

Serving the
Future



Hospitality Statistics Briefing, Q3 2023

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November 2023

Summary:

The Scottish hospitality sector is an important part of the Scottish economy, supporting £1.6 billion of economic activity and 228,000 workforce jobs in Q2 of 2023.

Yet, the Scottish hospitality continues to have the highest prevalence of low paid jobs when compared to other sectors of the Scottish economy, with 45% of the workforce paid a wage that fell below the Real Living Wage in 2022.

Coupled with recent poverty statistics, which indicate that households with hospitality workers at a greater risk of poverty, it is evident why many emphasize the significant challenges confronting the sector.

This data briefing aims to provide an overview of the latest data associated with the hospitality sector in Scotland, encompassing key statistics on economic activity, employment, wages, and poverty.

Disclaimer:

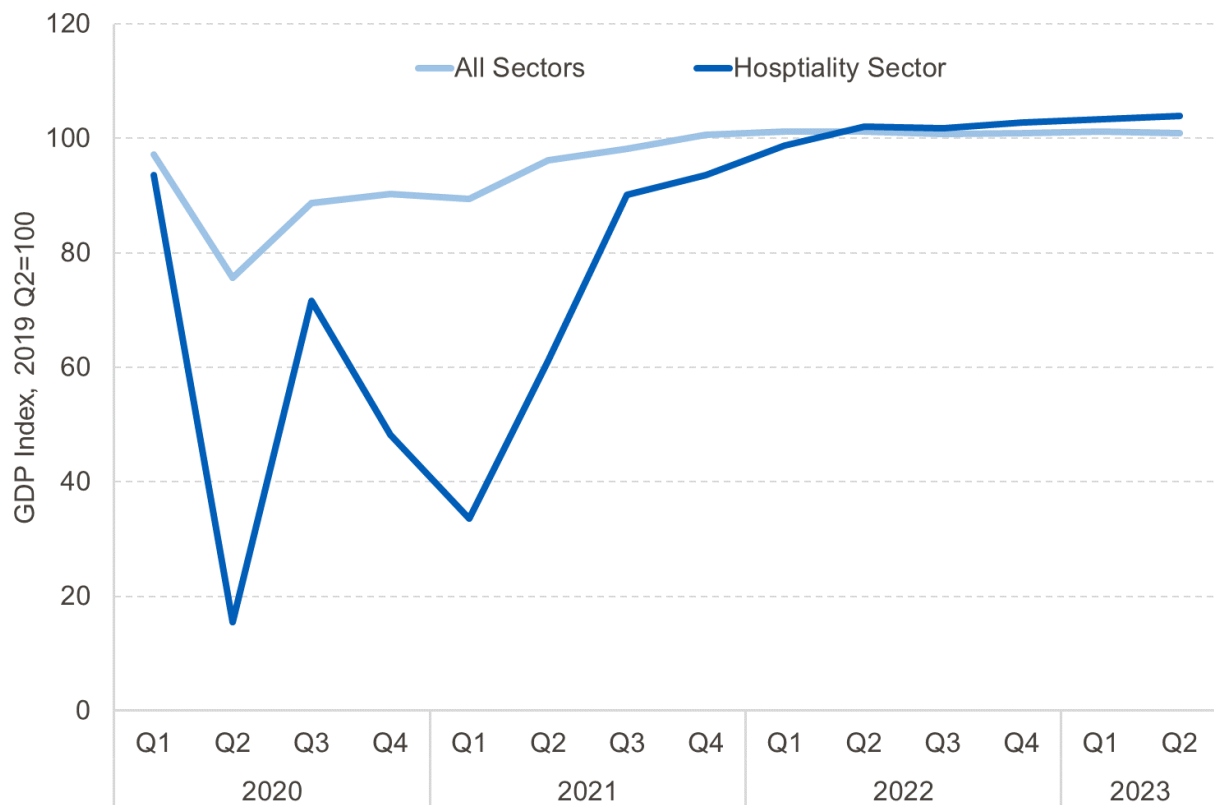
Using Standard Industry Classification (SIC) codes, we classify the hospitality sector under industry I: food and accommodation services. The arts, recreation and entertainment sector (industry R) may also be considered part of hospitality, but for simplicity, we will refer only to industry I in this analysis.

Economic Activity (GDP)

Economic output in the Scottish hospitality sector returned to pre-pandemic levels in mid-2022, recovering slightly slower from the pandemic than the rest of the Scottish economy.

From mid-2022 onwards, the sector has grown at a faster rate than the Scottish economy as whole. In Q2 of 2023, while the Scottish economy contracted by -0.3%, the hospitality sector grew by 0.5%.

Chart 1: Economic Output in the Scottish Accommodation and Food Services Sector, Seasonally Adjusted, Q1 2020-Q2 2023

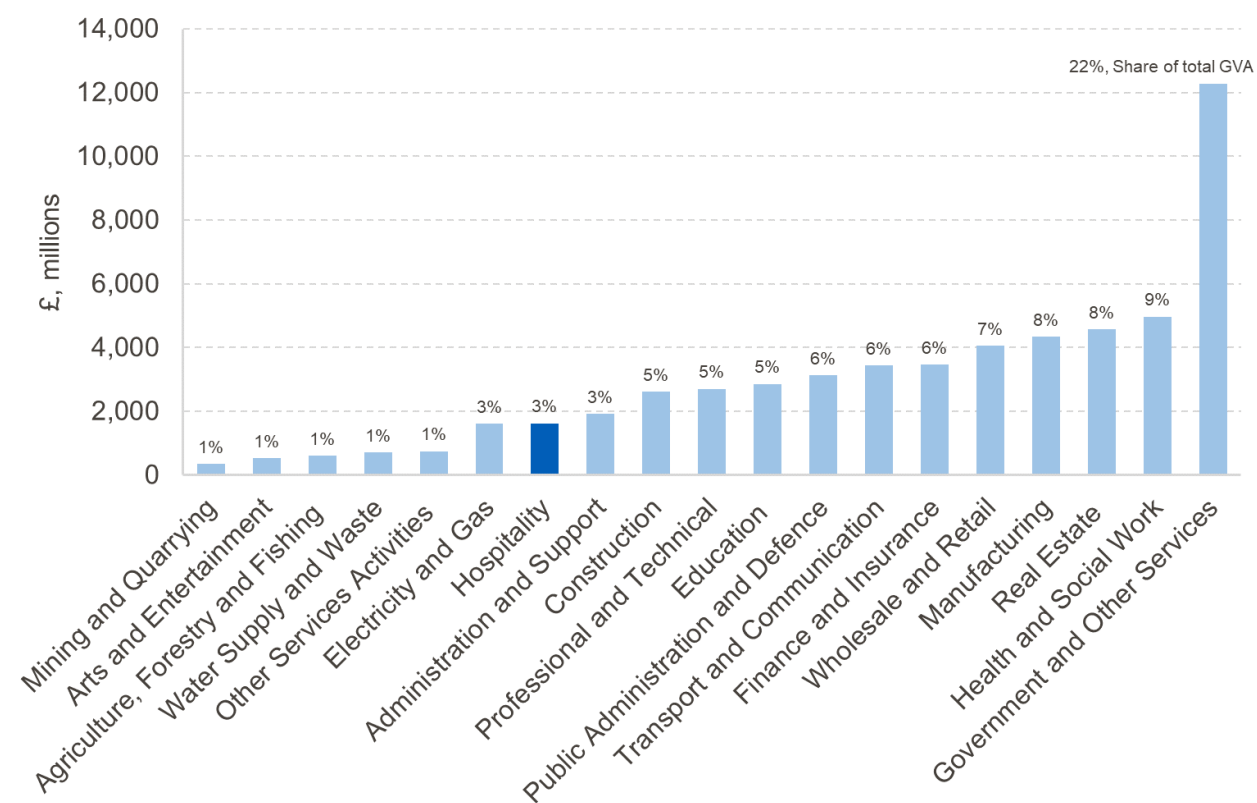


Source: [Scottish Government, 2023](#)

During this quarter, the Scottish hospitality sector's Gross Value Added (GVA) (which can be thought of much like Gross Domestic Product (GDP)) was £1.6 billion, accounting for 3% of all Scottish GVA generated in Scotland.

Compared to other parts of the Scottish economy, the Scottish hospitality sector supports less economic activity than the administration and support services sector, but more than the electricity and gas sector or the agriculture, forestry and fishing sector.

Chart 2: Gross Value Added (GVA) by Sector of the Scottish Economy, Scotland Onshore, Q2 2023



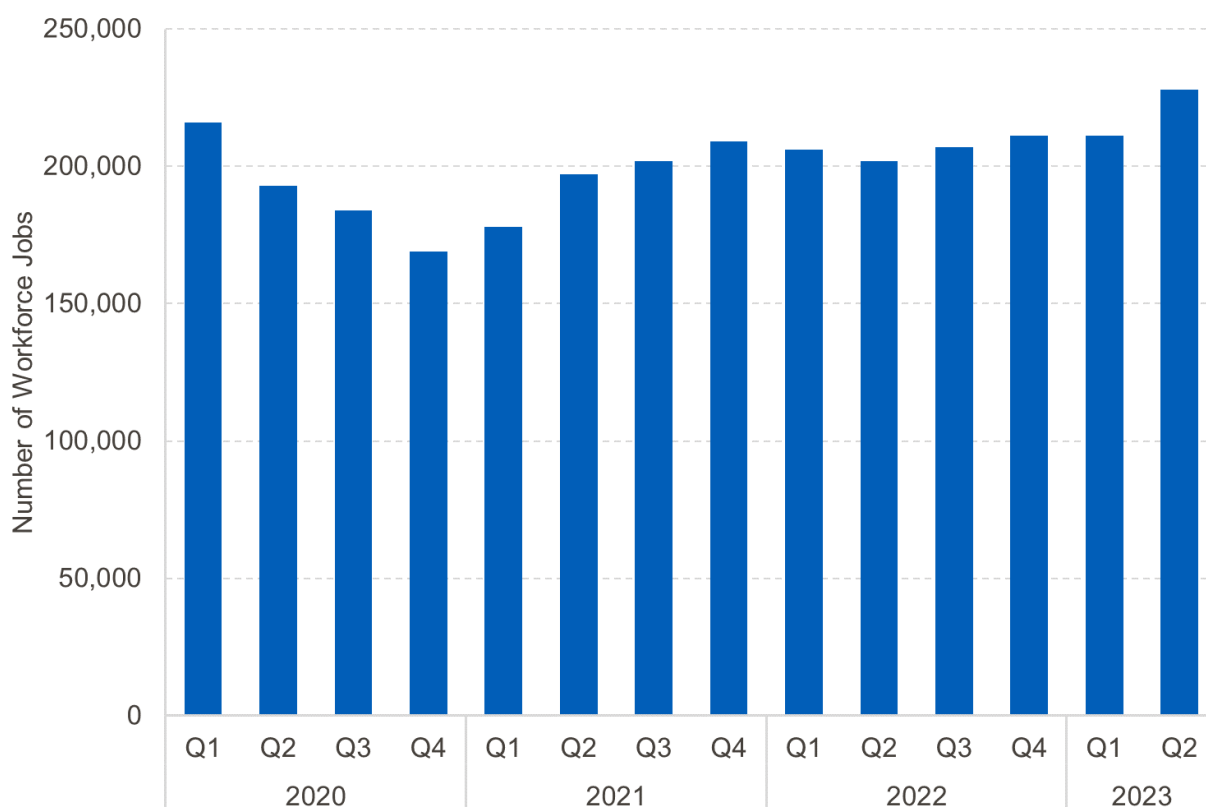
Source: [Scottish Government, 2023](#)

Employment

Employment levels in the Scottish hospitality sector have taken a little longer to recover from the pandemic than levels of economic activity.

New data shows that total workforce jobs in the Scottish hospitality sector caught up to their pre-pandemic level in Q2 of 2023, totalling 228,000 workforce jobs. This is equivalent to 8% of all workforce jobs in Scotland.

Chart 3: Workforce Jobs in the Scottish Hospitality Sector, Seasonally Adjusted, Q1 2020 – Q2 2023

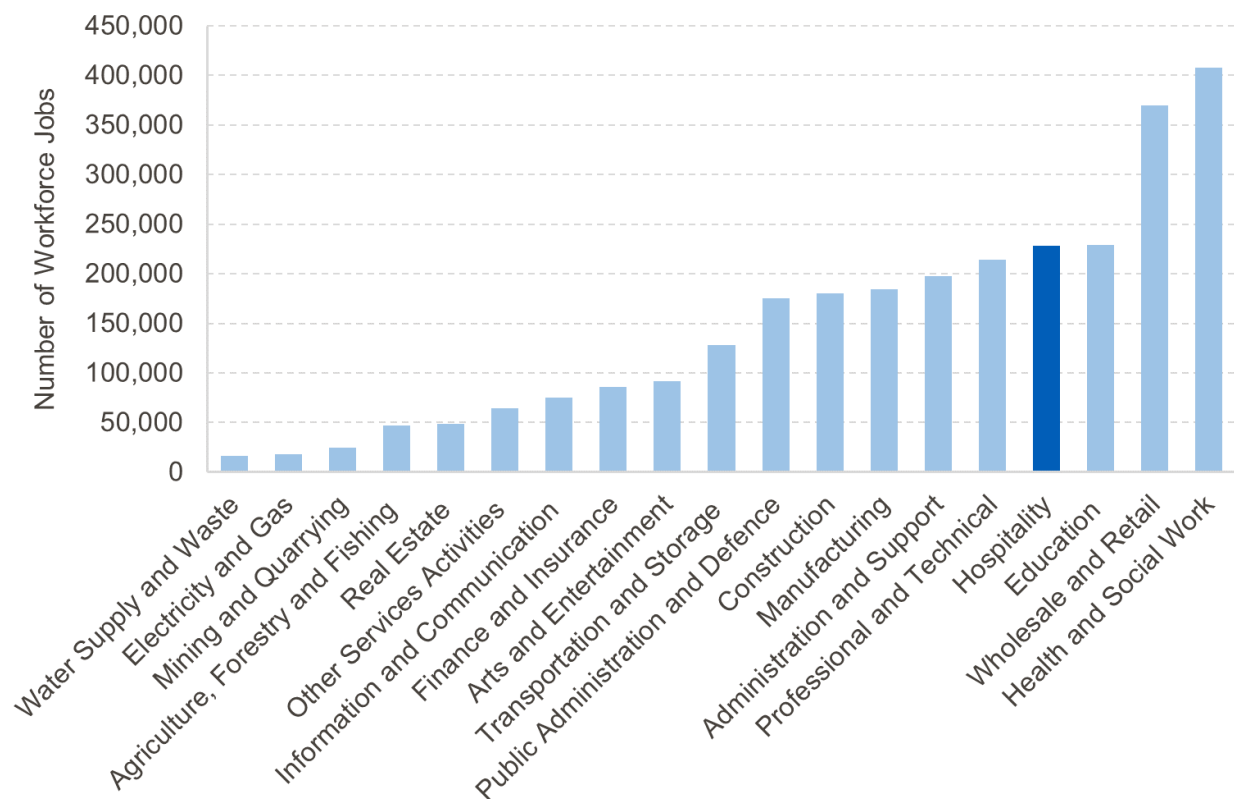


Note: Workforce jobs measure the sum of employee jobs, self-employed jobs, government supported trainee's and jobs associated with the British Armed Forces.

Source: [ONS, 2023](#)

Compared to other major sectors of the Scottish economy, the hospitality sector was Scotland's 4th largest provider of workforce jobs in Q2 of 2023 - providing more jobs than the manufacturing sector, but less than the education or health and social work sector.

Chart 4: Workforce Jobs across Sectors of the Scottish Economy, Seasonally Adjusted, Q2 2023

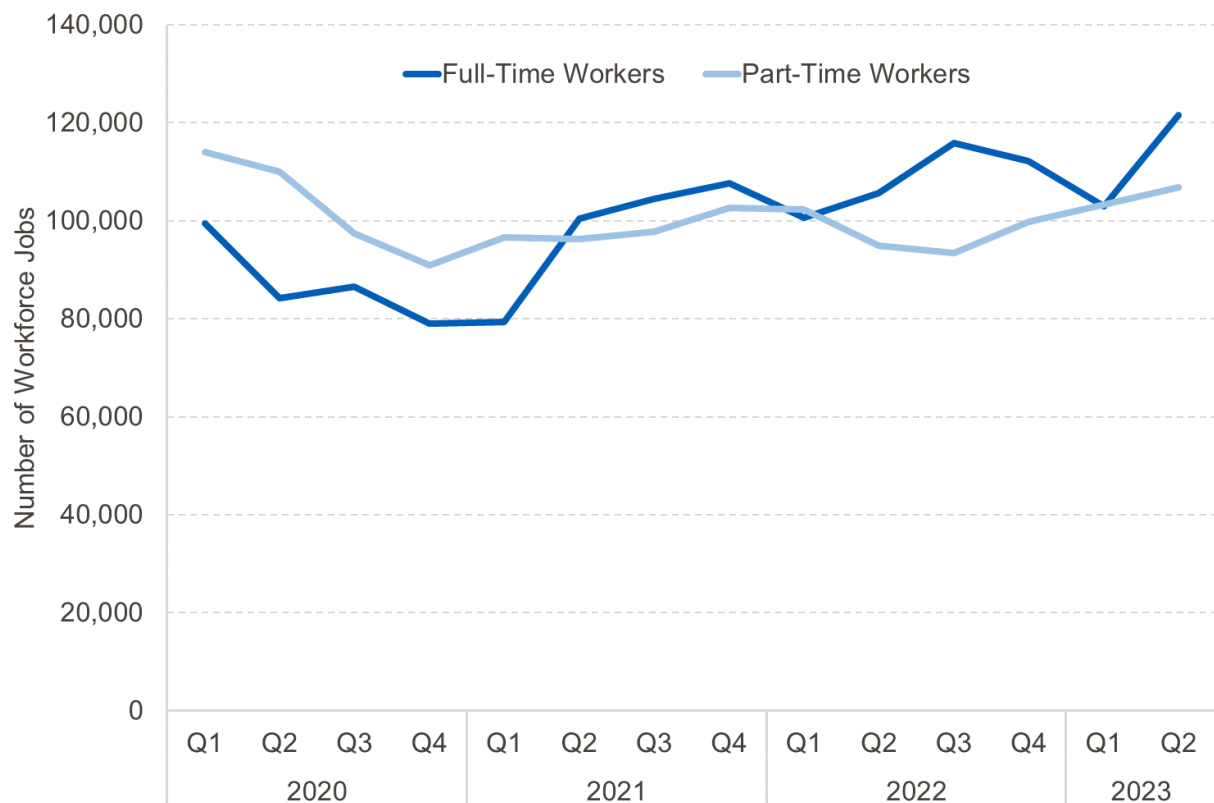


Source: [ONS, 2023](#)

In a previous briefing, we looked at trends in full-time employment relative to part-time employment in the Scottish hospitality sector. It continues to be the case that although full-time jobs have recovered to pre-pandemic levels, part-time jobs have not.

As of Q2 2023, there were 122,000 full-time workers and 107,000 part-time workers in the Scottish hospitality sector.

Chart 5: Number of Part-Time and Full-Time Workforce Jobs in the Scottish Hospitality Sector, Seasonally Adjusted, Q1 2020 – Q2 2023



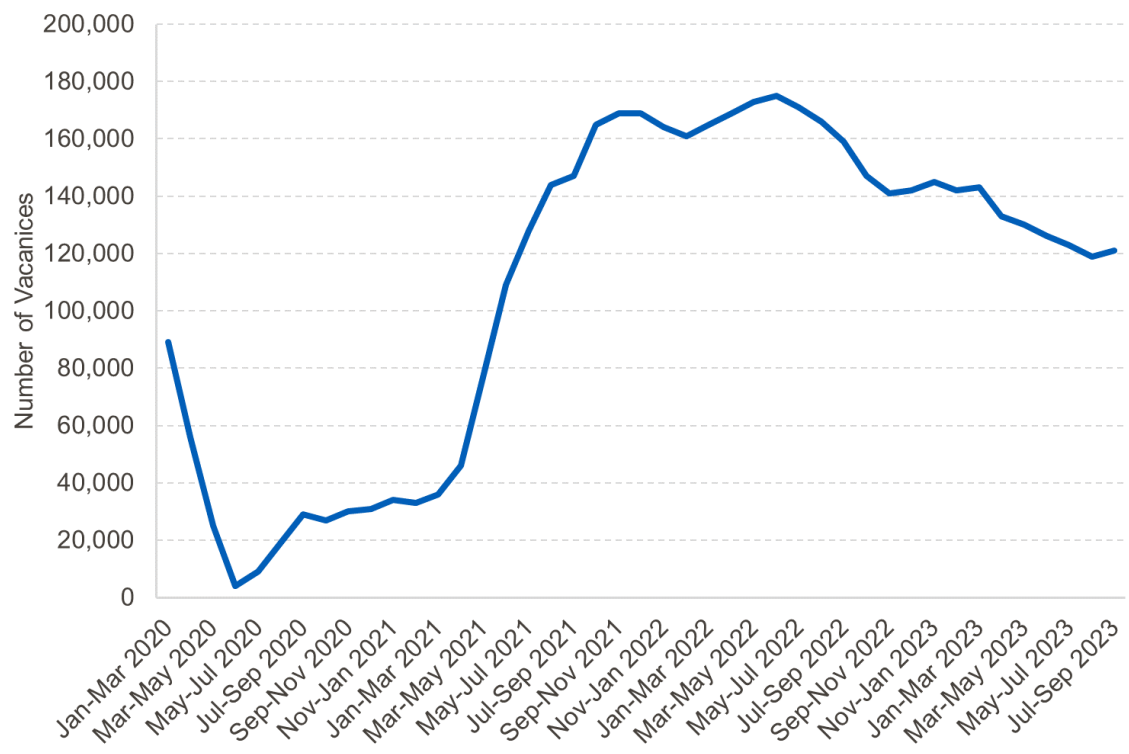
Source: [Workforce Jobs, 2023](#)

One area where there has been an improvement over the last year has been in vacancies.

Although vacancies numbers in the UK hospitality sector are still well above their pre-pandemic levels, they have decreased 31% relative to their peak in 2022.

Between July and September 2023, there were 121,000 vacancies in the UK hospitality sector.

Chart 6: Number of Vacancies in the UK Hospitality Sector, Seasonally Adjusted, Jan-Mar 2020 to Jul-Sep 2023



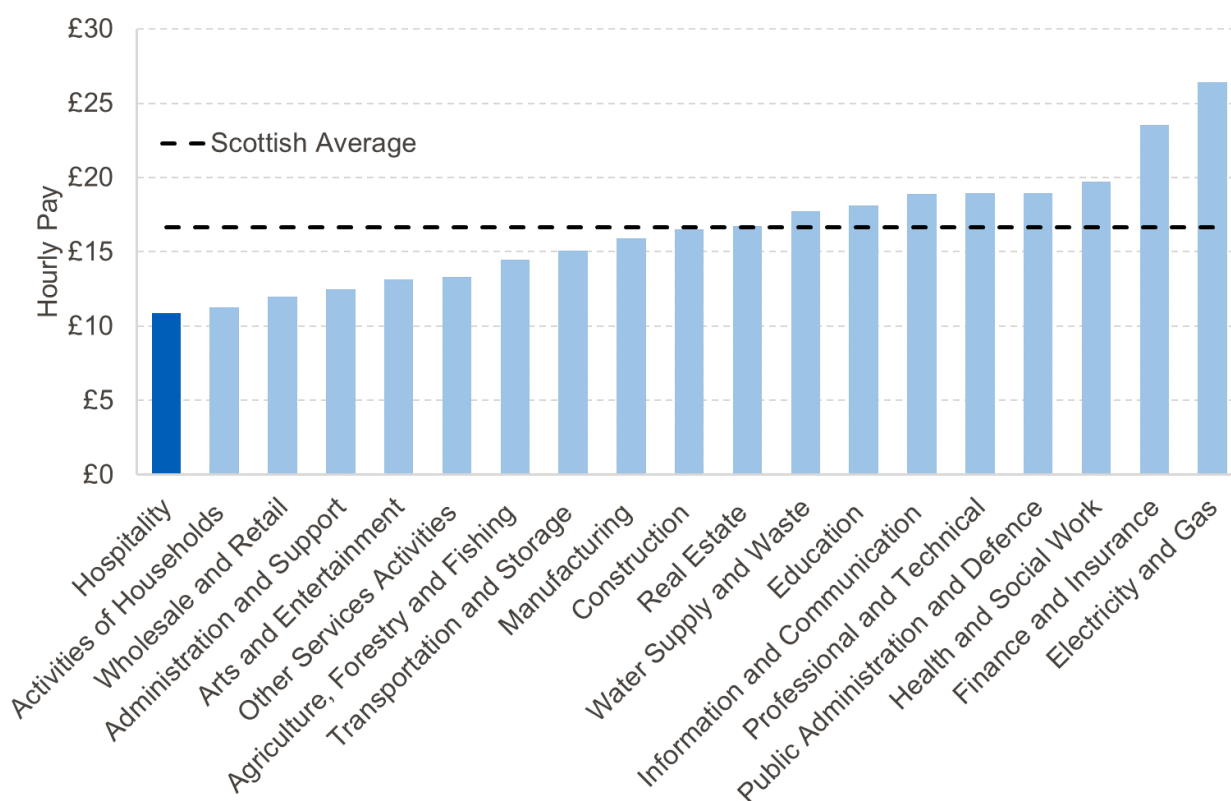
Source: [ONS, 2023](#)

Earnings

Median hourly pay was £10.89 in the Scottish hospitality sector in 2023, up 8.9% relative to the previous year.

The hospitality sector remains the lowest paid sector of the Scottish economy, with hourly pay considerably lower than the Scottish average of £16.63. As median pay in the hospitality sector was less than two thirds of the Scottish average in 2023, the Scottish hospitality sector is classified as a 'low pay' sector of the Scottish economy under the [OECD definition](#).

Chart 7: Nominal Median Hourly Pay across Sectors of the Scottish Economy, Males and Females, 2023



Note: Estimates of median hourly pay are not available for the Mining and Quarrying Sector in 2023. Estimates of mean hourly pay for this sector were £32.63 in 2023.

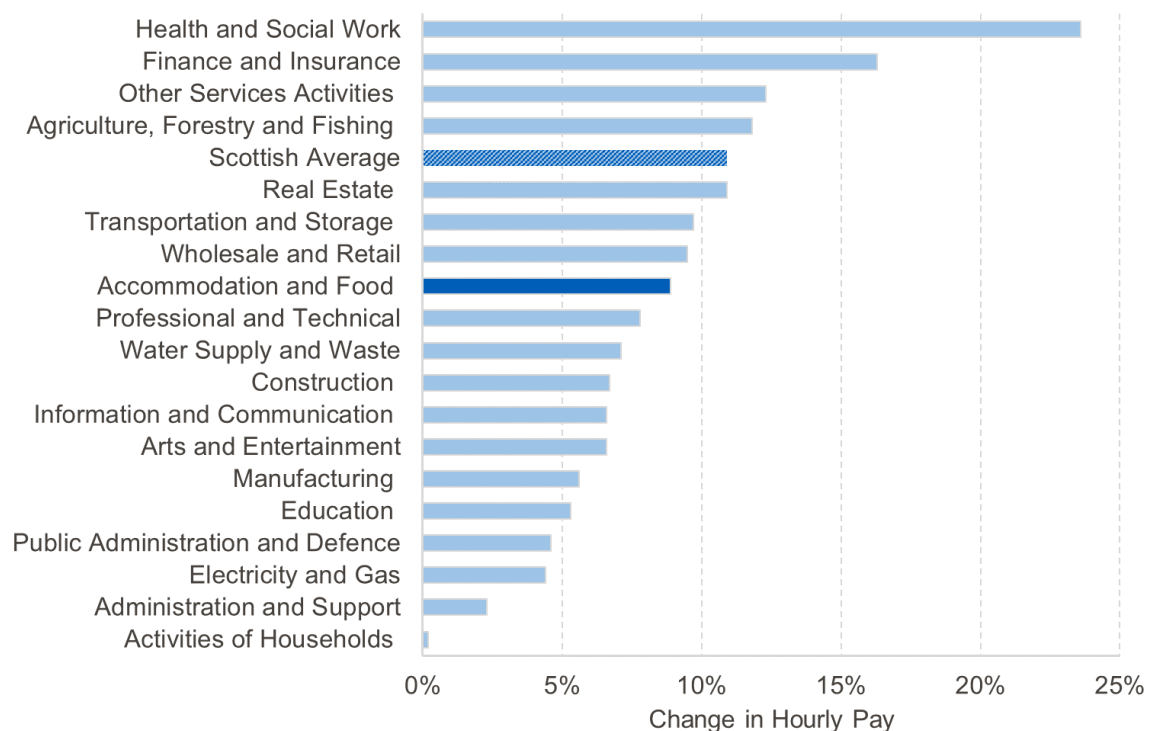
Source: [ONS, 2023](#)

In the 12 months to April 2023, hourly pay in the Scottish hospitality sector grew by 8.9%.

This rate is particularly high by historic standards and outpaced the rate of wage growth in other sectors like the professional, technical and scientific services sector. However, it should be noted that wage growth in the hospitality sector was still outpaced by average wage growth across the Scottish economy, which was 10.9% between April 2022 and April 2023.

Importantly, given the high rates of inflation we have observed recently across both the Scottish and UK economy, much of this increase in nominal pay is cancelled out by inflation, which grew by [8.7%](#) in the 12 months to April 2023.

Chart 8: Annual Change in Nominal Median Hourly Pay across Sectors of the Scottish Economy, April 2022 - April 2023



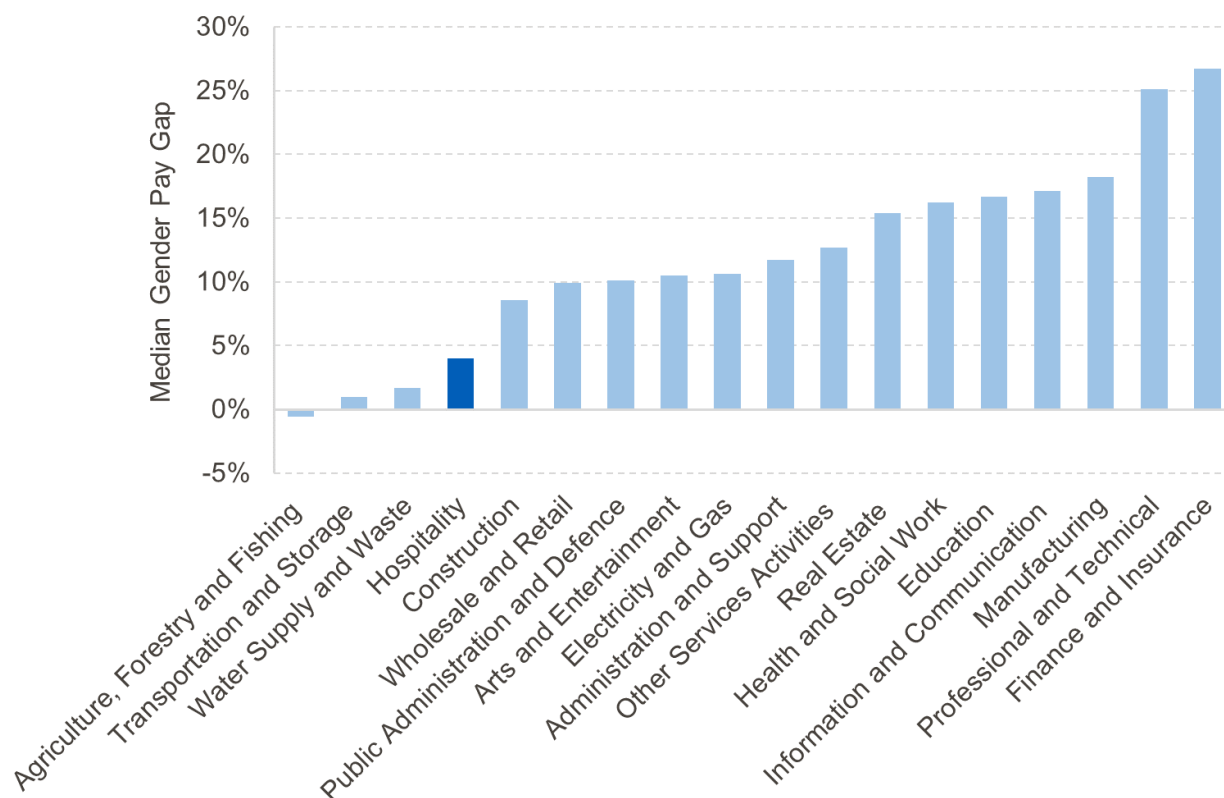
Note: Estimates of median hourly pay are not available for the Mining and Quarrying sector in 2023. The annual percentage change in mean hourly pay in the Mining and Quarrying sector was 1.7% in 2023.

Source: [ONS, 2023](#)

For 2023, there was a 4% (median) gender pay gap in the Scottish hospitality sector, indicating that men were paid 4% more, on average, than woman employed in the sector.

Although still a significant discrepancy in wages between men and woman, the gender pay in the hospitality sector is considerably lower than other sectors of the Scottish economy, such as the finance and insurance services sector.

Chart 9: Gender Pay Gap by Sectors of the Scottish Economy, 2023



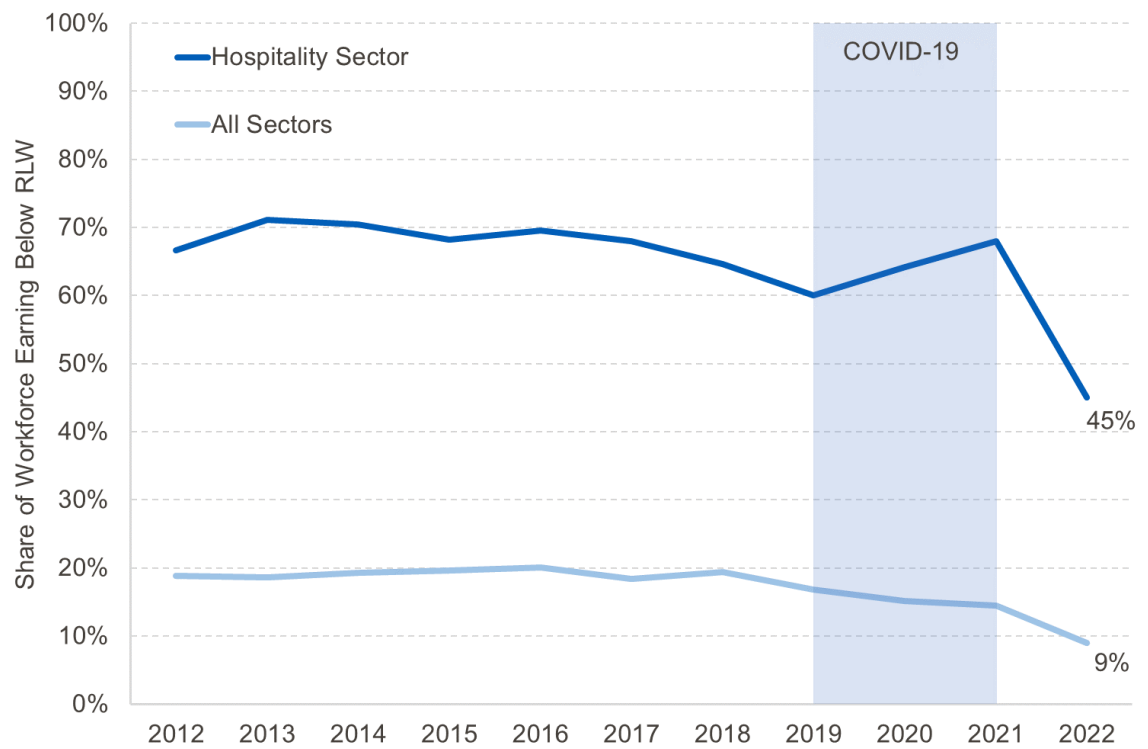
Source: [ONS, 2023](#)

When evaluating earnings in a particular industry, it is often useful to compare rates of pay against the Real Living Wage, which stood at £9.90 in 2022.

In 2022, 45% of workers in the Scottish hospitality sector were paid a wage that fell below the real living wage.

Although this is a 23% improvement relative to the previous year, the Scottish hospitality sector continues to be the sector with the highest percentage of workers earning below the real living wage.

Chart 10: Share of Workforce Earning Below the Real Living Wage, Scotland, 2012-2022



Source: [Scottish Government, 2022](#)

Poverty

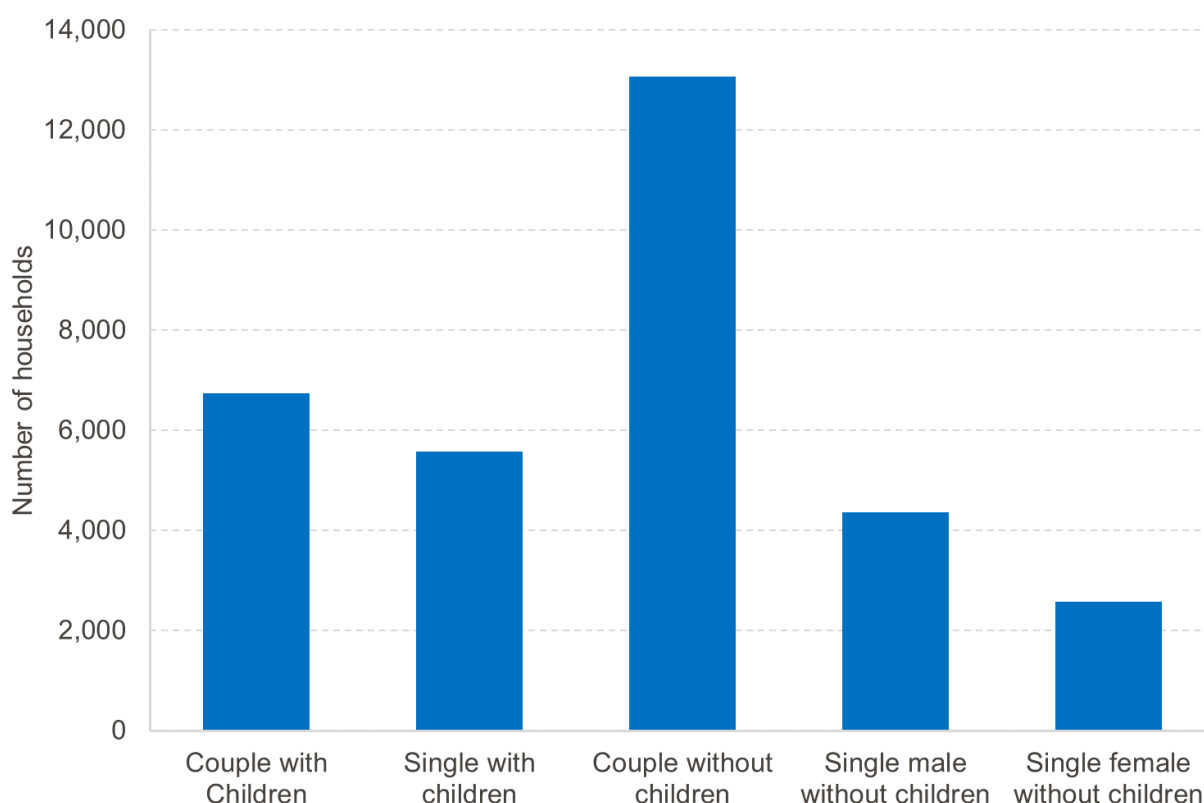
In Scotland, households with a hospitality worker are at an above average risk of poverty.

Poverty statistics in Scotland are based on data collected in the DWP Family Resources Survey and are usually calculated on the basis of a three-year average.

However, the most recent data on poverty in Scotland uses a two-year average based on data collected during 2019-20 and 2021-22 rather than a 3-year average. This is due to data collection issues associated with COVID-19 for the year 2020-21.

Using data collected from the Family Resources Survey, we were able to explore the distribution of Scottish households in poverty who have at least one worker employed by the hospitality sector. The latest data indicates that 33,000 households in Scotland, with at least one worker employed by the hospitality sector, were in poverty. Notably, 12,000 of these households contained a child.

Chart 11: *Composition of Scottish Households in Poverty with a Hospitality Worker, Two-Year Average, 2019-20 and 2021-22.*



Note: The pensioners household type was not included in this chart.

Source: [DWP, 2023](#)

About Serving the Future

Serving the Future is a three-year action research project working with hospitality employers and workers. The project is seeking to understand, reduce and prevent in-work poverty and identify changes that could be made within the sector. By working directly with employers and people with experience of low-paid work, the project is taking a variety of approaches to identify changes that can take place at an organisational level as well as necessary policy or systems wide changes that are required across Scotland.

Serving the Future is funded by The Robertson Trust and is being delivered by the Institute for Inspiring Children's Futures, the Fraser of Allander Institute and the Hunter Centre for Entrepreneurship (University of Strathclyde), and the Poverty Alliance.

About the Authors

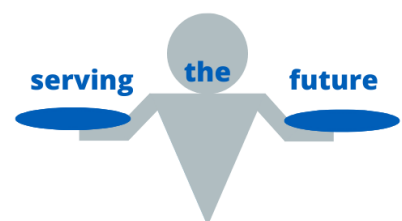
Calum Fox is an Associate Economist at the Fraser of Allander Institute and a Researcher at the Centre for Inclusive Trade Policy. Calum has been involved in the Serving the Future project since March 2023. His research primarily focuses on the longitudinal workstream, which involves interviewing workers in the Scottish hospitality sector to better understand and address in-work poverty.

Emma Congreve is an Economist and Deputy Director of the Fraser of Allander Institute at the University of Strathclyde. She has worked on the Serving the Future project since its inception and is particularly interested in finding ways to ensure that employers are part of the solution to tackling poverty in Scotland.

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reducing and preventing in-work poverty in
Scotland's hospitality sector

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Futures**
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