

Hospitality industry outlines ten-point growth agenda to support Scottish economic recovery

- sector is vital engine of growth to local economies in Scotland
- barriers to growth need to be overcome to help boost jobs

A new report published today by the British Hospitality Association (BHA) identifies the hospitality industry's contribution to local authority areas throughout Scotland and finds that the industry has to overcome significant barriers to growth if it is to create more jobs and support economic recovery.

The report - *Hospitality: Driving Local Economies* - commissioned by Oxford Economics and presented to Members of the Scottish Parliament today, shows that the hospitality industry in Scotland directly employs over 220,000 people and, indirectly, a further 120,000, making it one of the largest industry sectors in the country.

Over 20,000 hospitality businesses provide 8.6 per cent of Scotland's jobs - only London of all UK regions has more hospitality jobs per 1,000 resident population - accounting for almost £7.9bn in turnover and £4bn to the Scottish economy in wages and profits.

In a ten-point Growth Agenda, the report cites visa controls and costs and Air Passenger Duty as other inhibiting factors, while it urges local authorities and enterprise agencies to recognise the significance of the industry to their economic and social prosperity locally.

The report forecasts that the total number of jobs in the industry could rise by over 43,000 in Scotland, by 2015, but only if the barriers to growth are lifted.

Calum Ross, Chairman of the BHA Committee in Scotland, said: "This report highlights the huge importance of the tourism and hospitality sector to Scotland. Tourism is literally everyone's business, as the knock-on benefits of tourism and hospitality are felt across the business community and society. Over the last decade alone, over 100 hotels have been built, representing over £3bn worth of investment.

"Scotland punches above its weight in UK terms and we need to ensure that major tourist destinations, such as The Highlands, Edinburgh and Glasgow continue to grow. But it is vital that all local authorities, enterprise agencies and the Scottish Government recognise the need for continued investment and support for the sector – including for improved air and broadband services, which are vital to more rural communities."

The report shows that, while Glasgow has the highest number of hospitality jobs in Scotland (35,358 which is the third highest in the UK), the Highlands, South Ayrshire and Argyll and Bute are the local authority areas most dependent on the success of the hospitality industry.

This reflects the fact that the share of hospitality jobs is generally highest in more rural, tourism-orientated economies. As a result, almost one in five people in the Highlands (18.9 per cent) are directly employed in the hospitality sector. In no Scottish local authority is the figure less than 9 per cent.

Ufi Ibrahim, Chief Executive of the BHA added: “Hospitality is a key contributor to every local authority area’s economic livelihood and particularly to its job-creating and wealth-creating potential. The industry should be seen as an essential part of every local economic plan.

“This is the challenge which is facing Scotland. It is a challenge that needs a strong partnership between the hospitality sector, every Scottish local authority and the Scottish Government.”

According to the World Economic Forum’s latest Travel and Tourism Competitiveness Index, the UK ranks 135th out of 139 countries on price competitiveness. Growing the hospitality economy depends on improving this position so that the whole UK economy can benefit. Reducing VAT on accommodation and attractions could make a critical difference.

Calum Ross concluded: “The challenge now is to make sure that the government provides the right framework in which the industry can grow and create more jobs. We want politicians to support the industry as it continues to create jobs, deliver growth and sustain rural communities.”

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Editor’s note:

*** Indirect employment comprises jobs sustained in the supply sector of the industry, for example, food and beverage manufacture, business services such as advertising and market research, agriculture and communications. Induced employment represents those jobs sustained by the spending of direct and indirect persons employed, such as jobs in retail outlets, companies producing consumer goods and a range of service industries.**

† Gross Value Added is the sum of wages and profits in hospitality and is used here because it measures the net contribution of the sector to the economy since it is the difference between the goods and services offered by the sector less the value of inputs used to produce them. The turnover of the sector in each local authority is approximately 2-2.25 times GVA.

Hospitality employment – Scotland (2010)

Rank	Local Authority	Number in direct Employment	Number in indirect and induced employment	% Direct, indirect and induced employment

				to total
1	Glasgow City	35,358	18,346	12.8
2	Edinburgh, City of	32,387	16,826	15.1
3	Aberdeen City	16,703	8,171	13.7
4	Highland	13,923	7,792	18.9
5	Fife	11,260	6,603	12.9
6	South Lanarkshire	9,271	5,403	11.4
7.	North Lanarkshire	9,126	5,327	10.7
8	Perth & Kinross	8,125	4,256	16.5
9	Aberdeenshire	7,223	3,826	10.5
10	Renfrewshire	6,408	3,526	12.3

*Taken from page 7 of the report

What the hospitality industry is worth to each local authority in GVA

Rank	Local authority	GVA of direct, indirect and induced employment £m (2005 prices)	% of direct, indirect and induced GVA to total.
1	Edinburgh, City of	1,405	10.0
2	Glasgow City	1,328	8.8
3	Aberdeen City	643	9.4
4	Highland	526	19.1
5	Fife	428	9.2
6	Perth & Kinross	330	13.9
7.	South Lanarkshire	329	7.3
8	North Lanarkshire	317	6.9
9	Aberdeenshire	308	8.0
10	Renfrewshire	255	8.2

*Taken from page 8 of the report