, and has led a demand in entrepreneurial, management and marketing skills;
- the indigenous population are less inclined to train, having less of a culture of training.

The skills shortages within the business reflected the early stages of diversification and related to marketing and IT. Skills issues raised by the Forum reflect these. In addition, farm tourism, and short courses are growing in popularity.

Issues raised during conversation include:

- some courses which were important to the area have been removed as they did not prove popular enough for awarding bodies to run;
- the recent ‘mis-mashing’ of qualifications has confused those entering training as well as employers;
- NVQ’s prove isolating for those involved, particularly young people and employers still regard them as ‘new and different;
- contrary to the national figures, numbers on tourism courses in mid-Wales are actually increasing, as are those in leisure, whilst the number in hospitality has slightly dropped;
- the credibility of those delivering training to the industry can be questioned, which makes it difficult to encourage people to undertake the training on offer;
- when courses could be offered free to employers, through ESF, there was a great deal of take up. However, now that they are charged employers won’t/can’t pay;
- the use of ICT by the sector needs to be increased and businesses need to be more innovative, this will require tailored ICT and Internet training.

Case Study 4: Alison Lea-Jones – Anglesey Sea Zoo – North Wales

This is an owner-managed business employing 33 people during the peak season, with a core staff of 10. The additional staff taken on are primarily in the catering and retailing areas of the business, whilst the permanent staff are involved with the zoo itself and in administrative support.

The company has achieved IiP and has been through re-recognition. As part of this every member of staff undertakes training related to their job requirements. Those involved on the catering side undertake off the job training in Food and Hygiene and Health and Safety. They are currently looking at training three of the aquarists as work based assessors. However, they are finding it increasingly difficult to train to meet current needs and almost impossible to plan for the future. This is due to the business, and others in the area, becoming less profitable.

The business is under pressure, as it is seeing decreased visitor numbers, increased competition from other attractions and higher rates from the Local Authority.

The skills shortages identified reflect those that are a problem nationally; cooks, chefs and kitchen supervisors. They have been understaffed in these areas for two seasons.

Issues raised during the consultation:

- there is a poor infrastructure to support tourism, including transport, education, training;
- the roles of organisations involved in training are unclear;
- the indigenous workforce are blinkered in their attitude towards tourism, and do not currently consider that there is a problem;
- the need for Welsh linguists means that sometimes a decision has to be made between someone who can do the overall job and someone who can speak/write in Welsh;
- seasonal staff need to be able to ‘hit the ground running’, businesses do not have the resources to continually train temporary staff;
- releasing staff for training is a hidden expense to the business, which is not always recognised. Businesses need support for releasing staff.
- lack of transport in rural means that even if there are individuals willing to work they cannot always get there;
- the general perception of the industry by both the tourist and the potential employee is that it is hard work for low pay.

4. Current Actions on Skills

4.1 The Wales Tourism Board has as one of its Key Objectives: '***To improve professionalism and innovation by raising the profile of the industry and by enhancing skills, training and motivation within the industry'.*** Work in support of this includes the following:

- the Tourism Training Forum for Wales (TTFW), which is crucial to progress against the above objective, has a Strategy and Action Plan for 2000 – 2006;
- the TTFW has four working groups, one of which is 'Training Provision and Need';
- Springboard Wales, launched in 1998, works closely with schools and colleges to raise the profile of the industry and to actively encourage young people to enter the industry. It also provides advice to adults returning to work;
- the Education and Training Action Group (ETAG) identified tourism and leisure as industries which have particular potential in attracting the economically inactive back into employment;
- within the New Deal, links have been made to recruit unemployed individuals and give them the requisite skills;
- Welcome Host has been one of the Wales Tourist Boards main training initiatives since 1991. Since that time it has trained 51,105 people.

4.2 A Steering Group, headed by UWIC, are looking at the feasibility of developing a Welsh Centre of Expertise for Tourism and Hospitality, part funded by Objective 1. The Centre would provide a 'one stop shop' offering teaching, research, consultancy and training across the sector.

4.3 Hospitality training Foundation are currently:

- undertaking a Skills and Employment Forecast for Wales;
- finalising an Education and Training Strategy for Wales based on the Strategy for the UK as of February 2000;
- completing a full-scale review of the industry's qualifications framework.

4.4 Information is awaited on plans in Cardiff and the Vale of Glamorgan (Stevens and Associates).

4.5 IMPACT is a partnership of NTOs, including HtF, SPRITO and TTENTO, which aims to ensure that the needs of the sector are met. Its vision is:

'To establish and develop a formal alliance of National Training Organisations, operating in the field of Tourism and Leisure. IMPACT will add value to what each partner NTO does by identifying common key issues and developing common strategic solutions, either through the alliance as a whole, or through natural groupings within it. IMPACT will be recognised nationally and regionally as a strong and influential player in Tourism, Leisure and Culture with effective contributions to make to economic and community development, whilst at the same time maintaining the individual identity and independence of its member NTOs.'

4.6 IMPACT's strategic objectives are to:

- establish and develop an effective communications network to facilitate joint representations to (the UK government, Scottish Executive and) the Welsh Assembly;
- standardise, collate and integrate the results of LMI and Skills Foresight Research to provide cohesive messages about the broader Tourism and Leisure sector for sector dialogue purposes;
- facilitate co-ordinated interventions at regional and local levels to promote and support economic and community development where there are common interests and economies of scale;
- ensure that occupational standards across the broad Tourism and Leisure sector meet the needs of its employers and other employment interests;
- develop publicity materials outlining the individual responsibilities of each NTO and the collective IMPACT approach;
- facilitate the sharing of good practice amongst the NTO partners.

4.7 SPRITO are involved in an SME project in the North and South of Wales. Part of this is to undertake a training needs analysis of Small and Medium Enterprises. The results of the survey will provide them with information on skills needs/ gaps, which they will then look to support within the sector.

4.8 SPRITO are also looking to support the Welsh Assembly's aim of increasing the number of Modern Apprenticeships in Wales from 8,000 in 2000 to 14,000 in 2003.

4.9 The Mid Wales Regional Tourism Strategy 1999 – 2008 has three key policy areas including training and personnel development, the aim of which is to improve the business management, customer care, marketing and training skills of owners and, in larger businesses, management teams.

5. Recommendations

5.1 Discussion with key sector partners and consultation with employers has established a number of recommendations that would support the issues identified in Section 3. Some of these recommendations may be already happening, partly/ fully piloted or being considered by key partners.

5.2 There are 5 key themes which encompass the recommendations, these are outlined as follows:

- **Theme 1:** There are a number of ***strategic issues relating to the infrastructure*** of the sector, which will need to be addressed if the skills issues identified are to be tackled effectively;
- **Theme 2:** There are a number of problems for the sector in relation to ***skills shortages***, which have been on-going for a number of years and that need to be addressed as a priority;
- **Theme 3:** Many of the issues for the existing workforce relate to the size of the businesses involved and ***innovative ways to support*** them must be developed;
- **Theme 4:** A specific issue, which can hinder the development of micro businesses is the ***skills of the owner/ manager;***
- **Theme 5:** There is a general lack of interest in the sector by current and potential employees, and ***finding new labour*** to meet future needs will be increasingly difficult.

5.3 A summary of these recommendations is shown in **Table 5.1** overleaf.

Theme 1: Strategic Recommendations

5.4 **Recommendation 1a:** The fundamental issue that needs to be addressed before many of the skills issues can be resolved, is the image of Wales as a tourism destination for both domestic and overseas markets. It is not currently clear what the ‘Welsh Experience’ is; there is a need to identify the Welsh ‘brand’ and to intensify the marketing strategies of relevant organisations as a result. **Responsibility:** WA/WTB/RTBs.

5.5 **Recommendation 1b:** An underlying issue, which will impact on the future expansion of the sector, is the need for an improvement in overall quality, both of the experience to the tourist and also of employment in the sector itself. Development of a registration scheme needs to be considered, this would ultimately drive up the quality of both. Enforcing minimum training requirements on all operators as part of such a scheme would enable them to raise prices and ultimately increase wages. **Responsibility**: WA/WTB/RTBs/TQS.

5.6 **Recommendation 1c**: There is clearly a need to provide a focus for the sector, therefore the development of the Welsh Centre of Expertise for Tourism and Hospitality needs to be fully considered. However, it will be important that it is truly representational of the whole sector and all regions. Consultation will be crucial in the development of the bid and innovative use of ICT will need to form part of the delivery mechanism. **Responsibility:** WA/TTFW/UWIC.

5.7 **Recommendation 1d**: Recent studies, endorsed by this research, have highlighted the need to provide clarification of the ‘tourism sector’ and to reach an agreed definition. This will be crucial, both to guide partnership based activity and to ensure legitimate comparisons of data etc are made. This will be particularly true for new emerging organisations, such as the CETW and CCET’s. They will need to be supported to be explicit about their strategic involvement with the sector and this clarification will be vital to enable this to happen. **Responsibility:** Responsibilities will need to be clarified, although the TTFW has, as part of its strategy, used a definition that it intends to monitor and review.

5.8 **Recommendation 1e:** Once the above definition has been established it will be important to gain a detailed understanding of the tourism industry, the nature of the businesses involved and the type of employment offered. Recent reports have highlighted the need for this and consultees. Some of this is outlined in a later section of this report entitled ‘Further Research’. **Responsibility:** Impact and TTFW.

5.9 **Recommendation 1f:** There needs to be a systematic and strategic monitoring of skills gaps and shortages to ensure those informing the future workforce, e.g. careers services, employment services, schools, parents etc, can be given up to date information and also to ensure that the training on offer is appropriate to meet deficiencies[10]. **Responsibility:** TTFW/ Impact/ FSW Unit.

5.10 **Recommendation 1g:** A crucial issue is the unsatisfactory nature of the systems of data collection for tourism employment and business data. This was fully explored within ‘People, Skills and Potential’[11] and needs to be taken forward as a strategic issue for Wales. It is partly being considered within the Tourism Planning Model for Wales currently being sponsored by WTB. **Responsibility:** Both TTFW and Impact have this as a key objective, in partnership with WTB, CETW, ES and employers.

5.11 **Recommendation 1h:** The apparent lack of focus for those supporting training and education within the sector needs to be addressed. There is a need to support the integrated education and training strategy for the Tourism sector in Wales as outlined by the TTFW. This must include consideration of its membership and links with other strategic national and regional organisations. **Responsibility:** NAfW/ CETW.

5.12 **Recommendation 1i**: In addition there is a need to support Impact – Wales, in particular in relation to: Strategic Priority C, Regional Economic and Community Development, which will support regeneration initiatives and consequently create new employment opportunities in the Impact sectors; and Strategic Priority D, the development of Occupational Standards to further meet the needs of employers. **Responsibility:** NAfW.

Theme 2: Skills Shortages

5.13 **Recommendation 2a**: The majority of shortages are seen to be in relation to customer facing and management skills, it is therefore important to map the extent to which existing industry qualifications meet these requirements and how they can be improved. The development of management skills is particularly important for encouraging businesses to commit to the development of a training culture and the promotion of lifelong learning. **Responsibility:** CETW/Impact.

[10]This reflects Action Points 30 and 32 in the Wales Tourist Board’s Strategy ‘Achieving Our Potential.’
[11]Published in 1999 by the English Tourism Council.

5.14 **Recommendation 2b:** There are a number of collaborative approaches to skills shortages by the tourism sector, which have been developed on a UK wide basis and which need to be tailored for the needs of Wales. It is important that industry representatives identify these and explore the replication of success. **Responsibility:** Impact.

5.15 **Recommendation2c:** Information contained within the Hospitality Training Foundation's report 'Progression routes into and within the hospitality industry' provides relevant information and should be targeted at employers, young people, careers and employment services etc. Other NTOs should consider undertaking similar work where appropriate. **Responsibility:** Impact/Springboard.

5.16 Recommendation 2d: Business tourism has been identified as an area of future growth and is also seen to support the industry during the 'off season'. Consideration needs to be given to the development of specific qualifications in support of business tourism and/or the extension of existing appropriate qualifications. **Responsibility:** ESITO/QCAW/FEFC/ HEFC/ CETW.

Theme 3: Existing Workforce Development

5.17 **Recommendation 3a:** Due to the rurality of many of the employers there needs to be a strategic approach to increasing the take up of distance learning within the sector, including links with UfI. This will necessitate improved ICT skills, which have already been identified as significantly lacking. **Responsibility:** Links to WTTF IT strategy and NTO workforce development strategies.

5.18 **Recommendation 3b:** Financial support should be targeted at cases where businesses have clustered together to share good practice/costs/training etc[12], particularly where they support identified skills deficiencies/ shortages. Good practice case studies should be made available to those working directly with the tourism businesses and also to form part of the marketing strategy. **Responsibility:** TTFW/ Impact/ TEC's/ WFEFC.

5.19 **Recommendation 3c:** Employers have identified a number of barriers to training, e.g. travel/ appropriateness of provision. Consequently training needs to be designed in short, flexible courses and delivered at a very local level, but should also be able to show clear progression routes for those undertaking them. The flip side to this is that funding needs to made more flexible to allow for this type of approach. The sector should be able to engage in a dialogue with the CETW as to which courses are fundamental to the training and development of the industry and which should be funded from public funds. **Responsibility:** TTFW/Impact/CETW.

5.20 **Recommendation 3d:** In support of the above, there is a need to explore quality, trained 'supply cover' for businesses to release staff for training. This would establish the need for a 'temporary recruitment agency', which could have an overview of supply and demand and related quality implications. An approach is currently being piloted in South East Wales, which should be evaluated and its possible extension explored. **Responsibility:** CETW/ Impact/TTFW/Employer bodies.

5.21 **Recommendation 3e:** However, even if the above were available, the actual cost of training has been seen to be prohibitive in many cases, with businesses expressing the need to minimise their overheads. This is particularly the case where they employ a large number of seasonal workers or where the business itself is very small. To support this there is the need for more/better work based assessment, including clusters of businesses sharing skills and therefore costs. In addition there is the need to disseminate examples of good/cost effective practice to the sector. **Responsibility:** CETW/ Impact.

5.22 **Recommendation 3f:** Raising the profile and image of the sector with the existing workforce is crucial, to improve retention rates and increase motivation. Existing employees must be made aware of the range of opportunities within the sector and businesses must be encouraged to explicitly address career development issues with existing staff. This could be linked to the registration scheme outlined in 1c. **Responsibility:** TTFW/ NTO's/ CETW

Theme 4: Micro Businesses

5.23 **Recommendation 4a:** The majority of those consulted identified issues with owner/ managers who run the majority of businesses within the sector. There is the need to develop a qualification/course for those entering the industry as an independent operator, covering the issues discussed at 3.21 above. The first step must be to explore the market failure of previous courses to inform its development. **Responsibility:** Impact/ CETW/TTFW.

Theme 5: Labour Supply

5.24 **Recommendation 5a:** The overall challenge, to address the image of the sector, needs to continue to be taken up with the potential workforce i.e. those in New Deal and others in receipt of JSA, older workers etc, as well as with young people. **Responsibility:** TTFW/Impact/Springboard/ES.

5.25 **Recommendation 5b:** The apparent high drop out of new entrants into the sector could begin to be addressed by the development of a mentoring strategy to support them. This would involve close working with employers to encourage existing members of the workforce to become involved as mentors and could link into employee development schemes/ Iip etc. **Responsibility:** Impact/Education Business Link Organisations.

5.26 **Recommendation 5c:** In addition to the above, employers need to be encouraged to make the overall experience of new entrants as positive as possible, and larger businesses need to be encouraged to take more young people for work experience and alternative key stage 4 purposes. The development of the new Education Business Links infrastructure operating from 2001 should take into account, and prioritise within their Development Plans, the key sectors identified as being of economic importance to Wales. **Responsibility:** Impact/ Education Business Links Organisations/CETW.

Summary of Recommendations

5.27 The recommendations above are summarised in **Table 5.1.**

[12] *This reflects Action Point 33 in the Wales Tourist Board's Strategy 'Achieving Our Potential.'*

Table 5.1

Theme No:	Rec. No:	Action	Timescale	Key Partners
1	1a	Defining the Welsh brand	Ongoing	WA/WTB/RTBs
	1b	Development of a Registration Scheme	April 2002	WA/WTB/RTBs TQS
	1c	Development of a Welsh Centre of Expertise for Tourism and Hospitality	April 2001 and ongoing	WA/CETW/ TTFW/UWIC
	1d	Define the sector for the purposes of data collection/ comparison etc	April 2001	WTB and other key partners
	1e	Undertake more detailed research into sector characteristics	April 2001	TTFW/Impact
	1f	Develop systematic monitoring of skills gaps/ shortages	April 2001	TTFW/Impact/ FSW Unit
	1g	Develop a comprehensive system for data collection	April 2001	TTFW/Impact/ WTB/RTBs/ CETW/ES
	1h	Strategic support for TTFW's Education and Training Strategy	Aug 2000	NAfW/CETW
	1i	Support for Impact Wales esp. Strategic Priority C	Aug 2000	NAfW
2	2a	Map existing industry qualifications in relation to shortages and develop as appropriate	Ongoing	CETW/Impact
	2b	Explore collaborative approaches to skills shortages	Ongoing	Impact
	2c	Target information on progression routes e.g. HtF, consider developing similar information where this doesn't exist	April 2001	Impact/ Springboard
	2d	Consider developing a qualification to meet the needs of business tourism	September 2001	ESITO/QCA/ FEFCW/HEFCW/ CETW
3	3a	Look at increasing the take up of distance learning opportunities	Ongoing	TTFW/Impact
	3b	Look at targeting resources where collaborative approaches especially in relation to skills gaps/ shortages	Ongoing	TTFW/Impact/ CETW
	3c	Consider further flexibility in the design and delivery of training	Ongoing	TTFW/Impact/ CETW
	3d	Consider the development of an 'agency' to provide supply cover to micro businesses	April 2001	CETW/TTFW/ Impact/Employer
	3e	Developing businesses to provide better work based assessment	Ongoing	CETW/Impact/ Employer
	3f	Better promotion of progression routes to those in the sector already	Ongoing	TTFW/Impact/ CETW
4	4a	Look at developing a qualification for individual operators	April 2001	CETW/Impact/ TTFW
5	5a	Look at more effectively targeting the potential workforce	ongoing	CETW/ES/ Springboard/ TTFW
	5b	Consider the development of a new entrant mentoring programme	April 2001	Impact/ Springboard/ EBPs
	5c	Maximise the opportunities from the new Education Business Link structure	April 2001	CETW/Impact/ TTFW/EBPs

Further Research

5.28 Further needs in relation to research and information include:

- dissemination/understanding of the findings of Phase 1 of the HtF Forecast (Autumn 2000);
- in-depth research into the level of skills required within the sector;
- research on the impact of new legislation, outlined above, on staffing levels/skills;
- development of methods for engaging micro businesses in training and development;
- investigation of the reasons for i) poor take up of Hospitality, Leisure and Tourism FE courses and ii) high drop out from these.

5.29 The TTFW Strategy and Action Plan also highlights the information deficit about tourism businesses which needs to be rectified by further research:

- business ownership and the backgrounds of employers;
- numbers and types of businesses (by sector, by type and the shift in types of businesses reflecting changing face of tourism in Wales);
- numbers of employees and provision/ funding of training;
- business performance indicators (turnover, profits, growth);
- lifecycle of the business (years in business, investments);
- number of business start ups and failures within a twelve month period;
- retention of business and of employees.

5.30 The Mid Wales Regional Tourism Strategy 1999 – 2008 also outlines the need to undertake qualitative research into motivation of the sector, and issues related, towards training and personnel development.

Annex A: Bibliography

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South East Wales Regional Tourism Strategy.

North Wales Regional Tourism Strategy.

Annex B: SIC Definitions

SIC codes

Classification	SIC Code	Description
Bars	554	Licensed clubs and entertainment; public houses and bars.
Camping	552	Youth hostels and mountain refuges; camping sites, including caravan sites; other provision of lodging not elsewhere classified; holiday centres and holiday villages; other self-catering accommodation; other tourist or short stay accommodation.
Hotels	551	Hotels and motels with restaurants; licensed hotels and motels; unlicensed hotels and motels; hotels and motels without restaurants.
Libraries and Museums	925	Library and archive activities; museum activities and preservation of historical sites and buildings; botanical and zoological gardens and nature reserve activities.
Other	927	Activities of recreational parks and beaches; activities related to recreational fishing; recreational transport facilities; motion picture, television and other theatrical casting activities.
Restaurants	53	Licensed restaurants; unlicensed restaurants and cafes; take-away food shops.
Sport	926	Operation of sports arenas and auditoriums; organisation and operation of sports events; operation of sport and game schools; activities of riding schools; activities of marinas.
Travel Agents	633	Activities of travel agencies; activities of travel organisers; activities of tour guides.

Annex C: Qualifications

Superclass Grouping	No of courses running in 1998	No of enrolments	% +/- From 1997 (Enrolments)
Conferencing (Hotel)	0	0	0
Hospitality Services (Hotel)	1	13	- 93
Hospitality Services	1	2	- 82
Hotel Reception	3	40	+ 571
Housekeeping	3	21	- 43
Leisure Facilities Work	3	23	+ 209
Leisure Management (General)	12	358	+365
Leisure Studies	40	1484	- 16
Leisure Travel	2	25	+ 208
Outdoor Pursuits Organisation	3	24	+ 160
Portering/ Concierge	1	2	+ 100
Sports Facilities Work	3	91	- 16
Sports Studies (General)	24	1258	+ 3
Tour Organisation (Domestic)	1	8	+ 800
Tourism	9	130	+ 44
Tourism Development/Promotion	3	22	+ 129
Tourism/ Travel	11	250	- 2
Tourist Guiding	3	48	- 74
Travel	10	209	- 4
Travel Agency Work	8	148	- 11
Travel Studies (General)	5	68	+ 243
Other (included by FEFCW)	55	964	
Total	**201**	**5188**	**- 1%[13]**

Annex D: Sectors in Context

A Brief Overview of the Relative Size and Importance of Welsh Sectors

This paper presents an overview of the sectors selected for study within the Future Skills Wales Sectoral Skills project. It aims to give the relative scale of the sectors involved and some idea of their relative importance in Wales.

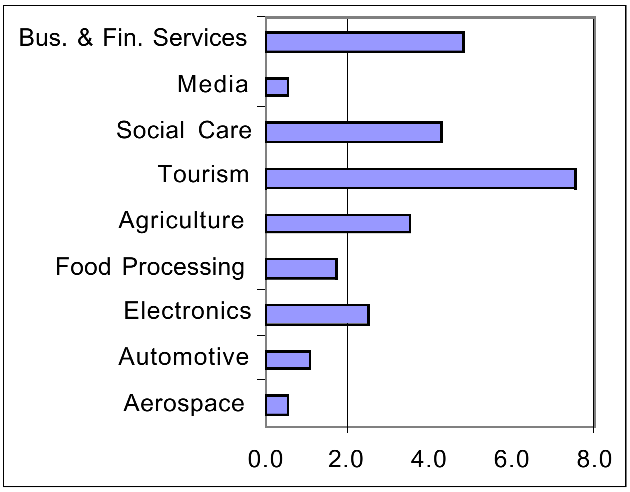
The data on employment used in this section is taken from the latest estimates from Business Strategies Limited (August 2000). Data on business units are taken from NOMIS. Some of the values given (for example for the number of businesses within Wales, or the size of the workforce, for a given sector) will not agree with estimates or calculations from other sources. This is due to differences in the detailed definitions of sectors, or in methods of estimation. However by using one source in this discussion, consistency in measurement or estimation is established, and better comparability is ensured. This is appropriate since here we are concerned with the relative sizes of sectors and their workforces, as much as with absolute numbers.

Sector Size: Workforce Numbers

Figure D.1 shows the employment figures for each of the sectors (employees and self employed) as a percentage of the total for Wales. By this measure Tourism, Leisure and Hospitality is the largest of the selected sectors, followed by Business and Financial Services, Social Care, and Agriculture and Farm Enterprises.

Together, the nine sectors selected for study in this project provide work (either as employees or in self employment) for around 26% of people working in Wales. This indicates the scope and potential importance of the exercise for the understanding of skills issues in Wales and the formulation of policy responses. (The rest of employment in Wales is accounted for by a large public sector, including government, education and public sector healthcare, and by the primary, construction, transport and distribution sectors, including retail).

Figure D.1: Employment as a percentage of Welsh Employment: by Sector



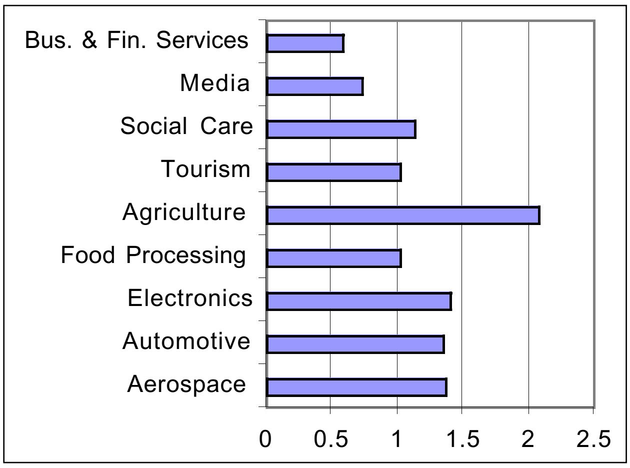
Source: BSL FSW Sector Forecast

[13] *This is a percentage decrease in total numbers and not an average of this column.*

Employment Location Quotients

Figure D.2 provides a different view of the sectors, in terms of their importance within Wales relative to the UK as a whole. It does this by comparing the employment location quotients for the sectors. Employment location quotients are used to express the degree to which employment in a given sector is located in a selected region. To calculate a location quotient, an average percentage is first calculated for all employment in the region. Using the BSL estimates, for example, one finds that 4.3% of all employment in the UK is located in Wales.

Figure D.2: Employment Location Quotients for Wales: by Sector



Source: BSL FSW Sector Forecast

Therefore, if employment in a given sector is distributed evenly over all regions of the UK, one would expect 4.3% of its employment to be in Wales. The sector's Welsh employment percentage, at 4.3%, will be equivalent to the average employment percentage for Wales.

To calculate the employment location quotient, the sector's percentage is expressed as a ratio of the Welsh average percentage. For example if a sector has 5.2% of UK employment, the employment location quotient will be the ratio of 5.2 to 4.3, or 1.2. Quotients of more than 1 therefore indicate over-representation of employment in the Welsh sector relative to the UK as a whole. Quotients of around 1 indicate that employment in the sector in Wales is much as one would expect given the overall distribution of employment across the UK; and quotients below 1 indicates that the sector in Wales is relatively under-represented in terms of employment.

Figure D.2 shows that the strongest Welsh sectors, in these terms, are Agriculture, plus three of the manufacturing subsectors – Automotive, Aerospace and Electronics Manufacturing. UK employment is relatively concentrated in Wales for these sectors, despite the fact that some of them are small in relation to Welsh employment as a whole (Figure D.1). The Social Care sector also shows employment strength, while Food Processing and Tourism, Leisure and Hospitality are approximately in line with the Welsh share of UK employment.

Media and New Media, and the Business and Financial Services sector, are both under-represented in Wales in employment terms, with employment location quotients well below 1.

Sector Size: Number of Businesses

An alternative method of comparing sectors is by the number of business units in each sector. This can be less straightforward than the employment location quotient method used above. Here we are using data on business units in Wales and for Great Britain as a whole, provided in NOMIS. The main difficulty is the definition of a business unit within the published figures. This does not make a distinction between separate businesses, and locations representing branches or sites within one business. It also omits small 'one-person' business sites without formal employees.

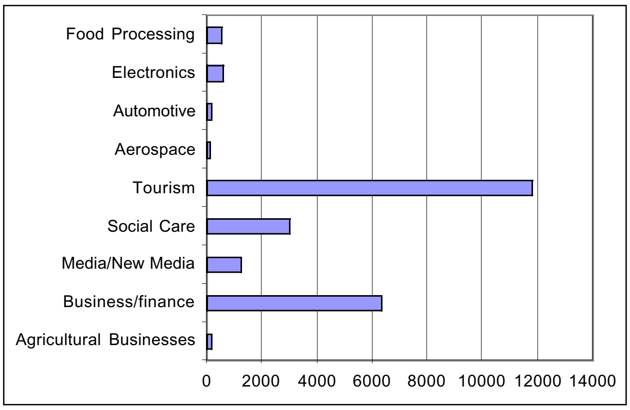
This means, in particular, that these figures are apt to be misleading as applied to the agricultural sector, since they represent agricultural businesses with employees, rather than all farms. They therefore greatly under-represent the number of agricultural enterprises in Wales. Although the business unit figures for agriculture have been included in the following analysis, they are therefore **not a reliable guide to agricultural sites in Wales.**

Figure D.3 shows the sectors studied in terms of the number of business units in Wales. It shows that, by this measure, the Tourism, Leisure and Hospitality sector is by some way the largest. According to the NOMIS figures, this sector contains 12.4% of all Welsh business units, - around 1 in every 8.

A further 6.6% of Welsh business units are in the Business and Finance sector, and 3.2% in Social Care. The next largest sector, Media and New Media, includes a large number of businesses classified under 'Other computer related services'. Many of these may be 'New Media' businesses within our study definition. Others, however, may be providing services which are not relevant within this definition. As explained above, the figures for agriculture do not represent the farming sector accurately.

In total the sectors covered by the study account for over 25% of business units located in Wales.

Figure D.3: Number of Business Units – Selected Sectors



Source: NOMIS

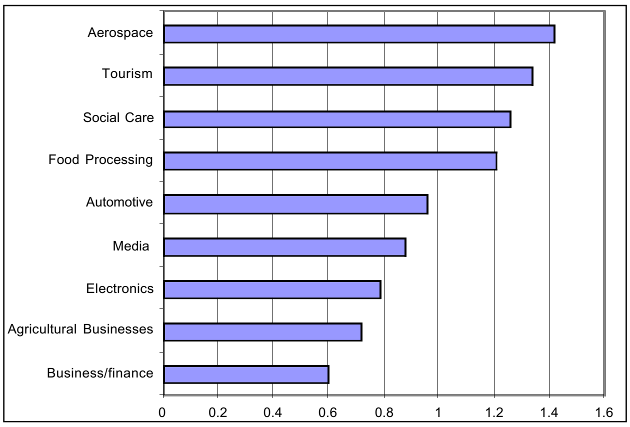
Site Location Quotients of Welsh Sectors

Figure D.4 shows the site location quotients calculated for the sectors covered by this study. These are calculated as for the employment location quotients used earlier, but using business unit figures instead of employment numbers. Four of the sectors have quotients greater than 1. In other words, these sectors are 'over-represented' in Wales relative to what one might expect taking Great Britain as a whole. These quotients represent a degree of concentration of business units in these sectors within Wales. These sectors are Aerospace, Tourism, Hospitality and Leisure, Social Care, and Food Processing.

The Automotive Manufacturing sector in Wales, with a location quotient of 0.96, is close to the size one might expect (in terms of numbers of business units). In other words, Wales has ‘a fair share’ of business units in this sector, according to these NOMIS figures. At the other end of the scale, the Business and Finance sector, with a site location quotient of only 0.6, is under-represented within Wales – confirming the findings of the first Future Skills Wales study in 1998.

Again, the quotient for ‘Agricultural Businesses’ reflects the limitations of the method, although it may indicate that Welsh farms and agricultural businesses tend to be smaller than the average for Great Britain, inasmuch as fewer of them are large enough to be included as business units.

Figure D.4: Site Location Quotients



Source: NOMIS

Selection of Sectors for the Study

The above discussion sheds light on the reasons for selecting this set of nine sectors. The reasons vary, but can be simply expressed as follows (some sectors are selected for more than one reason):

- sectors with significant proportions of Welsh businesses and/or workforce (Tourism, Business and Finance, Social Care);
- sectors which are important components of manufacturing industry within Wales (Aerospace, Electronics, Automotive, Food Processing);
- sectors which are relatively strong in Wales (Aerospace, Tourism, Social Care, Food Processing);
- sectors which are relatively weak in Wales, but are important for future growth (Business and Finance, Media/New Media);
- sectors with particular significance for Welsh culture and communities (Agriculture, Media/New Media).

The Manufacturing Sector

Manufacturing has been more important in the Welsh economy than for the UK as a whole. In 1998 employment in manufacturing (including but not limited to the sectors studied in this project) accounted for 19.7% of Welsh employment. This contrasted with 16.6% for the UK – a difference of 3.4 percentage points. Projections for 2004 show manufacturing employment as a lower percentage of employment in both cases – 17.3% in Wales, against 14% for the UK. Although the percentages are smaller, the difference between Wales and the UK, at 3.3 percentage points, remains almost unaffected. (DfEE, Skillsbase/IER, June 2000).

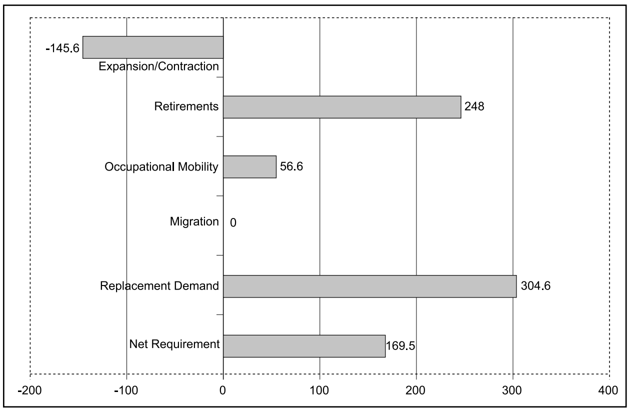
Although these projections show a fairly significant decline in the size of the manufacturing sector as a percentage of overall Welsh employment, the absolute numbers involved change less significantly. This is due to a projected rise in the total numbers employed in Wales over the period 1998-2004. Thus, the figure of 227,000 for those employed in manufacturing in 1998, becomes 205,000 in 2004 – a decline of 22,000, or just under ten percent.

When considering the future demand for skills it is important to keep in mind that, as illustrated above, relative decline in the manufacturing sector does not imply lack of future demand for manufacturing skills. This was one of the insights behind the original Future Skills Wales project methodology.

This point is further illustrated by the replacement demand projections for occupations associated with manufacturing. **Figure D.5** shows the replacement demand projection for skilled metal and electrical trades (SOC 52) for the period 1998-2004, across the UK. In this period, 145,600 jobs in these trades are expected to disappear – part of the overall decline in employment in manufacturing noted above. However, losses from these trades are projected consisting of 248,000 from retirement, and 56,600 from occupational mobility (movement into other jobs), a total of 304,600 workers to be replaced. This more than offsets the effects of declining employment, leaving a net requirement figure of 169,500. This represents the requirement for new, trained entrants to these trades in these six years. These may be new entrants to the workforce, or existing workers who have upgraded or added to their skills and qualifications.

Based on the assumption that Wales would require about 4.5% of this number (this being the approximate size of the Welsh workforce relative to that of the UK), this implies a net requirement for some 7,600 skilled metal and electrical tradespeople over this period for Wales.

Figure D.5: Replacement Demand: Skilled Metal and Electrical Trades, 1998-2004 (UK)



Source: DfEE Skillsbase/IER

Notes

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The views presented in this report are those of York Consulting Limited.
Margot Clements, August 2000.