



THE INSTITUTE OF THE MOTOR INDUSTRY

**Skills Priorities for the Automotive Retail Sector
Scotland**

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Final Version

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Contents

List of Tables and Figures.....	4
List of Tables	4
List of Figures.....	5
Introduction	6
Key Findings.....	6
Drivers of skill demand.....	6
What is driving change?.....	6
Current skills priorities.....	7
Anticipating what lies ahead	7
Geographical differences	7
Section 1 – What Drives Skills Demand?.....	8
Sector Definition.....	8
Structure of the Sector	9
Vehicle Manufacturer Influence on Skills in the Sector	9
Sector Size by Business Units	10
Geographic Diversity of Businesses in the Sector	11
National Trends	11
Employment Characteristics	13
Geographic Diversity of Employment in the Sector	13
Gender Profile of the UK Nations Automotive Retail Sector.....	17
Ethnicity Profile of the UK Automotive Retail Sector	18
Age Profile of the UK Automotive Retail Sector.....	18
Recruitment and Retention.....	21
Implication for Skills	22
Key Drivers of Business Competitiveness.....	23
General	23
Vehicle Sales Market	25
Section 2 - What is driving change?	31
The Recession	31
Employment	33
Investment in Skills	34
Implication for Skills	34
New Vehicle Technology	34
Sector Response	34
Government Policy.....	35
The Vehicle Scrappage Scheme	35
The Green Agenda	35
Block Exemption Regulation	36
Super Complaint – National Consumer Council.....	37

Industry Recognised Standards - PAS 125	37
Section 3 - Current Skill Needs	38
General	38
Current Skill Levels in the Sector in Terms of Formal Qualifications	
Held	39
High Level Skills - Level 4 qualifications and above.....	39
Intermediate Level Skills - Level 3 qualifications and trade apprenticeships	40
No Qualifications Held	41
Highest Qualifications Level Held Over Time	42
Recruitment, Skill Shortages and Skill Gaps	43
Skill Gaps	43
Vacancies and Skill Shortages	44
Overview of Skill Levels, Requirements and Gaps in The Sector	45
General	45
Category of Skill Needs	46
Management and Leadership Skills.....	46
Technical Skills	47
Employability Skills	47
Basic Skills.....	48
Generic Skills	48
Section 4 - Anticipating what lies ahead	49
Employment Forecasts For The Sector	49
Automotive Retail Sector Employment Forecasts – Nations	49
UK Nations Comparison	49
Geographical Perspectives on Future Labour Requirements.....	50
Transformation of the Market	51
Transformation of the Current Personal Transportation Fleet	51
Other Advancements in Vehicle Technology	53
Scenario Planning	53
The Scenarios.....	54
Summary	58
Key Themes.....	58
Annexes	59
Annex 1 - AM100: The largest 100 UK automotive retail groups by turnover	59
Annex 2 - Franchised Dealer Outlets - 31st December 2008	61
Annex 3	62
Inter-departmental Business Register (IDBR)	62
Annual Business Inquiry (ABI)	62
LFS (Labour Force Survey)	62
Working Futures 2007-17	63
Annex 4 - Mapping of 2003-2007 SIC Codes	64
Annex 5 - Full List of Activities Included in SIC 2007 Classification ...	66

Annex 6 - Employment by Standard Occupational Code (SOC)	70
Annex 7 - Employment by Standard Occupational Code (SOC) Key...	74
Bibliography	76

List of Tables and Figures

List of Tables

Table 1	The Automotive Retail Sector Footprint.....	8
Table 2	Distribution of Business Units Compared to All UK Businesses.....	11
Table 3	UK Nations Comparison by Number of Business Units 1998 - 2007	11
Table 4	VAT Registered Businesses in Scotland (2007) by Size and SIC code.....	12
Table 5	Employees by Business Size.....	12
Table 6	Automotive Retail Sector Units in Scotland by SIC Code 1998-2007	13
Table 7	Distribution of Automotive Retail employment compared to all UK.....	13
Table 8	Regional/Country Wide Distribution of Employment from 1997-2008.....	14
Table 9	Employment within UK Automotive Retail Sector 1997-2008.....	15
Table 10	Automotive Retail and Industry Employees by Occupation.....	16
Table 11	Automotive Retail Workforce by Occupation and Sex.....	17
Table 12	UK Nations Automotive Retail Employees by Employment Type (Full/Part Time)	17
Table 13	UK Automotive Retail Employees by Sex in 2008.....	17
Table 14	UK Automotive Retail Employees by Ethnicity in 2008	18
Table 15	UK Automotive Retail Migrant Workers	18
Table 16	UK Automotive Retail Age Profile	19
Table 17	Automotive Retail Age Profile in Scotland	19
Table 18	UK Turnover within the Automotive Retail Sector 1997-2007	23
Table 19	Turnover within the Automotive Retail Sector 1998-2007 by Nation.....	24
Table 20	UK GVA within the Automotive Retail Sector by UK Nation 1997-2007.....	25
Table 21	Number and Percentages of Cars Licensed throughout the Nations from 1999- 2008	26
Table 22	New Car Registrations by UK Nation in 2008.....	27
Table 23	Proportion of Automotive Retail Sector Workforce Qualified to High Skill Level Compared to the Working Population.....	40
Table 24	Proportion of Automotive Retail Sector Workforce Qualified to Intermediate Skill level Compared to the Working Population	40
Table 25	Proportion of Automotive Retail Sector Workforce with a Trade Apprenticeship Compared to the UK Working Population.....	41
Table 26	Proportion of Automotive Retail Sector Workforce with no Qualification Compared to the UK Working Population.....	41
Table 27	Proportion of Establishments Reporting Internal Skill Gaps.....	43
Table 28	Percentage of Vacancies by Nation.....	44
Table 29	Percentage of Companies Reporting Hard-to-fill Vacancies	44
Table 30	Skill Shortage Vacancies as a Percentage of Vacancies and Hard to Fill Vacancies	45
Table 31	Sector Skill Needs, Qualification Levels and Gaps by Major Occupational Group in Scotland	45
Table 32	UK Nations Automotive Retail Sector Employment Total Requirement by Major Occupation Group 2007-2017	49
Table 33	Percentage Contribution to Overall UK Requirement by Nation and by Occupation Group.....	50
Table 34	Scotland Automotive Retail Sector Employment Requirements by Major Occupation Group.....	50

List of Figures

Figure 1	Automotive Retail Sector Businesses in Scotland 1998-2007.....	10
Figure 2	Automotive Retail Sector Employee Distribution by Country.....	14
Figure 3	Scotland, Wales and Northern Ireland AR Sector employment trend over time – 1997-2008.....	15
Figure 4	UK and England AR Sector employment trend over time – 1997- 2008.....	16
Figure 5	UK Automotive Retail Age Profile.....	19
Figure 6	Scotland Automotive Retail Age Profile.....	20
Figure 7	Age Spread of the UK and UK Automotive Retail Sector Workforce.....	20
Figure 8	Age Spread of the Automotive Retail Sector Workforce in Scotland Compared to all Sectors.....	21
Figure 9	UK Gross Value Added (GVA) within the Automotive Retail Sector 1997-2007.....	24
Figure 10	Used Car Market Volume and Value.....	28
Figure 11	Estimated Number of Outlets Providing Garage Servicing, Mechanical Repairs and Replacement Parts Fitting Services 1998-2008.....	29
Figure 12	Average Annual Distance Travelled per Car vs. Size of the Car Parc over the Past Decade.....	30
Figure 13	New Car Registrations and Used Car Sales % Change Compared with the Same Period a Month Earlier (UK).....	31
Figure 14	UK Total and Automotive Retail Sector Employees 1997-2008.....	32
Figure 15	Scotland Total and Automotive Retail Sector Employees 1997-2008.....	32
Figure 16	Occupational Profile of Workforce in the UK.....	38
Figure 17	Occupational Profile of Workforce in Scotland.....	39
Figure 18	Qualification Levels of the Automotive Retail Sector from 2002-2008.....	42
Figure 19	Nature of Skill Gaps in Scotland in 2008.....	43
Figure 20	Net Employment Requirement 2007-17 by Occupation.....	51
Figure 21	New Automotive Innovation & Growth Team (NAIGT).....	52
Figure 22	Future Influencers on the Motor Industry (clustered).....	54
Figure 23	Maximum Infrastructure and Maximum Legislation.....	55
Figure 24	Fuel Runs Out, Maximum Development of Technology.....	56
Figure 25	Employees Unmotivated, High Costs of Vehicle Ownership.....	56
Figure 26	Maximum Government Interference, Maximum Vehicle Technology.....	57

Introduction

The Institute of the Motor Industry (IMI) is the Sector Skills Council (SSC) for the automotive retail industry. This sector is vital to the smooth running of the UK economy as it is concerned with the sale, rental/leasing, maintenance and repair of the 2.7¹ million vehicles on the roads (7.6% of the 35.2 million vehicles in the UK), and their associated parts. The businesses within the sector are diverse and include; vehicle dealerships, independent garages, car supermarkets, rental and leasing outfits, fast fit chains, roadside assistance operations, accident repair centres and wholesale and retail parts suppliers.

This paper describes the current and future skill priorities for the sector. It draws on research undertaken by the IMI and a range of secondary sources.

Key Findings

Drivers of skill demand

- The automotive retail sector in Scotland generates £9.7 billion turnover annually (6% of the UK) and in gross value added terms, generates £1.2 billion (5% of UK GVA of the sector).
- The sector comprises 2% of the Scottish workforce; some 42,574 staff working across over 5,000 business units. Scotland contributes 6% of business units and 7% of employment in the sector. The majority of business units are micro businesses (83%), however the majority of staff (nearly two thirds) work in SMEs.
- 'Skilled trade' staff represent the largest proportion of the workforce; the next largest group is 'managers and senior officials'.
- The vast majority of the workforce in Scotland is male (79%). 39% of all women in the sector work in administration or secretarial roles compared to 44% across the sector in the UK.
- The sector suffers from a poor public image which has contributed to employers finding it hard to attract high calibre staff.
- Historically employers have often found recruiting vehicle technicians (mechanics) challenging, however the recession has temporarily alleviated this recruitment challenge.

What is driving change?

- The recession is currently the largest driver of change. Sales have declined dramatically prompting the introduction of the Scrappage Scheme.
- The fast pace of new vehicle technology being released into the market creates a constant demand for technical skills.
- Lack of consumer confidence and lack of available credit is negatively affecting sales and non-essential maintenance work.

¹ Source DFT vehicle registration and licensing statistics, August 2009 downloaded from <http://www.dft.gov.uk/pgr/statistics/datatablespublications/vehicles/>

- Legislation and regulation driving change includes:
 - The vehicle scrappage scheme which has eased the decline in vehicle sales somewhat.
 - European CO₂ emission targets and high fuel prices have led to the increase in proportion of diesel cars sold, the growth of alternatively-fuelled vehicles and the movement of the market towards smaller cars.
 - Block exemption regulation has opened up the market and increased competition.
- The threat of the National Consumer Council's super complaint has put more focus on improving the image of the sector and driving up skill levels.
- Industry standards such as PAS 125 are also contributing to improving skill levels in the sector.

Current skills priorities

- In general the quality of managers and leaders in the sector needs improvement. Having good strategic and visionary managers is key to enabling the sector to successfully emerge from the economic crisis.
- Although it is widely accepted by employers that improving management and leadership skills is essential for the sector, it is not common for managers to be able to identify their needs themselves.
- Technical skills are in constant demand and are the most recognised skills gap. This is largely due to the phenomenal pace of new technology being launched. Smaller businesses with no vehicle manufacturer franchise agreements are at a particular disadvantage.
- Customer service, sales and problem solving are also skill priorities for the sector.

Anticipating what lies ahead

- The number of jobs in the sector in Scotland is predicted to increase by 1.5% up to 2017. This, plus the requirement for staff to replace those who leave or retire, will mean some 18,700 jobs will need to be filled over this period. This compares to a predicted 2% increase in the UK and comprises 8.3% of the total UK requirement to 2017.
- The profitability of vehicle dealerships is generally low and a change of current business models is predicted. The need for change has been accelerated by the current recession. Strong, visionary, strategic and innovative leadership and management is essential to effect this change successfully.
- The transformation of the current, predominantly internal combustion engine fleet to lower emission alternatives will place an increased demand for technical skills and high level problem solving skills in the future.

Geographical differences

- The businesses and workforce of the sector are widespread with significant workforces employed right across the UK nations. The skills, training and development issues facing employers and providers in Scotland are very similar with only marginal difference in scale or importance to the other UK nations'.

Section 1 – What Drives Skills Demand?

This section first defines the automotive retail sector in terms of coverage and then goes on to describe the sector in terms of the number of businesses and the size of the workforce. The implications for skills that these issues raise are also addressed.

Sector Definition

The IMI's footprint is defined as the automotive retail sector. The automotive retail sector covers the activities of businesses in almost the entire downstream motor industry (i.e. all activities related to the selling, maintenance and rental/leasing of all vehicles in Scotland). The sector is responsible for all vehicle types and their parts, including not only cars, but also motorcycles, commercial vehicles (e.g. vans and trucks) and passenger service vehicles (e.g. buses and coaches).

The automotive retail sector is defined using the Standard Industrial Classification (SIC) scheme. Defining sectors using SIC codes enables ready and consistent comparison of sectors across the nations in the UK and Europe.

The responsibilities for the IMI for skills development defined in the SSC licence according to SIC 2003 code definitions are set out in the table below:

Table 1 The Automotive Retail Sector Footprint

4 digit SIC code (2003)	Description
50.10	Sales of Motor Vehicles
50.20	Maintenance and Repair of Motor Vehicles
50.30	Sales of Motor Parts
50.40	Sale, Maintenance and Repair of Motorcycles
71.10	Renting of Automobiles

Structure of the Sector

The automotive retail sector in Scotland comprises of around 42,574² staff working across over 5,181³ business units. The vast majority of these business units are micro businesses.

The following list of industry-defined activities shows the breadth of activities undertaken by businesses in the sector:

- New and used vehicle sales
- Light vehicle maintenance and repair
- Heavy vehicle maintenance and repair
- Accident repair
- Body building
- Roadside assistance and recovery
- Fast fit operations
- Lift truck maintenance and repair
- Motorsport maintenance and repair
- Parts distribution and supply
- Motorcycle sales, maintenance and repair
- Vehicle rental and leasing

Many businesses will operate across more than one of these activities. A vehicle dealership, for example, will sell new vehicles as well as maintain them, may rent them on a daily basis, offer company car contract hire or leasing, fast fit services, MOT inspections, sell and maintain used vehicles, have a bodyshop, and so on. A great many enterprises in the footprint do not fit neatly into activity categories.

SMEs and larger businesses, comprising franchises and chains, are an important and highly influential part of the sector. This is especially true for vehicle dealerships, fast fit outfits and roadside assistance firms. Vehicle dealership businesses are dominated by large dealer groups which are multi franchise and multi location operations.

In 2008 there were 5077 franchised dealerships operating in the UK. The 469 dealer groups, with multi-franchise arrangements with vehicle manufacturers, accounted for three quarters of the UK's new car sales points.⁴

Vehicle Manufacturer Influence on Skills in the Sector

Vehicle manufacturers (VMs) have a large influence on the skills requirements of the sector. VMs are dictating the pace of change of technology as they develop and release new vehicle makes and models into the marketplace. This also influences the equipment, tools and associated parts required to maintain vehicles. The franchise arrangements they have with vehicle dealerships (from individual through to larger group organisations) affords them the opportunity to dictate standards, processes and associated staff training provision. This extends throughout the dealership for technical and non-technical staff. Because manufacturers dictate the types of vehicles released into the marketplace, VMs also influence micro, small, medium and large independent businesses as they must align with VM workshop repair processes, procedures and utilise suitable equipment to carry out maintenance and repair of a diverse array of vehicle makes and models.

² Labour Force Survey, 2008 annualised average

³ ABI 2007, Data for Northern Ireland incorporated in the UK local business unit total has been taken from the Inter Departmental Business Register.

⁴ Sewells Automotive Industry Insight Report 2009

Sector Size by Business Units

Figure 1 Automotive Retail Sector Businesses in Scotland 1998-2007



Source: ABI 1998 - 2007, NOMIS, Crown Copyright Reserved

According to the Annual Business Inquiry (ABI), the overall number of business units in the sector in Scotland has seen a slight decline over the last decade. There was a slight decrease in the overall number of automotive retail units between 1999 and 2002, however a subsequent increase has left the total number of units only a little lower in 2007; down 3% overall compared with 1998.

Geographic Diversity of Businesses in the Sector

The businesses of the automotive retail sector are spread throughout the UK broadly in line with the distribution of all businesses in the UK. Scotland contains 6% of automotive retail businesses as compared to 7% of all UK businesses.

Table 2 Distribution of Automotive Retail Business Units Compared to All UK Businesses

	AR %	UK %	Difference %
England	86%	85%	0.3%
North East	3%	3%	0.3%
North West	11%	10%	0.9%
Yorkshire and The Humber	9%	7%	1.3%
East Midlands	8%	7%	1.5%
West Midlands	10%	8%	1.3%
East	11%	10%	1.2%
London	8%	16%	-7.7%
South East	15%	16%	-0.2%
South West	10%	9%	1.6%
Wales	5%	4%	0.9%
Scotland	6%	7%	-0.7%
Northern Ireland*	3%	4%	-0.5%
Total	100%	100%	0.0%

Source: ABI 2007, *NI business units from IBDR

Table 3 UK Nations Comparison of Automotive Retail by Number of Business Units 1998 - 2007

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Scotland	5,152	5,093	5,114	5,071	5,000	5,093	5,075	5,069	5,130	5,181
England	67,852	68,792	68,478	68,117	66,922	67,899	68,177	68,811	69,041	69,108
Wales	3,815	3,784	3,753	3,763	3,730	3,846	3,874	3,983	4,053	4,067
Northern Ireland*	2,310	2,340	2,315	2,275	2,250	2,575	2,575	2,675	2,750	2,405
Total	79,129	80,009	79,660	79,226	77,902	79,413	79,701	80,538	80,974	80,761

Source: ABI 1998 - 2007, NOMIS, Crown Copyright Reserved NI figures from IBDR

* Figures for Northern Ireland have been compiled using the Inter-departmental Business Registers 1998-2007. Data for SIC 7110 is available only from 2005 and consequently figures for the overall number of units in 2005, 2006 and 2007 is inflated by 70 units compared to previous years.

National Trends

The overall figures mask greater variability at the country level. The overall number of units in Scotland is little changed over the period; down 3%. In comparison the number of employment units in England has increased a little by 2%, Wales has meanwhile increased since 1998 by 7%. Northern Ireland had seen the most dramatic change with the number of employment units increasing 16%⁵ to 2006, but a decline between 2006 and 2007 has meant that the overall increase since 1998 is just 1%.

⁵ This figure is calculated excluding employment units relating to SIC 71.10 to provide consistent comparison with previous years. SIC 71.10 adds an additional 70 units in both 2005, 2006 and 2007.

Scotland accounted for a 6% share of all units in the sector in 2007 while England, Wales, and Northern Ireland account for 86%, 5% and 3% respectively. It should be noted that despite the increase in units in Northern Ireland, the overall country share of the sector in terms of employment units has increased only moderately over time.

Table 4 VAT Registered Automotive Retail Businesses in Scotland (2007) by Size and SIC code

SIC Code	Number of Business Units			Total	% of all business by SIC
	1-10	11-199	200+		
50.10 Sales of Motor Vehicles	1,052	400	2	1,454	28%
50.20 Maintenance and Repair of Motor Vehicles	2,398	249	1	2,648	51%
50.30 Sale of Motor Parts	514	145	0	659	13%
50.40 Sale, Maintenance and Repair of Motorcycles	130	11	0	141	3%
71.10 Renting of Automobiles	219	60	0	279	5%
Total	4,313	865	3	5,181	100%
% by firm size	83%	17%	0.06%		

Source: ABI 2007 NOMIS, Crown Copyright Reserved

Table 4 demonstrates the distribution of automotive retail business **units** in Scotland by size; micro-businesses (0-10 employees), Small-Medium enterprises (11-199 employees) and large businesses (200+ employees). Micro-business units account for the vast majority of all automotive retail businesses; comprising 83% of the total. Small to medium and large businesses make up the remaining minority at 17% and less than 1% respectively. It should be noted that discrepancies in the total number of business units between the IDBR and the ABI are accounted for by different sampling methods and timeframes of counting businesses. The distribution of businesses in the sector by size is little changed over time.

Although micro business units account for the vast majority of all business units in Scotland they account for just 37% of all employees. Small/medium size firms account for nearly two thirds of employees. It should be noted that the information below is for England, Scotland and Wales as a total.

Table 5 Employees by Business Size

	Employees
1-10	37%
11-199	59%
200+	4%

Source: ABI 2007 NOMIS, Crown Copyright Reserved

Table 6 Automotive Retail Sector Units in Scotland by SIC Code 1998-2007

Business Units	1998	2000	2001	2002	2003	2004	2005	2006	2007
50.10 Sales of Motor Vehicles	2,079	1,820	1,740	1,716	1,526	1,510	1,478	1,479	1,454
50.20 Maintenance and Repair of Motor Vehicles	2,004	2,273	2,313	2,315	2,516	2,507	2,538	2,575	2,648
50.30 Sale of Motor Parts	763	711	711	666	696	686	669	671	659
50.40 Sale, Maintenance and Repair of Motorcycles	77	97	99	105	124	128	138	139	141
71.10 Renting of Automobiles	229	213	208	198	231	244	246	266	279
Total	5,152	5,114	5,071	5,000	5,093	5,075	5,069	5,130	5,181
% Share of total	1998	2000	2001	2002	2003	2004	2005	2006	2007
50.10 Sales of Motor Vehicles	40%	36%	34%	34%	30%	30%	29%	29%	28%
50.20 Maintenance and Repair of Motor Vehicles	39%	44%	46%	46%	49%	49%	50%	50%	51%
50.30 Sale of Motor Parts	15%	14%	14%	13%	14%	14%	13%	13%	13%
50.40 Sale, Maintenance and Repair of Motorcycles	1%	2%	2%	2%	2%	3%	3%	3%	3%
71.10 Renting of Automobiles	4%	4%	4%	4%	5%	5%	5%	5%	5%

Source: ABI 1998-2007 NOMIS, Crown Copyright Reserved

The majority of all business **units** falling under the automotive retail footprint are covered by SIC 50.10; the sale of motor vehicles and SIC 50.20; the maintenance and repair of motor vehicles, which together account for around 79% of all units within the sector in Scotland. The split between the two has changed over time however, with the number of units falling under the sale of motor vehicles declining over time (-30% in 2007 compared with 1998), while the number of units dealing with the maintenance and repair has risen (+32% over the same period). The greatest increase since 1998 has been in the number of enterprises covering the sale and maintenance of motorcycles (+83% compared with 1998).

Employment Characteristics

In 2008, the automotive retail sector in Scotland contributed 1.7% of the overall employment in Scotland compared to 2.0% of employment in the UK. This figure is little changed year on year, but represents a modest decline over the longer term – in 2002 the automotive retail sector accounted for 1.9% of all employment in Scotland. Up to 2017 employment in the sector is forecast to increase by around 1.5% in Scotland as compared to 2% overall for the UK. Across the UK nations, the automotive retail sector in 2008 accounted for between 2.1% (Wales) and 1.7% (Scotland) of all employment.

Geographic Diversity of Employment in the Sector

The automotive retail workforce is spread throughout the nations of the UK. The distribution is broadly in line with the UK workforce as a whole. Scotland is a slight exception where only 7% of the workforce is based for the sector, compared to 9% of all UK employment.

Table 7 Distribution of Automotive Retail employment compared to all UK employment

	AR	All UK	Difference
	%	%	%
England	85%	84%	1.0%
Wales	5%	5%	0.3%
Scotland	7%	9%	-1.2%
Northern Ireland*	3%	3%	0.0%
Total	100%	100%	0.0%

Source LFS 2008 annualised average

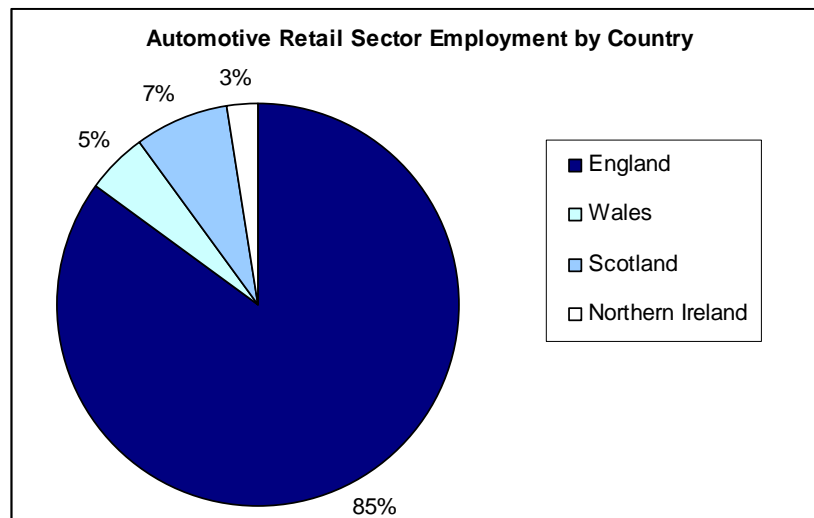
Table 7 demonstrates that the distribution of employment in the automotive retail sector broadly reflects the size of regional populations and is little changed over time. The least populated area, accounts for the smallest share of employment. The distribution of employment within the sector is little changed over time, moving from 8% in 1997 down slightly to 7% in 2008.

Table 8 Regional/Country Wide Distribution of Automotive Retail Employment from 1997-2008

	1997	2001	2002	2003	2004	2005	2006	2007	2008
Scotland	8%	8%	8%	8%	7%	6%	7%	8%	7%
England	85%	86%	86%	87%	85%	86%	85%	84%	85%
North East	4%	3%	4%	4%	4%	4%	3%	3%	4%
North West	11%	12%	10%	12%	12%	11%	11%	12%	12%
Yorkshire and the Humber	11%	9%	11%	9%	8%	9%	9%	8%	9%
East Midlands	8%	8%	7%	8%	8%	8%	8%	10%	10%
West Midlands	9%	11%	10%	10%	9%	11%	11%	9%	10%
Eastern	11%	11%	13%	12%	12%	11%	11%	10%	10%
London	7%	6%	7%	7%	7%	7%	7%	5%	7%
South East	15%	16%	15%	15%	16%	15%	15%	17%	14%
South West	9%	10%	9%	11%	9%	10%	10%	11%	10%
Wales	5%	4%	4%	4%	5%	5%	4%	5%	5%
Northern Ireland	2%	2%	2%	2%	2%	2%	3%	3%	3%

Source: LFS⁶ 1997 - 2008, Annual Averages computed from individual quarters, Crown Copyright Reserved

Figure 2 Automotive Retail Sector Employee Distribution by Country



Source: LFS 2008, Annual Averages computed from individual quarters, Crown Copyright Reserved

⁶ It should be noted that for IMI's footprint LFS combines some SIC codes – namely 50.10, 50.30 and 50.50. Separate analysis of these sub-sectors is therefore not possible at this time. SIC 50.50 represents the sale of automotive fuel which does not fall within IMI Automotive Skills' footprint, but has to be included in any analysis based on the LFS as separate data is not available.

Table 9 shows how employment has changed within the sector from 1997 to 2008. The total number of people employed within the sector in Scotland decreased by 15% between 1997 and 2008 from just over 50,000 people to around 42,500. Over the next decade employment in the sector is forecast to increase by around 1.7% (800).

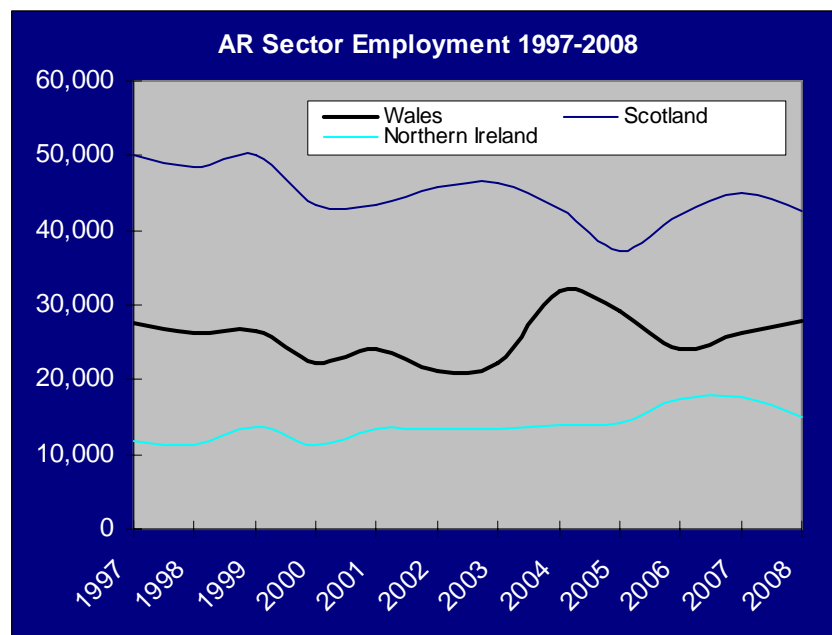
There is considerable variation at the national level. Whilst both Scotland and England have seen a fall in the number of employees compared with 1997; down 15.2% and 4.7% respectively, the number of employees in Wales remains little changed. However, Northern Ireland has seen a substantial (26%) increase in the number of people employed in the sector between 1997 and 2008.

Table 9 Employment within UK Automotive Retail Sector 1997-2008

	1997	2001	2002	2003	2004	2005	2006	2007	2008
Scotland	50,187	43,434	45,844	46,234	42,990	37,220	42,010	45,093	42,574
England	509,721	484,041	499,268	526,912	501,278	512,143	488,876	477,137	485,688
Wales	27,621	24,136	21,076	22,121	31,785	29,232	24,152	26,362	27,773
Northern Ireland	11,867	13,378	13,299	13,524	13,827	14,290	17,446	17,643	14,956
All UK	599,395	564,988	579,486	608,791	589,880	592,886	572,484	566,235	570,990

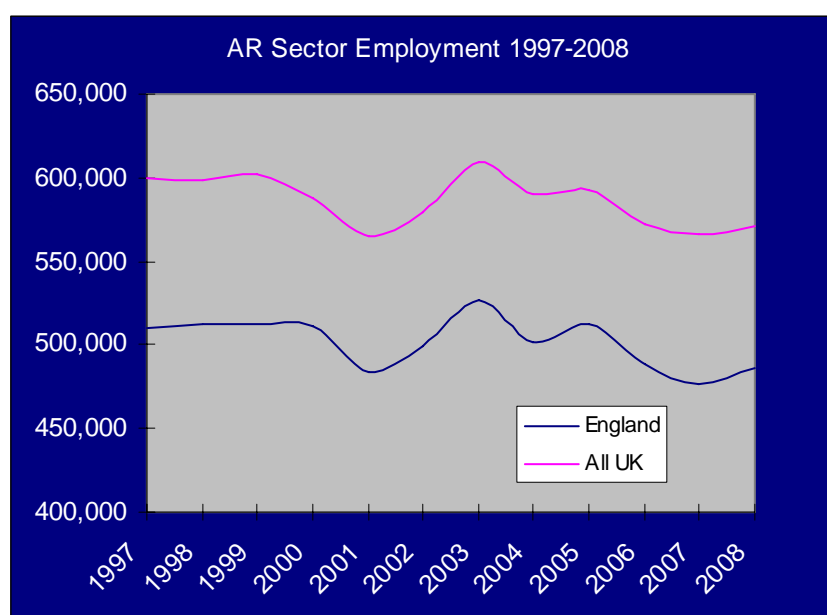
Source: LFS 1997 - 2008, Annual Averages computed from individual quarters, Crown Copyright Reserved

Figure 3 Scotland, Wales and Northern Ireland AR Sector employment trend over time – 1997-2008



Source: LFS 1997 - 2008, Annual Averages computed from individual quarters, Crown Copyright Reserved

Figure 4 UK and England AR Sector employment trend over time – 1997- 2008



Source: LFS 1997 - 2008, Annual Averages computed from individual quarters, Crown Copyright Reserved

Automotive Retail Occupational Workforce Profile in Scotland

The overall occupational profile of the automotive retail sector workforce in Scotland is outlined in table 10.

Table 10 Automotive Retail and Industry Employees by Occupation

Main Occupation	All UK			Scotland		
	UK Industry	Automotive Retail	Difference	Scotland All Industry	Automotive Retail	Difference
Managers and Senior Officials	15.5%	18.6%	3.1	13.23%	14.14%	0.9%
Professional Occupations	13.0%	0.9%	-12.1	13.14%	1.23%	-11.9%
Associate Professional and Technical	14.7%	4.9%	-9.8	14.92%	6.64%	-8.3%
Administrative and Secretarial	11.4%	11.7%	0.3	11.26%	10.70%	-0.6%
Skilled Trades Occupations	11.0%	34.4%	23.4	11.44%	27.39%	15.9%
Personal Service Occupations	8.3%	0.1%	-8.2	9.24%	0.00%	-9.2%
Sales and Customer Service Occupations	7.6%	13.8%	6.2	8.20%	18.62%	10.4%
Process Plant and Machine Operatives	7.0%	9.1%	2.1	7.11%	11.61%	4.5%
Elementary Occupations	11.6%	6.6%	-5.0	11.46%	9.68%	-1.8%

Source: LFS 2008, Annual Average. Crown Copyright Reserved

As would be expected, the automotive retail sector demonstrates a high proportion of workers within skilled trade occupations. They accounted for 27% (35% in the UK) of the workforce in Scotland in 2008, compared with the industry average in Scotland of 11%. This reflects the high demand of the sector for technical skills. Sales and customer service occupations make the next biggest contribution to individual's main occupation at 19%, which is in contrast to the UK where it is managers that make up the next largest group. In Scotland, managers account for 14% of all occupations.

Table 11 Automotive Retail Workforce by Occupation and Sex

Main Occupation	UK		Scotland	
	Male	Female	Male	Female
Managers and Senior Officials	86%	14%	91%	9%
Professional Occupations	86%	14%	79%	21%
Associate Professional and Technical	76%	24%	85%	15%
Administrative and Secretarial	30%	70%	25%	75%
Skilled Trades Occupations	100%	0%	100%	0%
Personal Service Occupations	60%	40%	-	-
Sales and Customer Service Occupations	67%	33%	60%	40%
Process Plant and Machine Operatives	90%	10%	88%	12%
Elementary Occupations	87%	13%	88%	12%
Total	82%	18%	79%	21%

Source: LFS 2008, Annual Average. Crown Copyright Reserved

There is a significant gender bias within most occupations in the automotive retail sector with men outnumbering women in almost all occupations. 100% of all skilled trade occupations are held by men as are 91% of all managerial positions. Women make up the majority of workers only in administrative and secretarial roles where they account for 75% of workers. This category represents 39% of all female occupations within the automotive retail sector in Scotland, reflecting the overall male dominance of the industry.

Table 12 UK Nations Automotive Retail Employees by Employment Type (Full/Part Time)

	Full Time		Part Time		All	
	Number	%	Number	%	Number	%
England	415,949	86%	69,322	14%	485,271	100%
Scotland	25,121	90%	2,652	10%	27,773	100%
Wales	36,613	86%	5,961	14%	42,574	100%
Northern Ireland	13,551	91%	1,404	9%	14,956	100%
United Kingdom	491,234	86%	79,339	14%	570,573	100%

Source: LFS 2008, Annual Average. Crown Copyright Reserved

Employment within the automotive retail sector is predominantly full time. Fulltime jobs accounted for some 90% of all employment within the sector in 2008 compared with the UK industry average of 74%. This distinction varies a little between countries and regions, with Scotland demonstrating higher levels of full time workers than the UK sector figures.

Gender Profile of the UK Nations Automotive Retail Sector

Table 13 UK Automotive Retail Employees by Sex in 2008

Gender	England	Scotland	Wales	Northern Ireland	Total
Male	82%	79%	79%	84%	82%
Female	18%	21%	21%	16%	18%

Source: LFS 2008, Annual Average. Crown Copyright Reserved

The gender profile of the automotive retail sector in Scotland shows that the sector is largely male dominated with males accounting for about four fifths of the total workforce. This compares with 49% of males and 51% of females for UK employment as a whole according to LFS 2008. These proportions vary a little between countries and regions and are little changed over time. The automotive retail sector is not alone in having such a high proportion of men in the workforce. Similar levels are demonstrated throughout many traditionally male-dominated industries including much of UK agriculture, manufacturing, mining and construction according to comparable LFS figures.

Ethnicity Profile of the UK Automotive Retail Sector

Table 14 UK Automotive Retail Employees by Ethnicity in 2008

	Automotive Retail Sector					Whole Working Population of
	UK	England	Wales	Scotland	Northern Ireland	the UK
White	94%	94%	100%	98%	100%	89%
Mixed	1%	1%	0%	2%	0%	1%
Asian or Asian British	3%	3%	0%	1%	0%	5%
Black or Black British	1%	1%	0%	0%	0%	2%
Chinese	0%	0%	0%	0%	0%	0%
Other ethnic group	1%	1%	0%	0%	0%	2%

Source: LFS 2008, Annual Average. Crown Copyright Reserved

The automotive retail sector employs a lower proportion of people from ethnic minority backgrounds than all UK industries. Proportions differ somewhat between countries. At the national level, employees with an ethnic minority background account for between 0% and 6% of all employees.

Migrant Workers within the UK Automotive Retail Sector

Table 15 UK Automotive Retail Migrant Workers

Country of Birth	% of AR workforce	% of UK workforce
UK	93%	89%
Other	7%	11%

Source: LFS 2008, Annual Average. Crown Copyright Reserved

A small proportion of the automotive retail sector workforce are migrant workers; that is those who were not born in the UK. These account for 7% of the automotive retail sector workforce. This is lower than the working population as a whole, of which 11% were born outside of the United Kingdom.

Age Profile of the UK Automotive Retail Sector

The average age of workers in the automotive retail sector in 2008 was 39 years. Those aged between 25 and 44 account for nearly 50% of the overall workforce, while those under 19 contribute 17% of the workforce and those over 45, 35%. These proportions are little changed over time and are demonstrated in table 16.

Table 16 UK Automotive Retail Age Profile

Age Group	2002	2003	2004	2005	2006	2007	2008
16-24	104,141	113,135	105,427	113,195	99,222	92,922	97,821
25-44	277,146	296,058	271,526	272,559	270,054	267,512	271,370
45+	198,199	199,598	212,927	207,132	203,209	205,802	201,799
Total	579,486	608,791	589,880	592,886	572,484	566,235	570,990
As Percentage of Total Workforce							
16-24	18%	19%	18%	19%	17%	16%	17%
25-44	48%	49%	46%	46%	47%	47%	48%
45+	34%	33%	36%	35%	35%	36%	35%
Total	100%	100%	100%	100%	100%	100%	100%

Source: LFS 2002-2008, Annual Average. Crown Copyright Reserved

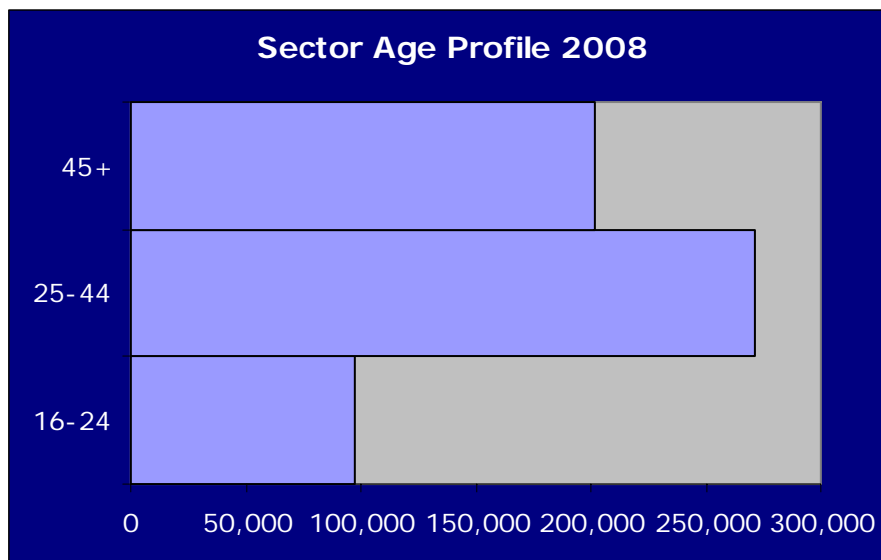
The age profile of the sector in Scotland differs a little from the UK picture. There are a higher proportion of 16-24 workers (24% in Scotland compared to the UK sector figure of 17%) and 9% fewer 25-44 aged workers compared to the UK sector workers.

Table 17 Automotive Retail Age Profile in Scotland

Age Group	2002	2003	2004	2005	2006	2007	2008
16-24	10,982	10,566	6,361	6,988	9,031	7,514	10,182
25-44	22,250	21,836	20,948	17,624	17,522	21,532	16,673
45+	12,613	13,832	15,682	12,608	15,457	16,047	15,719
Total	45,844	46,234	42,990	37,220	42,010	45,093	42,574
As Percentage of Total Workforce							
16-24	24%	23%	15%	19%	21%	17%	24%
25-44	49%	47%	49%	47%	42%	48%	39%
45+	28%	30%	36%	34%	37%	36%	37%
Total	100%	100%	100%	100%	100%	100%	100%

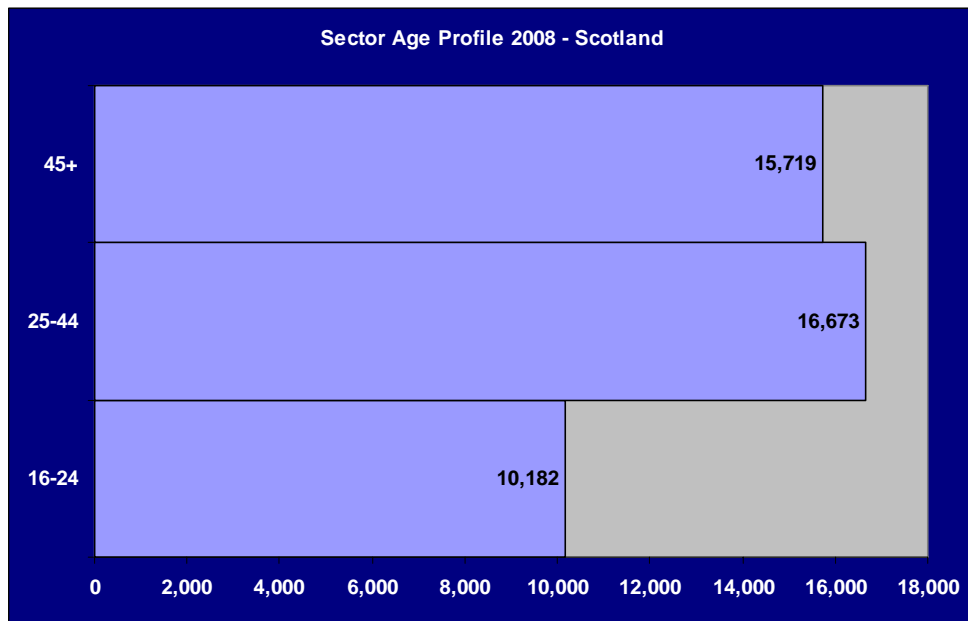
Source: LFS 2002-2008, Annual Average. Crown Copyright Reserved

Figure 5 UK Automotive Retail Age Profile



Source: LFS 2008, Annual Average. Crown Copyright Reserved

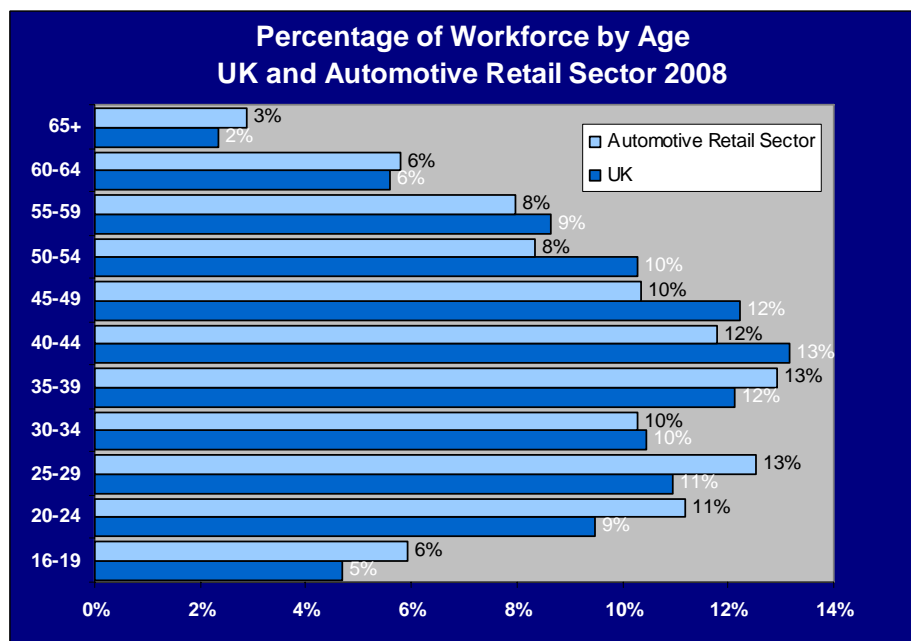
Figure 6 Scotland Automotive Retail Age Profile



Source: LFS 2008, Annual Average. Crown Copyright Reserved

Figure 7 Age Spread of the UK and UK Automotive Retail Sector Workforce

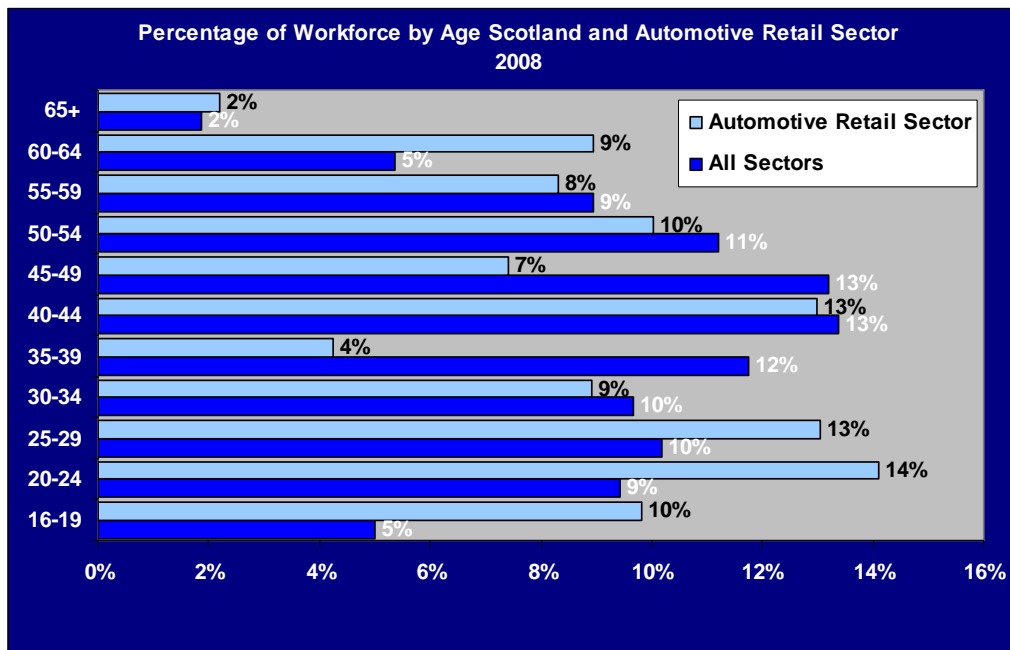
Overall the age split of the automotive retail sector is similar to that of the average UK workforce. There are slightly higher proportions of workers at younger ages (16-29) in the automotive retail sector, possibly reflective of higher levels of apprenticeship as a means to entry into the sector. Proportions of workers in the 40 to 59 years age bands are also moderately higher.



Source: LFS 2008, Annual Average. Crown Copyright Reserved

The age profile of the workforce in Scotland is characterised by higher proportions of younger workers and fewer 35-39 and 45-49 aged workers.

Figure 8 Age Spread of the Automotive Retail Sector Workforce in Scotland Compared to all Sectors



Source: LFS 2008, Annual Average. Crown Copyright Reserved

Recruitment and Retention

Apprenticeships are a very important entry route into the sector due to the high proportion of roles that require specific technical skills. Most apprentices are recruited straight from school. It is common for more senior roles to be filled by individuals who have 'risen through the ranks' to management positions, or opened their own business, often with little specialist training in this area. There is relatively little recruitment from outside the sector because generally sector experience is highly valued over transferable skills and competencies. This has in part contributed to a low number of managers and leaders in the sector who are qualified to the level deemed appropriate for management roles (SVQ level 4 and above).

Certain activities within the sector, most notably sales, maintenance and repair activities, have suffered from a poor public image. This image does not represent the vast majority of the sector which is very professional, customer focused and technologically advanced and employing highly skilled staff. This poor perception is perpetuated by the press and the portrayal of the sector in popular media and has contributed to employers finding it hard to attract high calibre staff. Other challenges to attracting the right talent to the industry include the perception that pay levels are not attractive enough, there are a lack of flexible working opportunities available, working conditions are poor and there are a lack of opportunities for graduates. Dissatisfaction from employers with new recruits' basic employability skills is common.

The most common position that employers find hard to recruit for is vehicle technician (more usually known as mechanics). This is largely due to the specific job-related technical skills required. The recession has reversed this shortage temporarily. Whilst there is a perception amongst employers in the sector that there is a high turnover of staff in general, the recession has meant people are tending to hold onto the jobs they have. Vacancy levels are much lower and redundancies higher, therefore making the talent pool for recruitment far richer than would usually be the case.

Implication for Skills

Because the sector comprises of so many micro businesses, there is a skills implication. The larger the business, the more likely it is that they have a formal training budget. Recent research conducted found that whilst 74% of larger businesses and 52% of SMEs had training budgets, only 13% with 3-9 employees and 5% with 0-2 employees had them.⁷ Taking time out of the business to train and improve skills is more difficult when there are fewer staff to cover time away from work (as is the case in a micro business). It is also likely that these smaller businesses require staff to have a more diverse skill set. Whilst in a large-scale organisation, there will be a tendency to allow specialism in particular areas, in a micro sized business employees must be able to carry out a more diverse array of tasks.

The large proportion of managers and leaders (largely due to the high number of micro businesses in the sector) means that there is a demand for all types of management and leadership skills. Having highly skilled managers and leaders is vital to the productivity and success of the sector.

The high proportion of skilled trade staff in the sector has meant there is a heavy emphasis in the sector on technical training. This is especially important as the pace of change in technology in the sector is very high. Franchise arrangements with vehicle manufacturers (common in dealerships, fast fit operations and roadside assistance) enable those employed by these businesses to have ready and, on the whole, automatic access to training on the latest new and emerging technologies. Where businesses are independent, as almost half of vehicle dealerships and the vast majority of micro businesses are, access to this type of training on new knowledge is more difficult to obtain.

Because vehicle sales accounts for around three quarters of turnover, staff with excellent sales skills are essential for the profitability, and therefore success of the sector. The ever changing landscape of new makes, models and technology creates a constant need for new sales training.

The dominance of men working in the sector, especially in skilled trade occupations, looks set to continue as the latest intake of apprentices were made up of 98%⁸ males. Much research has been done on the subject of equal opportunities in the workplace and the results suggest there are many advantages for businesses to have a more balanced male: female ratio. It would be advantageous for the sector to attract more women in order to realise the benefits of a workforce that more closely reflects the population as a whole.

⁷ Automotive Retail Sector Employer Skills Survey 2009

⁸ IMI Automotive apprenticeship benchmark reports

Key Drivers of Business Competitiveness

This section will look at those issues that affect and influence the sector and its performance. The economic contribution of the sector and its constituent parts are analysed, along with external drivers of the market.

General

The automotive retail markets are largely domestic and have little competition from outside of the UK. Most vehicle maintenance and repair isn't subject to very much competition from abroad. The trend for customers to buy vehicles abroad is also in decline. Foreign companies would find it very difficult to compete with organisations that provide roadside assistance, vehicle rental and fast fit services. Only a tiny proportion of enterprises in the footprint have any operational reach outside the UK and those are mainly involved in sourcing vehicles and parts.

However, ownership of UK retail operations is far more international, even if managed in the UK. Of the 'AM Top 100', 7 retail groups are owned by foreign vehicle manufacturers with a combined turnover of £3.7bn accounting for just over 10% of the total 'AM Top 100' turnover of £35.6bn. A number of other dealer groups are foreign owned including Sytner Group – bought in 2002 by Roger Penske's United Auto Group (UAG) in the US – which in the UK has a turnover of £1.8bn, with 105 outlets employing nearly 4,500 staff. UAG has outlets in Germany as well. In the daily rental sector, many household names are part of major multinationals.⁹

Economic Conditions of the Sector

The automotive retail sector is a substantial generator of wealth for the UK. It contributes approximately 5.6% to the total UK turnover and has done so with little variation over the last decade.

Table 18 UK Turnover within the Automotive Retail Sector 1997-2007

Turnover (£mln)	1997	2000	2001	2002	2003	2004	2005	2006	2007
50.10 Vehicle Sales	84,394	86,755	92,063	96,968	102,242	103,594	107,586	105,943	111,442
50.20 Vehicle M&R	8,011	11,218	11,890	11,964	12,542	13,337	14,445	14,261	15,912
50.30 Parts sales	10,741	11,094	11,752	11,068	13,801	13,694	13,659	14,428	15,926
50.40 Motorcycle M&R etc	1,248	1,827	1,722	1,812	1,955	2,116	2,211	2,182	2,485
71.10 Rental & Leasing	4,020	4,580	7,935	7,325	6,892	7,684	8,583	8,780	8,780
Total	108,414	115,474	125,362	129,137	137,432	140,425	146,484	145,594	154,545
All UK Industries	1,733,184	1,973,648	2,042,949	2,070,925	2,177,124	2,295,339	2,457,073	2,597,917	2,780,474
% Share of total	1997	2000	2001	2002	2003	2004	2005	2006	2007
50.10	78%	75%	73%	75%	74%	74%	73%	73%	72%
50.20	7%	10%	9%	9%	9%	9%	10%	10%	10%
50.30	10%	10%	9%	9%	10%	10%	9%	10%	10%
50.40	1%	2%	1%	1%	1%	2%	2%	1%	2%
71.10	4%	4%	6%	6%	5%	5%	6%	6%	6%
% contribution to UK	6.3%	5.9%	6.1%	6.2%	6.3%	6.1%	6.0%	5.6%	5.6%

Source: ABI 1997-2007 UK Report, Division 50 and Division 71, released 17/11/2008

⁹ AM magazine, June 2006

Table 18 demonstrates the size of UK automotive retail in terms of turnover. In 2007 the sector turned over a total of £154.5bn, representing an increase of 43% compared with 1997. The majority share of turnover occurs within 'sales of motor vehicles' (SIC 50.10) which accounted for 72% of all turnover in 2007. Overall share of turnover is little changed compared with 1997.

Each SIC code has seen an increase in turnover since 1997, but in percentage terms the greatest gains have been made in the rental of motor vehicles which has seen turnover increase by 118%. In value terms however SIC 50.10 has seen the greatest increase; rising by some £27bn between 1997 and 2007.

Table 19 Turnover within the Automotive Retail Sector 1998-2007 by Nation

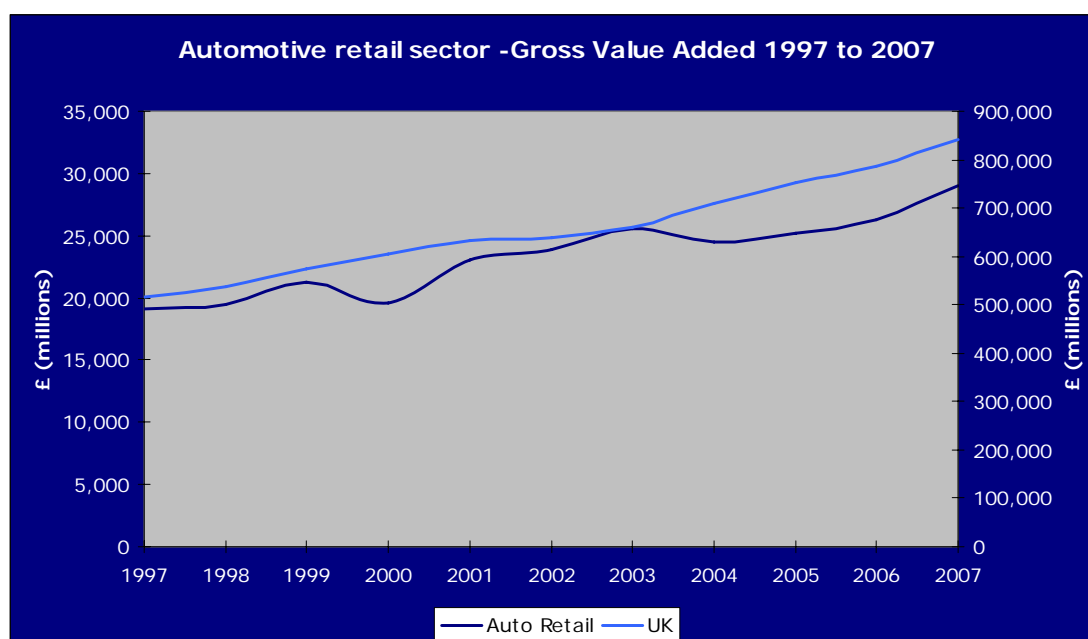
Turnover(£mln)	1998	2000	2001	2002	2003	2004	2005	2006	2007
England	110,878	118,475	124,362	135,423	139,575	142,937	145,683	142,163	149,332
Scotland	7,530	8,178	8,690	9,057	9,173	9,878	9,760	9,522	9,696
Wales	3,942	4,664	4,917	4,745	4,512	4,545	5,230	4,971	6,186
Northern Ireland	3,460	2,858	2,745	2,680	3,215	3,688	3,867	4,502	4,218
United Kingdom	125,809	134,176	140,714	151,904	156,475	161,048	164,540	161,157	169,432
% Share of United Kingdom	1998	2000	2001	2002	2003	2004	2005	2006	2007
England	88%	88%	88%	89%	89%	89%	89%	88%	88%
Scotland	6%	6%	6%	6%	6%	6%	6%	6%	6%
Wales	3%	3%	3%	3%	3%	3%	3%	3%	4%
Northern Ireland	3%	2%	2%	2%	2%	2%	2%	3%	2%

Source: ABI 1997-2007 UK Report, Division 50 only, released 30/07/2009 (http://www.statistics.gov.uk/abi/2007-archive/downloads/Division_by_Region.xls)

Turnover of the sector in Scotland has increased by some 29% since 1998 and has steadily contributed 6% of total sector turnover each year over that period.

Figure 9 shows the contribution of the sector in gross value added (GVA) terms, alongside the UK economy. Over the past decade the sector's GVA contribution has increased by 52% to £29 billion over the last decade, broadly following the UK trend.

Figure 9 UK Gross Value Added (GVA) within the Automotive Retail Sector 1997-2007



Source: ABI 1997-2007 UK Report, Division 50 (minus 50.5) and Division 71, Divisions A-O, released 17/11/2008

Table 20 UK GVA within the Automotive Retail Sector by UK Nation 1997-2007

GVA (£mIn)	1998	2000	2001	2002	2003	2004	2005	2006	2007
England	15,753	17,095	19,048	20,728	22,064	21,327	20,713	22,686	23,440
Wales	516	631	709	678	718	764	806	794	998
Scotland	1,660	1,179	1,329	1,474	1,436	1,430	1,318	1,284	1,261
Northern Ireland	546	425	483	379	487	567	657	740	607
United Kingdom	18,475	19,331	21,570	23,259	24,706	24,089	23,494	25,504	26,306
All UK Industries	551,151	623,050	651,173	658,253	683,840	736,899	781,485	816,697	875,760
% Share of total	1998	2000	2001	2002	2003	2004	2005	2006	2007
England	85%	88%	88%	89%	89%	89%	88%	89%	89%
Wales	3%	3%	3%	3%	3%	3%	3%	3%	4%
Scotland	9%	6%	6%	6%	6%	6%	6%	5%	5%
Northern Ireland	3%	2%	2%	2%	2%	2%	3%	3%	2%
% contribution to UK	3.4%	3.1%	3.3%	3.5%	3.6%	3.3%	3.0%	3.1%	3.0%

Source: ABI 1998-2007 UK Report Division 50 excludes SIC71.1 Rental & Leasing but includes SIC50.5 Sale of Fuel. Release Date 30/07/2009

In GVA terms Scotland has seen a decline over the period from 1998-2007, this is contrary to the UK trend over that time, and the contribution to the total sector GVA has in turn declined from 9% in 1998 to 5% in 2007.

Vehicle Sales Market

According to the latest figures there are currently in the region of 35.2¹⁰ million vehicles registered in the UK. Scotland contributes 2.7million¹¹ or 7.6% of this figure. The UK was the 3rd largest new car market in Europe in 2008 after Germany and then Italy¹².

Table 21 demonstrates the distribution of **cars** licensed throughout the UK in actual and percentage terms.

¹⁰ Source DFT vehicle registration and licensing statistics, August 2009 downloaded from <http://www.dft.gov.uk/pgr/statistics/datatablespublications/vehicles/> and Northern Ireland Transport Statistics 2008-09 table 1.1

¹¹ Source DFT vehicle registration and licensing statistics, August 2009 downloaded from <http://www.dft.gov.uk/pgr/statistics/datatablespublications/vehicles/>

¹² ACEA passenger car registrations 2008

Table 21 Number and Percentages of Cars Licensed throughout the Nations from 1999-2008

Year	England	Scotland	Wales	Northern Ireland	Not Known	Total
1999	20,463	1,824	1,166	721	521	24,695
2000	21,013	1,876	1,170	731	348	25,138
2001	21,540	1,939	1,217	767	430	25,893
2002	22,052	1,993	1,269	794	468	26,576
2003	22,382	2,031	1,305	853	522	27,093
2004	22,923	2,076	1,357	883	673	27,912
2005	23,424	2,139	1,392	917	564	28,436
2006	23,612	2,173	1,413	959	633	28,790
2007	23,932	2,216	1,433	1,008	647	29,236
2008	24,163	2,248	1,442	1,024	536	29,413
Percentage Contribution						% change 1999
1999	83%	7%	5%	3%	2%	n/a
2000	84%	7%	5%	3%	1%	2%
2001	83%	7%	5%	3%	2%	5%
2002	83%	7%	5%	3%	2%	8%
2003	83%	7%	5%	3%	2%	9%
2004	82%	7%	5%	3%	2%	13%
2005	82%	8%	5%	3%	2%	15%
2006	82%	8%	5%	3%	2%	16%
2007	82%	8%	5%	3%	2%	18%
2008	82%	8%	5%	3%	2%	19%

Source: DfT, Transport Statistics Bulletin, Vehicle Licensing Statistics 2008,
 Source: Regional Development, Northern Ireland Statistics and Research, Northern Ireland Transport Statistics 2008, 09 note that NI figures are 'vehicles licenced'

The proportion of cars licensed in the nations and regions is little changed over time. Over time, the total number of cars licensed in the UK has increased by 19% since 1999.

As mentioned previously, the sale of motor vehicles contributes nearly three quarters of the turnover in the sector. In 2008, a total of 2,131,795 new cars were registered in the UK; some 11.3% down on the previous year. Commercial vehicle registrations in 2008 stood at 351,384; 9.6% down on the previous year. Used car sales were less affected at 4.4% lower in 2008 on the previous year (7,157,982 unit sales).¹³

New Car Market

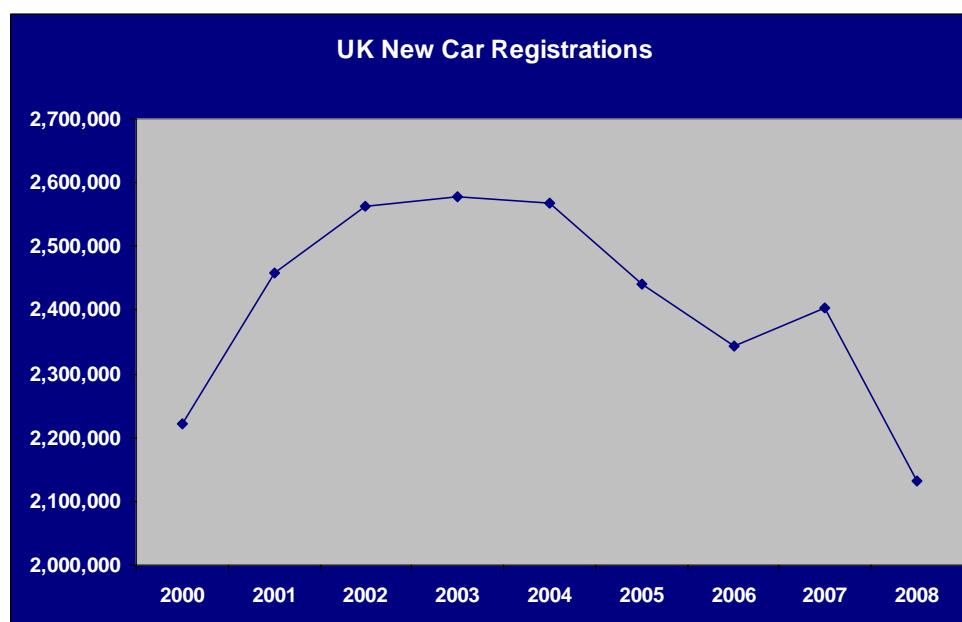
New vehicle registrations provide a measure of confidence in the economy and the sector from businesses and consumers alike. So far this downward trend in vehicle sales has continued in 2009. New car registrations are down by 277,380 units or 15.5% up to September 2009 compared to the same period in 2008. There have been signs of a return to growth in recent months following the introduction of the scrappage scheme in May 2009.¹⁴

¹³ SMMT

¹⁴ SMMT New vehicle registration figures

Figure 8 shows the number of cars registered in the UK since 2000.

Figure 8 UK New Car Registrations 2000-2008



Source: SMMT new car registration figures Source: <http://www.smmt.co.uk>

As figure 8 shows, UK new car registrations rose steadily up until 2003, slowed in 2004 and have since declined with the exception of 2007, which saw a brief recovery. Table 20 shows the distribution of new car registrations throughout the UK nations. Scotland contributed 8% of all new car registrations in 2008.

Table 22 New Car Registrations by UK Nation in 2008

	2008	
	Count	%
England	1,812,444	86%
Northern Ireland	56,688	3%
Scotland	170,657	8%
Wales	78,084	4%
UK Total*	2,117,873	100%

Source: SMMT *Note: Channel Islands & Isle of Man New Car Registrations not included.

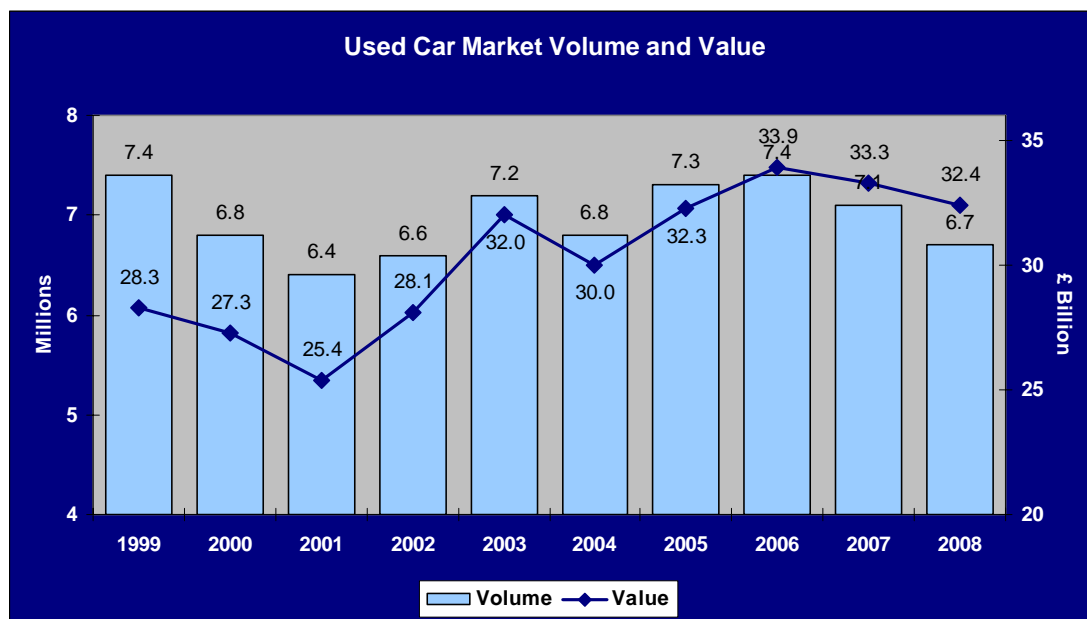
Fleet sales comprised 52% of new car registrations in 2008 while private sales comprised 41%. A key driver of new business to the sector is therefore fleet sales. Fleet sales are defined as companies that operate more than 25 vehicles, while company car owners with less than 25 cars are known as business users.

Used Car Market¹⁵

The used car market has fluctuated over the past decade in terms of volume of sales. 2008 saw sales of used cars decline by 5.6%, a markedly better performance when compared to new car registrations. The value of the used car market generally followed an upward trend to a peak in 2006 and has since declined slightly to £32.4 billion turnover. Figure 10 shows recent trends in both the volume of cars sold and their corresponding value.

¹⁵ Sewells Automotive Industry Insight 2009, www.sewells.co.uk

Figure 10 Used Car Market Volume and Value



Source: Sewells Automotive Industry Insight, www.sewells.co.uk using BCA Used car market report 2009

Commercial Vehicle Market

Commercial vehicle (van and truck) registration decreased by 10% in 2008 (351,384 registered) and up to October 2009 by a further 37%.¹⁶

The demands of commercial vehicle customers differ somewhat from those of passenger car keepers. For CV operators, downtime is lost income, which may have a significant impact on business success. So, for example, all-hours maintenance and repair services are commonly offered combined with a “can-do” engineering-focused, problem-solving ethos in support of customer needs. Overall the dynamics of sales, maintenance and repair activities are rather different from that found in the car market.

Motorcycles

According to the Motor Cycle Industry Association (MCIA) registrations of motorcycles and mopeds declined 19.4% in the year to October 2009 compared to the previous year.

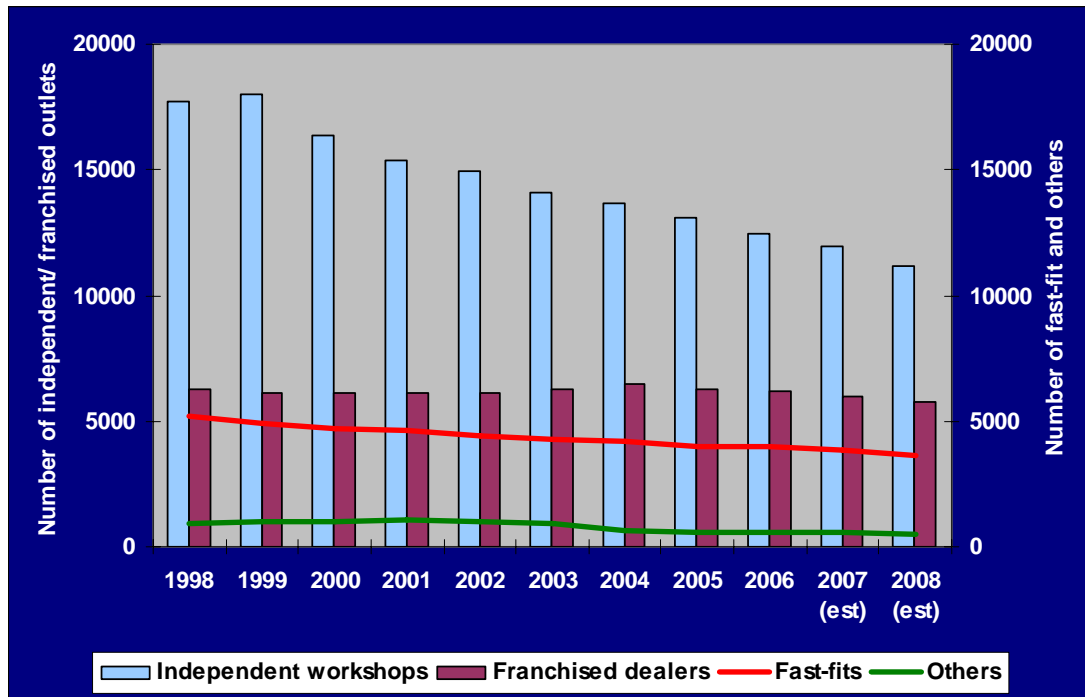
Maintenance and Repair Market¹⁷

The vehicle maintenance and repair market contributes 10% of the turnover of the sector and has done so consistently over the last decade. The number of non-franchised /independent garages providing maintenance and repair has declined over the past decade whereas the number of franchised dealerships operating has been more stable. Franchised dealerships are estimated to account for 35-45% of the maintenance and repair market. The remainder being supplied by independent garages or fast fit centres.

¹⁶ Motor Industry Facts 2009. SMMT, 2009.

¹⁷ Castrol professional Car Service and Repair Trend Tracker 2008

Figure 11 Estimated Number of Outlets Providing Garage Servicing, Mechanical Repairs and Replacement Parts Fitting Services 1998-2008

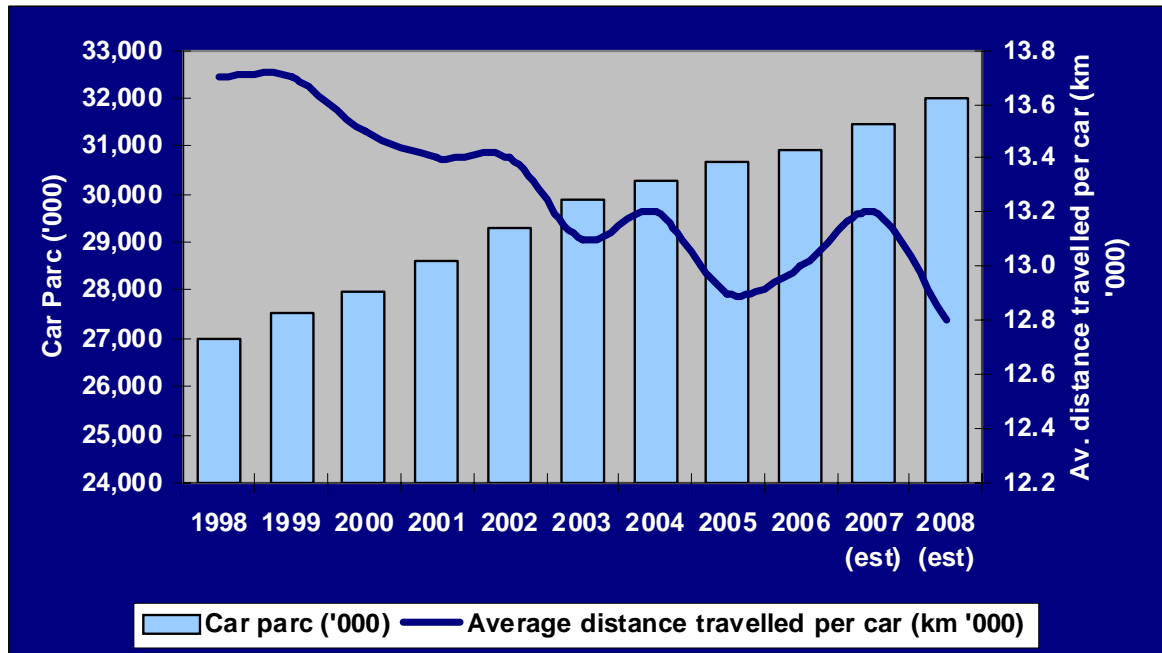


Source: Castrol professional Car Service and Repair Trend Tracker 2008

Key factors that are currently impacting the market are as follows:

Average mileages are falling and car build quality is improving. These facts have the combined effect of increasing the interval between regular services leading to a reduction in the total number of annual services from 57.9 million in 1998 to 46.7 million in 2008. This represents a decline of 19%. This has meant that the maintenance and repair market has been depleted in value terms over the past decade despite the increase in the number of vehicles registered in the UK over the same period. Latest forecasts suggest that the market will fall by a further 5% to around 45 million service or repairs per annum by 2013. To counter this decline, the average cost of a service or repair has risen by 32% from £129 in 1998 to £171 in 2008.

Figure 12 Average Annual Distance Travelled per Car vs. Size of the Car Parc over the Past Decade



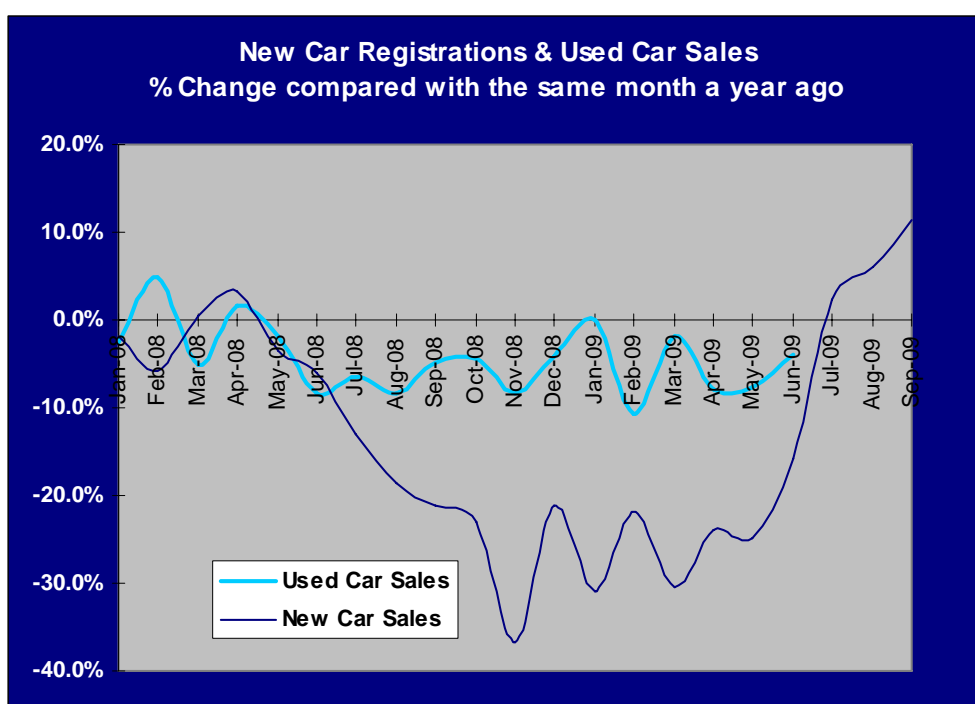
Source: Castrol professional Car Service and Repair Trend Tracker 2008

Section 2 - What is driving change?

The Recession

UK GDP figures released in February showed the UK economy officially in recession as of the final quarter of 2008 and it is expected that the economy will remain in recession through 2009 until the beginning of 2010. The slowdown has been felt by the automotive sector and in fact is the main challenge employers will face over the next year¹⁸. New car registrations fell dramatically in the latter part of 2008 and continued to fall in 2009 prompting introduction by Government of the scrappage scheme in May. Overall new car registrations were down 11.3% in 2008 compared with a year earlier and forecasts for 2009 suggest a further decline on 2008 of 14.4% (prior to the introduction of the scrappage scheme, the end of year forecast had been 19.3%¹⁹). As previously mentioned, the used car market remained fairly buoyant in 2008 and in the first half of 2009 whilst commercial vehicle registrations have been impacted severely.

Figure 13 New Car Registrations and Used Car Sales % Change Compared with the Same Period a Month Earlier (UK)



Source: <http://www.smmmt.co.uk> citing Experian and the DVLA for Used Car Sales figures

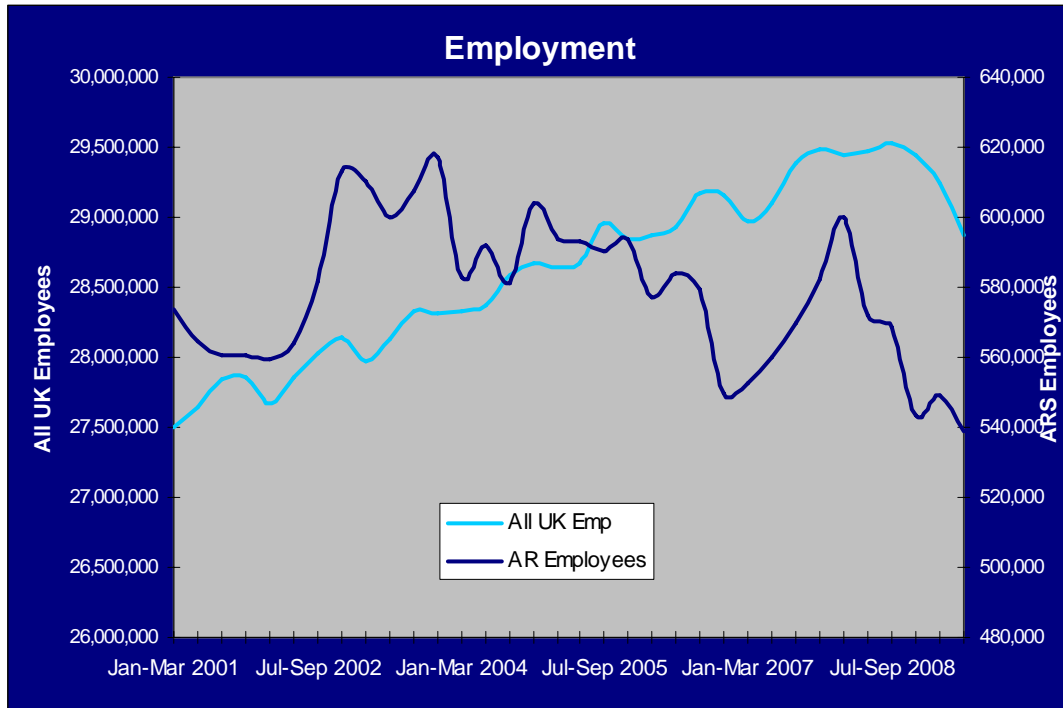
UK unemployment is at its highest since 1998 and the automotive sector has seen its share of job losses. Labour Force Survey statistics for 2008 demonstrated an overall increase in the number of jobs within the automotive retail sector, rising 0.8% compared with 2007; an increase of some 4,700 jobs. Comparing quarterly change on the previous year however demonstrates that the number of jobs in the fourth quarter of 2008 fell 7% compared with the same quarter in 2007 (this is however far from unprecedented with similar falls witnessed in 2006).

¹⁸ Automotive Retail Sector - Employer skills survey, November 2009

¹⁹ SMMT, http://www.smmmt.co.uk/industryissues/index.cfm?catid=3725&sid=259&iicid=L_1009

Figure 14 depicts the number of employees over time for the UK as a whole and for the automotive retail sector. Overall UK employment has fallen again this quarter, but the graph demonstrates the considerably more volatile nature of employment within the UK automotive retail sector.

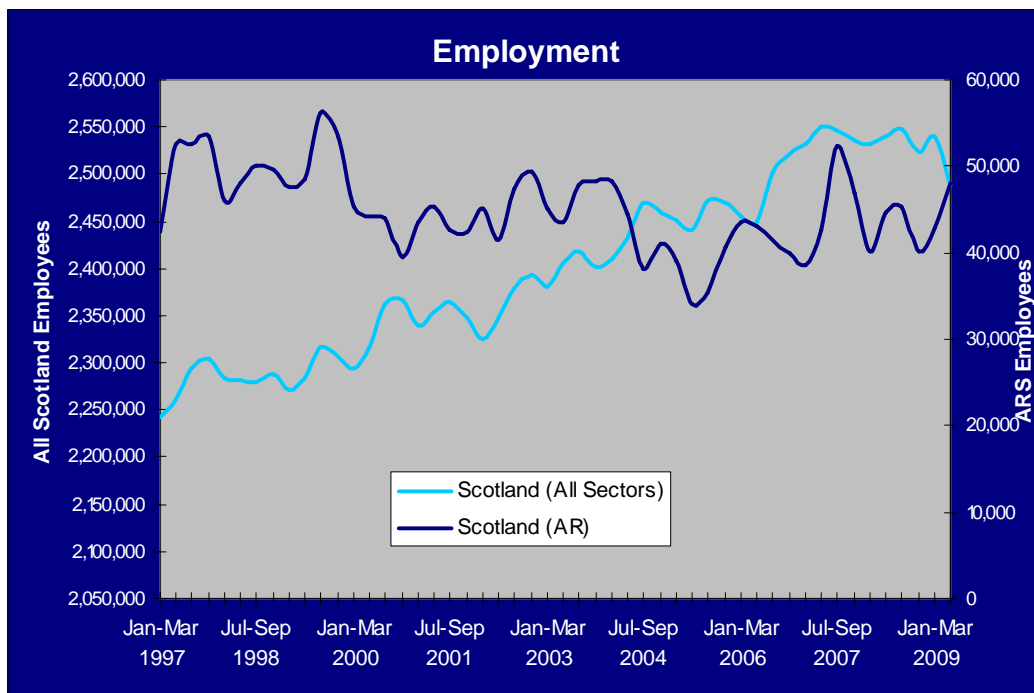
Figure 14 UK Total and Automotive Retail Sector Employees 1997-2008



Source: LFS quarterly figures 1997-2009. Crown Copyright Reserved

The following figure demonstrates that employment in Scotland has broadly followed the UK trend.

Figure 15 Scotland Total and Automotive Retail Sector Employees 1997-2008



Source: LFS quarterly figures 1997-2009. Crown Copyright Reserved

At the activity sub-sector level, vehicle maintenance and repair businesses have seen a negative impact from the recession. Consumers are increasingly less likely to make non-essential repairs to their vehicles. This effect is being felt more so in franchised dealerships than in independent garages. Some independent garages are reported to have benefited from the recession as consumers seek cheaper alternatives for maintaining their vehicles. The recession is driving new innovation into pricing in these markets in order to retain and attract customers. For example Mercedes Benz are offering fixed price service menu in their dealerships to make pricing more open up front. Ford dealerships are offering a £99 'mini' service to Ford car models that are three years old or more which includes 12 months roadside assistance cover. Parts suppliers and retailers are reporting a mixed picture with some businesses experiencing something of a boom and others experiencing a big reduction in business.

Roadside assistance and recovery businesses have been affected to some extent by the recession, especially for those who specialise in heavy vehicle work where less deliveries and therefore journeys are being made, reducing the need for breakdown assistance. Larger employers report a slight negative impact of the recession on the whole largely due to business to business sales having decreased in line with the reduction in new car sales. This means that there are fewer new car breakdowns to attend to. This has been offset to some extent by an increased number of breakdowns occurring as people hold onto their cars for longer. Medium and smaller employers in this sub-sector have reported large decreases in work over the last 18 months which they attribute mainly to decreased road traffic. This is in part due to high fuel prices as well as the recession.

The rental and leasing side has seen some positive outcomes from the recession. One benefit is that the re-sale value of ex-rental vehicles has increased meaning more money is coming into the business from this income stream. The leisure side of the rental market business has increased as people are reportedly renting cars for short periods of time instead of buying their own vehicles.

The commercial leasing side has seen a slight dip in business. This is being attributed to a number of factors. As businesses make staff redundant they have more pool cars available for the remaining staff use which negates the need to hire cars for ad hoc business travel. In addition to this, at this time businesses are increasingly not replacing all staff leavers, meaning there are fewer new starters. This has reduced the requirement for 'interim' hire of vehicles to bridge the gap between staff starting and receiving their company car. There is also a general decline in business travel meaning fewer requirements for hiring cars.

Employment

Recent research of employers in the sector confirmed that on the whole, businesses have been negatively affected by the recession. There is evidence that staff have been put on part time hours or made redundant and more competitive prices are being offered to customers. Indeed, employers believe the recession to be their greatest challenge over the next few years, suggesting that the time taken to recover is anticipated to be lengthy.²⁰

2009 figures show employment levels in the sector are declining, with increased numbers of 'vehicle trade' staff claiming job seeker allowance, along with decreased numbers finding work. Vacancy levels in the sector have also steadily declined month on month since July 2008, making it harder for those out of work to find employment. Skilled trade workers, which make up a third of occupations within the sector, account for a disproportionately high number of redundancies, pointing to the sector's difficulty in retaining skilled staff. If this trend continues it could potentially have a substantial impact on the sector's ability to come through the recession and capitalise on future opportunities.²¹

²⁰ Automotive Retail Sector - Employer skills survey, November 2009

²¹ IMI First quarterly industry update, 2009

Investment in Skills

Reports on the effect that the recession is having on investment in training are mixed. A recent IMI survey of employers found that 65% of employers agreed that 'investment in training' would help their businesses survive the recession'. However, research suggests that the recession is clearly and seriously beginning to affect apprenticeships. 65% of employers surveyed reported negative effects of the recession on their business. 63% did not expect to take on any new apprentices in the New Year, over half of which cited the recession as the reason for this.²²

Implication for Skills

In more normal economic conditions the sector's most common skills shortage is for vehicle technicians (more commonly known as mechanics), however in this time of recession, figures show high numbers of staff in technical roles are being made redundant. This is most probably a product of the high number of owner/managers of smaller businesses who were once technicians that are able to cover this type of work. The recession has therefore temporarily alleviated this skills shortage. When the recession lifts it is most likely that this will result in a more acute shortage of technicians that would normally be the case. This skills shortage will be further compounded by the reported reduction in employers taking on apprentices over the coming year meaning that numbers of new technicians entering the sector will be lower.

Although the recession is not yet at an end, it is important that the sector continues to invest in skills training to ensure it is ready to act once the worst of the recession is over. It is also likely that in order for the sector to be successful in the future, large-scale changes to current business models will be necessary. This type of strategic thinking will be vital putting a high demand on strong leadership and management skills.

New Vehicle Technology

Vehicle technology moves at an incredible pace in the automotive industry. New makes and models are constantly being launched into the market. Along with the need for regular investment in new equipment etc, there is a constant requirement for businesses to invest in technical training and in order to minimise skill gaps in existing staff. This has an impact on training providers who must ensure equipment used to train is reflective of the whole market.

More and more IT hardware and software is being put into vehicles in the form of complex electrical systems meaning that IT skills are becoming increasingly important. High-level problem solving skills and technical diagnostic skills are also important in order to cope with the constantly changing technologies in vehicles. This is especially true for non-franchised businesses where access to manufacturer training on new makes and models is more limited and not provided as a matter of process.

Sector Response

Due to the ever-moving feast of technology and the need for constant on the job learning, the sector-specific product Automotive Technician Accreditation (ATA) was developed. ATA is a voluntary assessment programme for individuals working in the retail motor industry. To become ATA registered, an individual must pass a comprehensive and rigorous series of tests of practical skills and knowledge. To ensure that they keep up-to-date with new technologies, technicians need to be re-assessed in order to maintain their accreditation.

²² IMI Automotive Apprenticeship Report, <http://www.motor.org.uk/research/apprenticeships.html>

ATA aims to provide confidence to consumers that their vehicle is being maintained by a competent individual.

Government Policy

Government policy can drive consumer demand and business behaviour, and thus the direction of the sector. The skills and training needs of the workforce could also be affected in many ways. A few examples have been selected.

The Vehicle Scrappage Scheme

The much anticipated scrappage scheme was introduced in May 2009 which aimed to kick start sales of new cars. Motorists buying new cars became eligible for a £2,000 discount if they traded a car aged 10 years or over to scrap. The Government and manufacturers share the cost of the scheme which was originally set to run to the end of Feb 2010 or until the £300 million funding from the government ran out.

The introduction of the scheme met with a mixed response with critics claiming that it may have an adverse impact upon the price of second-hand cars and will have little impact in terms of safe-guarding jobs in the automotive industry. Others claimed the scheme could help reduce the number of heavily polluting cars and reduce the average age of the national car fleet.

The impact of the scheme was first seen in July 2009 which saw a rise in monthly new car registrations (+2.4%²³ on the same month a year earlier) which reversed the downward trend that began in April 2008. This upward trend continued into August and September. In late September, at the Labour Party Conference, Lord Mandelson confirmed after much speculation, that the scheme would be extended to cover a further 100,000 vehicles than had been originally planned.

The SMMT attributed a fifth of new car registrations in September to the scrappage scheme (21.0%) and a quarter of registrations in August (25.1%). Since the scheme was introduced, more than 180,000 vehicles have been registered.

The Green Agenda²⁴

In December 2008, EU new car CO₂ regulation was introduced which set targets across Europe of average new car CO₂ emissions of 130g/km by 2015. In 2008, SMMT reported the UK average to be 158.0g/km. Various Government legislation and regulations have been put in place to stimulate manufacturers to research and develop low carbon technologies and consumers to choose lower emission alternatives. For consumers, these measures are largely centred around taxation, e.g. stepped cost of road tax based on engine size. In addition, more than 9 out of 10²⁵ consumers are also increasingly willing to take steps to reduce their own carbon footprint. Whether this willingness is stimulated by saving money or a desire to save energy is arguable, however the outcome with regard to emissions is the same.

Emissions have fallen every year since 1997, and in 2008 the reduction in average new car CO₂ emissions was the steepest yet. The contributing factors towards this reduction are:

- The increase in proportion of diesel cars sold
- The growth of alternatively fuelled vehicles
- Movement of the market towards smaller cars

²³ Society of Motor Manufacturers and Traders

²⁴ Sewells Automotive Industry Insight 2009. www.sewells.co.uk

²⁵ The used car market report, 2009. BCA

Implication for Skills

With changes to the make up of the vehicle fleet in the UK comes a need for the workforce to keep their skills and knowledge up to date. Because access to training will not always be practical or possible this will effectively drive the increase in the requirement for high level problem solving skills.

Block Exemption Regulation

In September 2000, the Supply of New Cars Order 2000 was introduced following the Competition Commission (CC) monopoly inquiry into the supply of new cars. The CC found that private car buyers in the UK were paying about 10% too much for the average car, taking account of discounts, trade-ins and finance deals²⁶. The Block Exemption Regulation exempts the distribution, sale, maintenance, repair and other related after-sales activities associated with passenger cars from European Commission competition rules.

The BER enables car manufacturer national sales organisations to create networks of 'selective' or 'exclusive' dealership networks:

- Dealers are now able to operate in different areas and EU countries
- Sales/after-sales activities for different franchises are allowed from the same premises with fewer restrictions.
- Non-franchised dealers and brokers will be better able to compete
- Greater servicing and repair market competition
- Lower costs
- After-sales activities can be carried out by any retailer (whether franchised or not) provided the retailer abides by manufacturer-approved standards
- Independent retailers/suppliers will have access to necessary technical information, including diagnostic equipment and software.

There was also a location clause of the BER which essentially prevented dealers from expanding outside their territories. From October last year, however, any dealer wishing to sell passenger cars and commercial vehicles and who meet the manufacturers standards will be able to set up secondary sales and delivery outlets anywhere within the EU, Norway, Iceland and Liechtenstein.

It has been argued that those with the most to gain are large dealers and multinational fleet providers, with already pronounced national variations. British franchised dealers sold an average of 502 new cars per outlet last year, reflecting the fact the market has already consolidated. In Europe, average sales per dealer is 279 with only six franchises exceeding an average of 400 new car sales per dealer and with 22 franchises averaging less than 200 per dealer. This has led to the theory that 'British dealers are in a better position than continental counterparts to exploit the scrapping of the clause.'²⁷

Evidence would suggest however that the lifting of the clause has made little difference so far as profit margins in the sector are low and have been so for some time. It is therefore a risky strategy to move into the area of another dealer to compete 'head-to-head'. Many will choose to do this on the internet, which is a far more cost effective approach²⁸.

²⁶ Block exemption for cars fact-sheet. The Department for Trade and Industry, 2006.

²⁷ Abolition of location clause under block exemption regulation draws near. Pricewaterhouse- Coopers LLP, 2005.

²⁸ Location Clause is no more. Did the earth move for anyone? AM Online, October 2005.

Super Complaint – National Consumer Council

Under Section 11 of the Enterprise Act 2002 (EA 2002) consumer bodies designated by the Secretary of State for Trade and Industry are able to submit 'super-complaints' to the Office of Fair Trading (OFT). They consider that there is 'any market feature or combination of features such as the structure of a market or the conduct of those operating within it that is or appears to be significantly harming the interests of consumers'²⁹. The threat of a super-complaint was raised against the motor industry by the National Consumer Council (NCC) in March 2006, and could result in mandatory legislation to ensure quality and standards.

This complaint has been delayed, as the NCC has recognised the significant investment in skill based initiatives taking place in the sector. However, the NCC has highlighted a range of areas that it would like to see improved, and thus the super-complaint is still a real threat to the sector³⁰. Any form of quality standard would have significant implications for skills and training requirements.

Industry Recognised Standards - PAS 125

The PAS 125 standard was created for the accident repair industry in order to improve the quality of vehicle repairs. It sets minimum standards for accident repair centres around 'safe repair', personnel, equipment, repair methods, quality of materials etc. The majority of accident repair work is driven into the sector by insurers following claims. The industry's leading work providers (i.e. major insurers) are increasingly stipulating that the criteria their centres must adhere to, will include the PAS 125 standard.

This is helping to drive up skill levels as the standard requires accident repair centres to prove their technicians are competent to carry out work. A recent S/NVQ pass in a related subject or successful participation in an approved accreditation scheme (such as ATA) are ways that an employer proves technicians' competence.

²⁹ Super-complaints Fact Sheet, the Department for Trade and Industry, 2005.

³⁰ Automotive Skills will continue to promote skills - based initiatives to help ensure the industry avoids a 'Super Complaint'. Press release from Automotive Skills, March 2006.

Section 3 - Current Skill Needs

This section sets out the current qualification profile of the automotive retail staff, outlining the disparity between skill levels of the sector when compared to the UK. The section then goes on to discuss the findings from the Scottish Employer Skills Survey and compares, where possible, with the employer skills surveys conducted across all nations in the UK outlining any recruitment difficulties, skill gaps and shortages.

The current skill needs of the sector are summarised at the end of the chapter along with specific skill types.

General

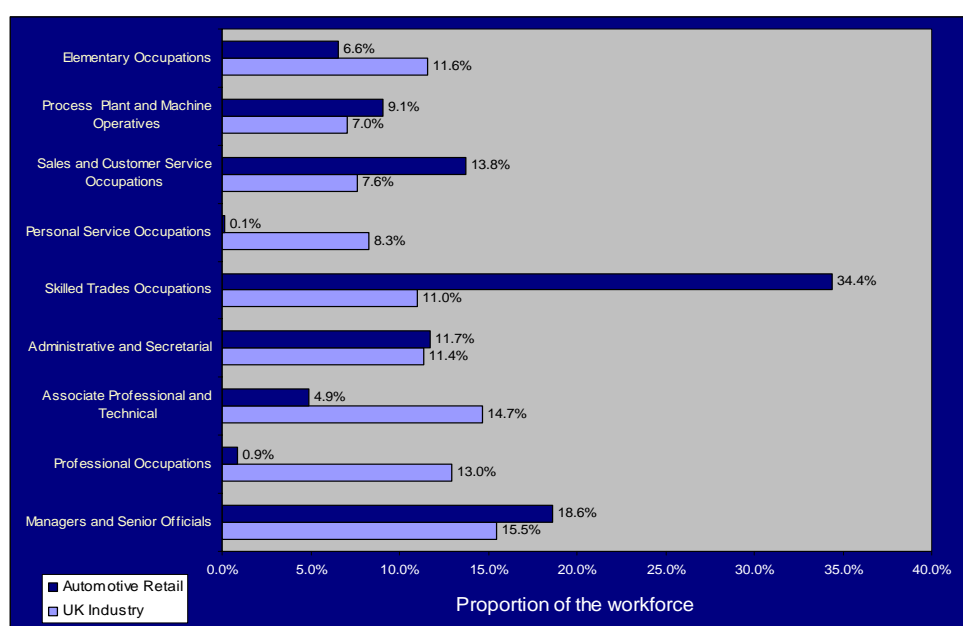
As discussed earlier, businesses and employment in the sector are distributed throughout the nations broadly in proportion to all businesses. The sector is characterised by the high proportion of skilled trade staff who require specific sector-related technical skills. Because new technology is released into such a high paced environment, the market is in constant need of skilled trade staff to update their knowledge and skills. This also necessitates a need for high level problem solving skills.

The high proportion of managers and senior officials in the sector creates a high demand for management and leadership skills. The type of management skills required is largely dependent on the size and type of business. The sector has a high proportion of micro businesses and the skills requirement for an owner/manager is different to that of a manager working in a vehicle dealership for example.

Scotland differs slightly from the UK picture as it has a very high proportion of customer service and sales staff working in the sector. This demonstrates the need and importance for these skills as well.

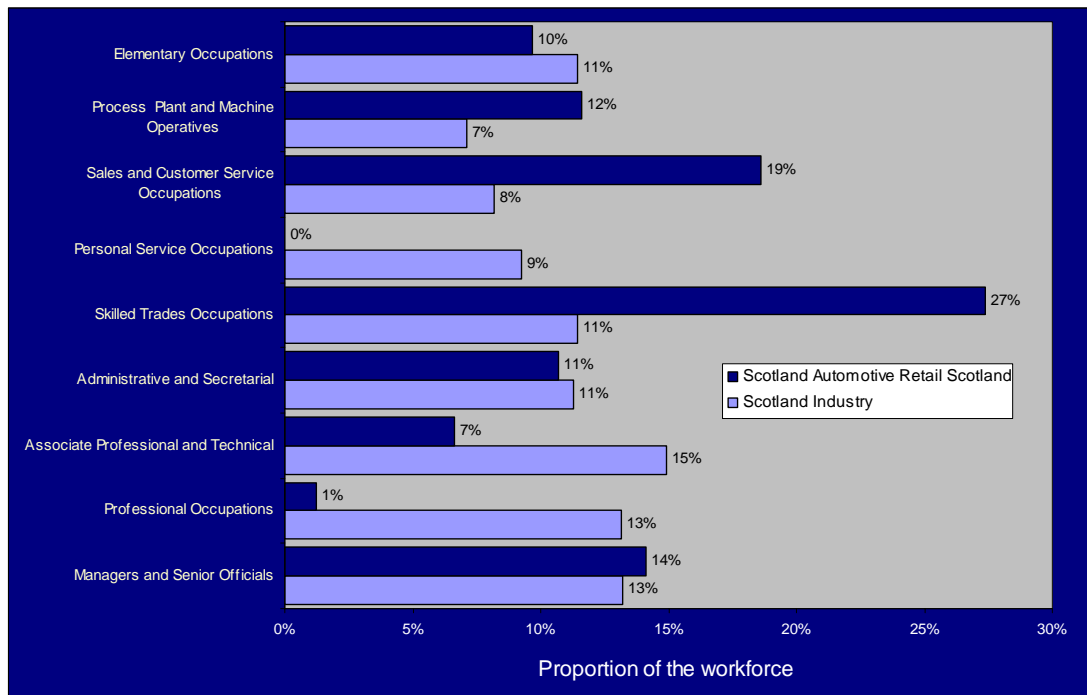
The following information from the Labour Force Survey shows how employment in the sector is distributed across the standard occupational groups:

Figure 16 Occupational Profile of Workforce in the UK



Source: LFS 2008, Annual Average computed from individual quarters, Crown Copyright Reserved

Figure 17 Occupational Profile of Workforce in Scotland



Source: LFS 2008, Annual Average computed from individual quarters, Crown Copyright Reserved

Figures 16 and 17 demonstrate the relative importance of skills trade occupations, including technical skills. It also shows the relative importance of managers and customer service and sales staff in terms of volume, compared to other occupations.

Current Skill Levels in the Sector in Terms of Formal Qualifications Held

Qualifications are the measure most widely used in terms of measuring the skills of the workforce. Although not perfect, this enables ready comparison over time, and between sectors and countries etc. This section compares the current skill level of the sector compared to that of the working population in terms of highest qualification held.

Scotland figures are reported at the whole sector level to ensure the robustness of data.

High Level Skills - Level 4 qualifications and above

The sector has a relatively low number of staff qualified at a 'high skills level'. Only 18% of managers and senior officials are qualified to level 4 or above, compared to 45% of the UK working population. It should be noted that the figures of 18% is a little higher than the 14% figure reported in the Sector Skills Agreement of July 2006.

Table 23 Proportion of Automotive Retail Sector Workforce Qualified to High Skill Level Compared to the Working Population

Annualised Average Percentages	%S/ NVQ Level 4 and above			
	No of AR Staff	Automotive Retail Sector	Working Population	Difference
Managers and Senior Officials	106,263	18%	45%	-27%
Professional occupations	5,036	49%	82%	-33%
Associate Professional and Technical	27,836	13%	55%	-42%
Administrative and Secretarial	66,801	10%	23%	-13%
Skilled Trades Occupations	196,485	5%	10%	-5%
Sales and Customer Service Occupations	78,508	11%	13%	-2%
Process Plant and Machine Operatives	51,733	6%	6%	-1%
Elementary Occupations	37,530	2%	7%	-5%
All	570,990	9%	20%	-10%
SCOTLAND	42,574	17%	38%	-21%

Source: LFS 2008 annualised average

Intermediate Level Skills - Level 3 qualifications and trade apprenticeships

The sector has a relatively high number of staff qualified to 'intermediate skills levels' when compared to the working population. The sector in Scotland has 26% (30% at the UK level) of the workforce with level 3 qualifications overall as compared to 21% (20% at the UK level) of the working population.

Table 24 Proportion of Automotive Retail Sector Workforce Qualified to Intermediate Skill level Compared to the Working Population

Annualised Average Percentages	% S/NVQ Level 3		
	Automotive Retail Sector	Working Population	Difference
Managers and Senior Officials	27%	19%	8%
Professional occupations	26%	8%	18%
Associate Professional and Technical	38%	18%	21%
Administrative and Secretarial	27%	21%	6%
Skilled Trades Occupations	42%	35%	7%
Sales and Customer Service Occupations	20%	23%	-3%
Process Plant and Machine Operatives	17%	17%	0%
Elementary Occupations	12%	16%	-4%
All	30%	20%	10%
SCOTLAND	26%	21%	5%

Source: LFS 2008 annualised average³¹

³¹ The table above uses an adaption of the Levqual8 variable from the Labour Force Survey. The figures for Level 2 and Level 3 incorporate elements of those with Trade Apprenticeships and Other Qualifications as per the following: = Level 3 + (Trade Apprenticeships * 0.5) + (Other Qualifications * 0.1), = Level 2 + (Trade Apprenticeships * 0.5) + (Other Qualifications * 0.35)

The sector has a long tradition of offering apprenticeships. This is evidenced by the high level of staff in the sector with a trade apprenticeship (16% in Scotland) when compared to the working population (7% in Scotland). As might be expected there are high levels within skilled trade occupations. Managers in the sector also have high rates of apprenticeships supporting the findings that managers tend to work their way up through the ranks and often without the appropriate training/development support. The low proportion of high level skills held by managers in the sector suggests that they are not being sufficiently up-skilled when taking up new posts or setting up their own business.

Table 25 Proportion of Automotive Retail Sector Workforce with a Trade Apprenticeship Compared to the UK Working Population

Annualised Average Percentages	% with a Trade Apprenticeship		
	Automotive Retail Sector	Working Population	Difference
Managers and Senior Officials	12%	4%	8%
Professional occupations	5%	1%	3%
Associate Professional and Technical	15%	2%	12%
Administrative and Secretarial	2%	1%	0%
Skilled Trades Occupations	27%	19%	9%
Sales and Customer Service Occupations	7%	2%	5%
Process Plant and Machine Operatives	9%	8%	1%
Elementary Occupations	8%	4%	4%
All	15%	3%	12%
SCOTLAND	16%	7%	9%

Source: LFS 2008 annualised average

No Qualifications Held

Table 26 outlines the percentage of the sector who hold no formal qualifications. Overall, this amounts to 11% of the sector in Scotland which is 3% higher than the overall working population for Scotland.

Table 26 Proportion of Automotive Retail Sector Workforce with no Qualification Compared to the UK Working Population

Annualised Average Percentages	% with no qualifications		
	Automotive Retail Sector	Working Population	Difference
Managers and Senior Officials	8%	5%	3%
Professional occupations	0%	1%	-1%
Associate Professional and Technical	0%	2%	-2%
Administrative and Secretarial	8%	6%	2%
Skilled Trades Occupations	9%	12%	-3%
Sales and Customer Service Occupations	15%	12%	3%
Process Plant and Machine Operatives	28%	18%	10%
Elementary Occupations	28%	22%	6%
All	12%	10%	1%
SCOTLAND	11%	8%	3%

Source: LFS 2008 annualised average³²

³² The table above uses an adaption of the Levqual8 variable from the Labour Force Survey. The figures for Level 2 and Level 3 incorporate elements of those with Trade Apprenticeships and Other Qualifications as per the following:

Highest Qualifications Level Held Over Time

Looking at qualification levels of the workforce over time, there is no clear trend. The percentage of those who hold Level 4 qualifications appear to have increased slightly since 2002. The proportion in the sector with no qualifications at all decreased to 2006 and then increased up to 2008.

Figure 18 Qualification Levels of the Automotive Retail Sector from 2002-2008



Source: UKCES almanac 2009, Skills Indicator, worksheet NVQ Share in SSC

= Level 3 + (Trade Apprenticeships * 0.5) + (Other Qualifications * 0.1), = Level 2 + (Trade Apprenticeships * 0.5) + (Other Qualifications * 0.35)

Recruitment, Skill Shortages and Skill Gaps

Skill Gaps³³

Skill gaps occur when the existing workforce of a business does not have the skills required in order to be fully proficient. The extent of these gaps in the sector can be seen from the latest national survey data. Table 27 shows the extent of internal skill gaps within the automotive retail industry across the nations.

Evidence of skill gaps

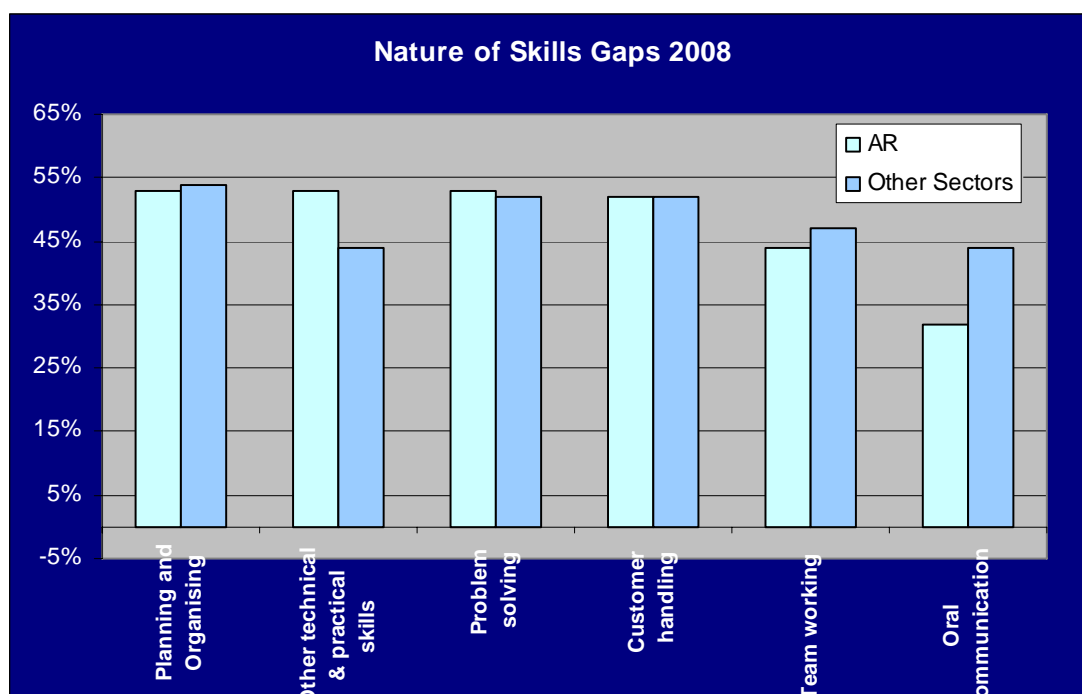
Table 27 Proportion of Establishments Reporting Internal Skill Gaps

	Proportion of establishments reporting internal skill gaps
England	17%
Scotland	27%
Wales	23%
Northern Ireland	10%

Source: See Footnote 33

Table 27 shows that the number of businesses reporting skill gaps varies across the four countries of the UK with Scotland exhibiting higher levels of reported skill gaps than the other nations.

Figure 19 Nature of Skill Gaps in Scotland in 2008



Source: See Footnote 33

³³ Data for England is from the *National Employer Skills Survey 2007*, the Learning and Skills Council. Data for Scotland is from the *Scottish Employer Skills Survey 2006 & 2008*, Future Skills Scotland. Data for Wales is from the *Welsh Employer Skills Survey*, and is for 2005. Northern Irish data from the *Skills Monitoring Survey*, and is for 2005.

Figure 19 confirms the relatively high significance concerning the lack of proficiency in technical skills occupations, at least from an employer perspective, as they were the skills most frequently reported as lacking by employers in the automotive retail sector compared with the whole of the Scottish economy. Most often lacking were skills in planning and organisation, technical and practical skills and problem solving skills. This is little changed when compared to the 2006 version of the survey.

Vacancies and Skill Shortages³⁴

Skill shortages occur when companies cannot fill vacancies within the business because of a lack of candidates with the required level of skills.

At the time of writing, Scotland and the UK are in the throes of recession and it is well documented that vacancy levels have dropped dramatically since (see IMI Quarterly industry update reports, July and October 2009). Therefore vacancy levels reported in this section should be read in the context of the nations when not in recession.

Table 28 Percentage of Vacancies by Nation

Vacancies as a percentage of employment		
	Automotive	Whole Economy
England	3%	2%
Scotland	3%	3%
Wales	3.5%	3.5%
Northern Ireland	3%	2%

Source: See Footnote 34

On the whole, vacancy levels in the sector are comparable with the whole economy, although England and Northern Ireland levels are a little higher, whilst in Scotland they are similar.

Table 29 Percentage of Companies Reporting Hard-to-fill Vacancies

% of vacancies that are considered hard to fill		
	Automotive	Whole Economy
England	36%	30%
Scotland	51%	50%
Wales	51%	35%
Northern Ireland	54%	52%

Source: See Footnote 34

The reasons why employers have hard-to-fill vacancies differ between different countries. Although these reasons are not always down to skills, they are nevertheless important when thinking about the future of the sector.

The recent automotive employer skills survey investigated reasons why employers experience recruitment difficulties. By far the most common reason cited was 'lack of people with the required skills or work experience'. Other common reasons were having a low number of applicants (31%), and people not being interested in this area of work (29%). It is interesting to note that low numbers of applicants continued to be an issue during the recession, when it is thought that there would be a surplus of job seekers.

These findings are backed up by the nations' own skills surveys which show the following percentages of vacancies caused by skill shortages:

³⁴ Data for England is from the *National Employer Skills Survey 2007*, the Learning and Skills Council. Data for Scotland is from the *Scottish Employer Skills Survey 2006 & 2008*, Future Skills Scotland. Data for Wales is from the *Welsh Employer Skills Survey*, and is for 2005. Northern Irish data from the *Skills Monitoring Survey*, and is for 2005.

Table 30 Skill Shortage Vacancies as a Percentage of Vacancies and Hard to Fill Vacancies

	Skill Shortage Vacancies as a percentage of all vacancies		Skill Shortage Vacancies as a percentage of hard to fill vacancies	
	Automotive	Whole Economy	Automotive	Whole Economy
England	27%	21%	74%	71%
Scotland	Not available	24%	49%	47%
Wales	27%	14%	54%	41%
Northern Ireland	13%	17%	24%	33%

Source: See Footnote 34

Overview of Skill Levels, Requirements and Gaps in The Sector

General

The high proportion of skilled trade staff and managers/business owners in the sector has created a high demand for technical, sales, customer service and all levels of management/leadership skills.

The sector has low levels of staff qualified to level 4 or above. In contrast, high numbers of managers in the sector hold a trade apprenticeship, evidencing the tendency of the sector to 'promote from within' or for individuals to set up their own micro businesses without the necessary training/development support.

Table 31 looks at the major occupational groups within the sector and the current skill levels in terms of qualifications.

Table 31 Sector Skill Needs, Qualification Levels and Gaps by Major Occupational Group in Scotland

Occupational Group	Job role examples	% of workforce in group	Skill category required	Occupational skill needs	Level of skill required	% of workforce qualified to the minimum skill level
Managers and Senior Officials	Dealer principal After-sales manager Fast Fit manager Fleet manager Owner manager Independent workshop owner	14%	Higher skills	Management skills (all types)	Level 4	28%
Associate Professional and Technical	Master technician Engineering technician Auctioneers Workshop controller	7%	Intermediate skills Higher skills	Technical skills Customer service skills	Level 3/4	66%

Occupational Group	Job role examples	% of workforce in group	Skill category required	Occupational skill needs	Level of skill required	% of workforce qualified to the minimum skill level
Administrative and Secretarial	Receptionist (dealership/rental etc) Service Administrator Warranty Administrator Personal Assistant	11%	Basic skills Employability skills	Customer service skills	Level 2	60%
Skilled Trades Occupations	Service technician Diagnostic technician Fast Fit technician Auto electrician Roadside recovery technician	27%	Basic skills Intermediate skills Employability skills	Technical skills Customer service skills	Level 2/3	89%
Sales and Customer Service Occupations	Sales advisor Customer service advisor Parts advisor	19%	Basic skills Intermediate skills	Customer service skills	Level 2	75%
Process Plant and Machine Operatives	Tyre technician Windscreen Fitter	12%	Basic skills Employability skills	Some technical knowledge	Level 1/2	60%
Elementary Occupations	Vehicle valet/cleaner	10%	Basic skills Employability skills	Job-related knowledge	Level 1	45%

Sources: ESS 2008, Labour Force Survey, annualised average 2008

Category of Skill Needs

The reasons for skill needs are varied but several issues have emerged; the insufficient volumes of applicants with the right skills for the vacancies on offer, inadequate training of many existing employees and the need for additional development of managers and leaders. There is widespread acceptance that the increasingly competitive and complex commercial environment, along with the recession, will require a step change in the skill sets of employees at all levels.

Management and Leadership Skills

Low levels of correctly skilled business owners and managers exist in the sector, leading to a demand for better management and leadership skills. Employers have argued that management and leadership is key to achieving success in this sector, and that this category is in many ways the most important set of skills to improve. This is especially true in this time of recession where there is a requirement for a step change in the business models currently operating in the sector.

Considering that just 28% (18% in the UK) of managers in the sector in Scotland have a level SVQ 4+ (or equivalent) qualification, it could be said that there is room to increase the proportion of managers qualified to this level.

The sector must overcome a number of challenges in order to make improvements in this area:

- High numbers of micro businesses in the sector with little time to invest in their own training.
- Despite managers agreeing that improvement in management and leadership skills is needed, a low number recognise/admit they have a skill gap themselves.

All levels of management training from first line management upwards have a demand for improved skills. Leadership, strategic planning and 'running a business' in particular are areas in need of development in order for the sector to be successful post recession.

Technical Skills

The phenomenal pace of technical change in the products sold, serviced, and repaired by the sector is demanding a corresponding increase in the technical capabilities of those carrying out the work. There is a considerable and constant need for new training and up-skilling as a result of these manufacturer-driven changes, which will continue at an increasing pace.

Over half³⁵ of the sector's employers identified a lack of proficiency in sector-specific technical skills among their workforce.

Apprenticeships are crucial as they supply employees with up to date technical skills into the sector. Funding is important and any reduction in level of funding will have a negative impact on the supply of new vehicle technicians.

Employability Skills³⁶

Qualitative focus group research has stressed the importance of making sure that the sector does more to attract a range of young people into the motor industry. Increasing the presence that the industry has in schools, for example, would be a way to make sure that the industry is appealing to many young people.

Much of the reason for this drive is because some young recruits to businesses currently lack general life skills such as:

- Having the right attitude
- Consistency
- Good motivation
- Reliability
- Having a willingness to learn

This finding is confirmed by the Automotive Skills Employer Validation Survey and the statistics given in this section. National statistics show that in Wales, for example, 30% of businesses cannot find applicants with the required attitude, motivation or personality. In England, 34% of businesses have hard-to-fill vacancies because of a low number of applicants generally.

About three quarters of the businesses asked 'definitely agreed' that new employees will increasingly need the right attitude and motivation over and above just the hard, technical skills. Almost 60% of those asked definitely agreed that more employees will need to be welcomed from outside the motor industry if it is going to get all the high-quality recruits it needs.

³⁵ National employer skills survey 2007, LSC

³⁶ Sector Skills Agreement Stage 1 IMI Automotive Skills 2006

Basic Skills³⁶

The Sector Skills Agreement also shows evidence that the basic skills of young people coming into the sector are sometimes less than adequate. Over half of employers asked (56%) 'definitely agreed' that to gain successful entry into the sector, school leavers will need to have far better literacy, numeracy and life skills than today's school leavers. A massive 94% either 'definitely agree' or 'tend to agree'.

Generic Skills³⁶

These skills are increasingly essential for any business in the twenty-first century. Sector employers have identified a number of generic skills as being key, including customer handling (sales and customer service), problem-solving, communications, and team working. Three quarters of employers agreed that such generic skills were essential for their organisations to remain competitive.

Section 4 - Anticipating what lies ahead

Employment Forecasts For The Sector³⁷

The purpose of this section is to understand the future size and shape of employment within the automotive retail sector in order to anticipate the skill needs of the sector. At this time it is particularly important to have an understanding of the future skills requirement of the sector so that in the long term the sector is not left with a skill shortage/gap vacuum as a result of the current economic downturn.

Despite the recession between 2007 and 2017, total UK employment is projected to rise from an estimated 28.5 million to 30.25 million. The total number of jobs is projected to rise by just under 2 million. This accounts for a forecast increase in employment of 5.7% over the next decade.

The number of jobs in the automotive retail sector has fallen since the recession hit according to analysis of the latest available Labour Force Survey statistics for 2008/09, and comparing quarterly change on the previous year. Although the recession is not yet at an end, it is important that the sector continues to invest in skills training to ensure it is ready to act once the worst of the recession is over. New car registrations are expected to pick up once more in 2010 and Working Futures III projections for 2007-2017 suggest that the jobs in the sector will increase by 2% over the next decade. Moreover, retirement, migration and occupational mobility will see significant additional replacement demand over the same period. Overall this will mean some 224,000 jobs will need to be filled in the sector across the UK over the next decade.

Automotive Retail Sector Employment Forecasts – Nations

UK Nations Comparison

Table 32 shows the total number of employees needed by nation and by major occupation group from 2007-2017. Figures are listed by thousands of employees and by the percentage that each occupation category contributes to the overall national/UK requirement.

Table 32 UK Nations Automotive Retail Sector Employment Total Requirement by Major Occupation Group 2007-2017

	UK		Scotland		Wales		Northern Ireland		England	
	000s	%	000s	%	000s	%	000s	%	000s	%
Managers and Senior Officials	47.7	21%	3.6	19%	3.1	32%	1.7	18%	39.2	21%
Professional Occupations	8.5	4%	0.9	5%	0.3	3%	0.3	3%	7.0	4%
Associate Professional and Technical	19.3	9%	1.6	9%	0.9	9%	0.8	8%	16.1	9%
Administrative, Clerical and Secretarial	11.2	5%	1.1	6%	0.4	5%	0.7	7%	9.0	5%
Skilled Trades Occupations	15.2	7%	1.1	6%	1.2	13%	0.7	8%	12.2	7%
Personal Service Occupations	15.1	7%	0.7	4%	0.6	7%	0.7	8%	13.1	7%
Sales and Customer Service	65.9	29%	5.8	31%	0.1	1%	3.1	33%	56.9	31%
Transport and Machine Operatives	17.2	8%	1.4	8%	1.4	15%	0.5	5%	13.9	7%
Elementary Occupations	24.1	11%	2.5	14%	1.5	16%	1.0	11%	19.0	10%
	224		19		10		10		186	

Source: Working Futures 2007-17, SSCUK

³⁷ Working Futures 2007-17, Warwick Institute for Employment Research

By and large the nations follow a similar pattern to that of the UK as a whole. The greatest job requirement in England, Scotland and Northern Ireland is predicted to be in sales and customer service (31%, 31% and 33% respectively). The second greatest requirement is for managers and senior officials – 21%, 19% and 18% for the three nations respectively. These two job groups are predicted to account for around 50% of the overall requirement.

Table 33 Percentage Contribution to Overall UK Requirement by Nation and by Occupation Group

As % of all UK by occupation	Scotland	Wales	Northern Ireland	England
Managers and Senior Officials	8%	7%	4%	82%
Professional Occupations	11%	3%	3%	83%
Associate Professional and Technical	8%	5%	4%	83%
Administrative, Clerical and Secretarial	10%	4%	6%	80%
Skilled Trades Occupations	7%	8%	5%	80%
Personal Service Occupations	4%	4%	5%	87%
Sales and Customer Service	9%	0%	5%	86%
Transport and Machine Operatives	8%	8%	3%	81%
Elementary Occupations	11%	6%	4%	79%
All Employees	8%	4%	4%	83%

Source: Working Futures 2007-17, SSCUK

England makes up the majority share of the overall sector requirement for the UK at 83% of all employees. This distinction holds for all the individual job categories, with England accounting for between 79% and 87% of jobs in the various occupation groups. Scotland has the next largest share of jobs at 8% overall and between 4% and 11% within the various categories. Wales and Northern Ireland each account for 4% of the UK total requirement.

Geographical Perspectives on Future Labour Requirements

Scotland accounts for 8% of UK employment to the automotive retail sector. National forecasts suggest that there will be overall sector employment growth in Scotland of 800 jobs between 2007 and 2017; an increase of 1.5%. This increase masks differences at the occupation level with a fall of 1,200 jobs forecast in skilled trades while the number of jobs in sales and customer services is set to rise some 1,700. Combining the overall net change with replacement demand sees a total requirement of 18,700 employees in Scotland over the period to 2017.

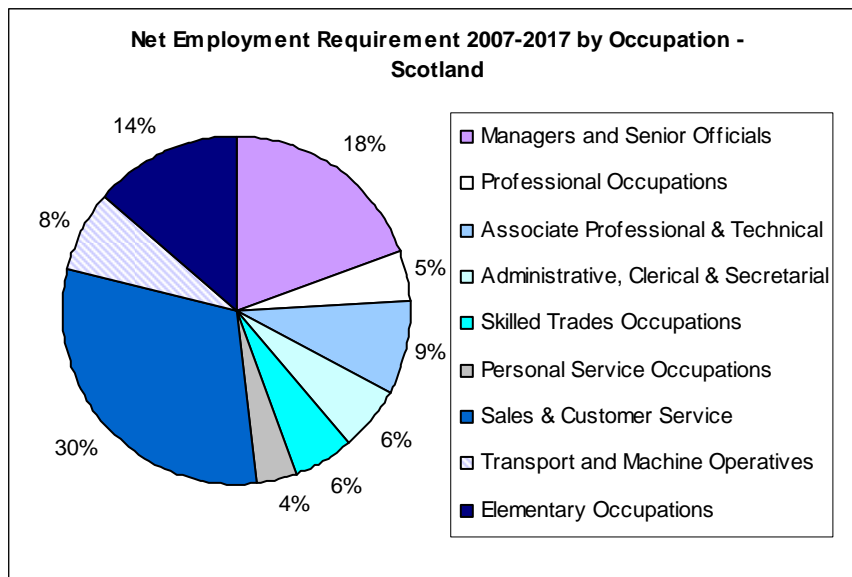
Table 34 Scotland Automotive Retail Sector Employment Requirements by Major Occupation Group

Major Occupations Groups	2007 - 2017		
	Net Change	Replacement Demand	Total Requirement
Managers and Senior Officials	0.1	3.5	3.6
Professional Occupations	0.1	0.8	0.9
Associate Professional & Technical Occ.	0.1	1.5	1.6
Administrative, Clerical & Secretarial Occ.	-0.2	1.3	1.1
Skilled Trades Occupations	-1.2	2.3	1.1
Personal Service Occupations	-0.1	0.8	0.7
Sales and Customer Service Occupations	1.7	4.0	5.8
Transport and Machine Operatives	-0.3	1.7	1.4
Elementary Occupations	0.5	2.0	2.5
Total	0.8	18.0	18.7

Source: Working Futures 2007-17, SSCUK

The occupational split in Scotland is similar to that at the UK level. Of the total employment requirement up to 2017, sales and customer service occupations and managers and senior officials contribute 48% of all jobs at 30% and 18% respectively.

Figure 20 Net Employment Requirement 2007-17 by Occupation



Source: Working Futures 2007-17, SSCUK

Transformation of the Market

The profitability of the sector is relatively low, for instance vehicle dealerships made a 0.2% loss on average (net profit as % of turnover) in 2008 and only a 0.6% profit in both the previous 2 years.³⁸ Making money in the sector has always been a challenge and the recession has exacerbated this issue. The business models of the future will need to dramatically change in order to make profit and therefore sustain the market. The current recession has accelerated the need for business transformation and it is predicted that radically new business models will emerge within the next 10 to 20 years.³⁹ Strong visionary and strategic leaders and managers will be crucial to making this happen.

Transformation of the Current Personal Transportation Fleet

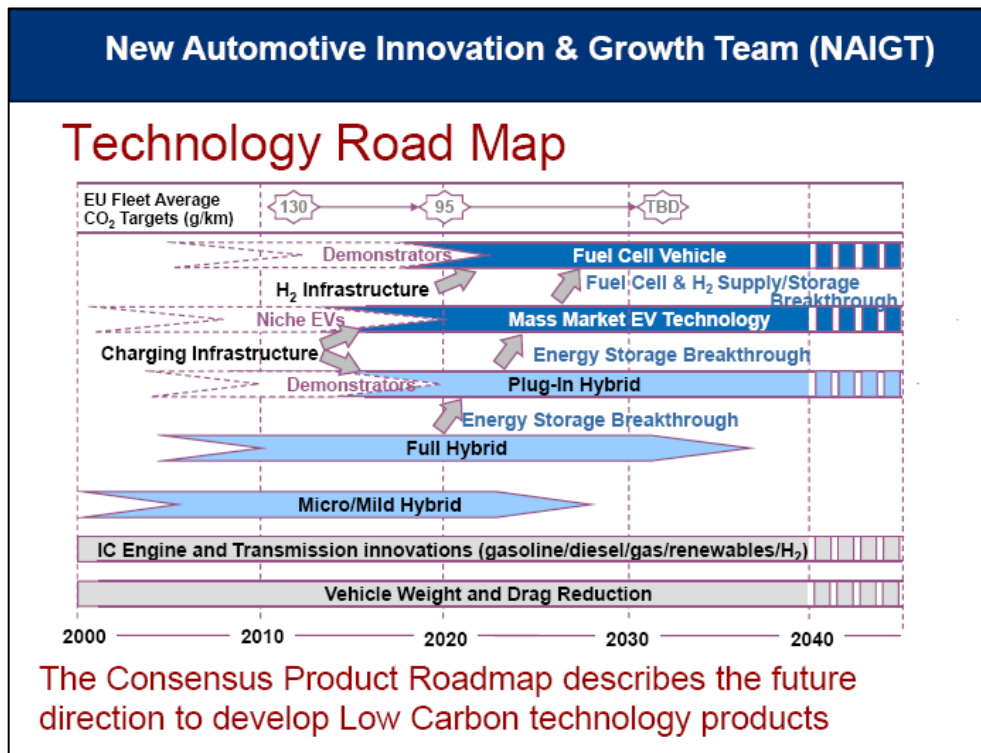
At the present time, cars provide 90% of all passenger transport needs and commercial vehicles over 90% of freight transportation needs.⁴⁰ This is largely driven by consumer demands and preferences and is unlikely to change dramatically in the foreseeable future. This therefore presents a challenge in terms of CO₂ emission reduction targets both nationally and globally. The challenge is well known and well documented; namely to reduce emissions not by reducing number of vehicles on the roads, but by changing the fuel type and therefore the technology of vehicles. This has created the requirement for low carbon technology to provide viable alternatives to the current fossil fuel-reliant vehicle fleet. The following slide; produced by the New Automotive Innovation and Growth Team (NAIGT) illustrates the medium and long-term forecast of the emergence of the different types of alternative fuelled vehicles.

³⁸ Driving Force, Issue 19

³⁹ Car Futures, 2009 Paul Nieuwenhuis and Peter Wellsk

⁴⁰ An independent report on the future of the automotive industry in the UK, New Automotive Innovation and Growth Team (NAIGT) 2009

Figure 21 New Automotive Innovation & Growth Team (NAIGT)



According to the New Automotive Innovation and Growth Team (NAIGT), this transition will happen over time and through a variety of alternative fuels. For example electric, various hybrid options and hydrogen fuel cell powered vehicles are all likely to figure in the parc in the medium term (to 2020) effectively creating a 'mixed fleet'.

This mixed fleet will result in diversification of service and maintenance requirements which will bring with it huge scale skill needs. Any one business or individual is unlikely to have the breadth of skills and knowledge to service/repair a full hybrid, an electric and an internal combustion powered vehicle all at the same time. This will no doubt lead to necessary specialisation of most, if not all, maintenance and sales businesses of all sizes in the sector. It will also increase the requirement for high level problem solving skills.

The impact of these emerging technologies will be most acutely felt in micro and small businesses that have less resource to enable specialisation within the workforce. This is likely to mean these businesses must limit/reduce their product offering as a result. This will ultimately mean less choice for the consumer as to where they can take their alternatively-fuelled vehicles for routine servicing and repair.

It is likely to affect all areas of sales, parts, maintenance and repair as well as arguably the rental and leasing subsectors on a massive scale. The structure of businesses operating in these markets will need to respond to the changing landscape. Specialisation of the workforce and in all likelihood whole businesses is the most probable outcome.

What is not clear at this time is what the service and associated labour requirements will be for these alternative fuelled vehicles. At this time the theory is that electric vehicles have fewer moving parts so will have less to go wrong and therefore may require less maintenance over the life of the vehicle. If vehicles of the future have lower maintenance needs, this may lead to a requirement for fewer technicians working in the sector or vice versa if the reverse is true.

What is clear from the technology roadmap is that those currently working in the sector who will be of working age in 2015/2020 (some 70-80% of the current workforce), will have to be correctly skilled to supply and maintain these new vehicles.

Other Advancements in Vehicle Technology

SMMT forecasts that in the next 10-20 years, the following developments could be fostered into vehicle production⁴¹:

- Zero failure electronics with self-monitoring circuits and active intervention
- Switches that do not have to be pressed but respond to finger pointing
- Sleep/drowsiness monitoring
- On-board computers that predict vehicle and pedestrian movements and automatically trigger the car to respond to an emergency
- Real conversation voice control

Again, any technological developments in vehicle manufacture will result in a skill need for the maintenance and repair sector.

Scenario Planning⁴²

It should be noted that the following information has been taken from the Sector Skills Agreement work published in 2007. Because the scenario planning covered a period of up to ten years it is appropriate to include this. Updated scenario work for the sector is planned and will be published on completion and included in the Sector Skills Assessments in 2010.

Over time skill needs are likely to change greatly through a combination of technological developments, legislative changes, economic effects and consumer demands. It is likely that in five to ten years time the motor industry will be a very different place to what it currently is.

A series of futures workshops were conducted with key industry personnel from the sector. These workshops utilised members of the employer/ industry panels along with other sector experts to examine how the industry may change and develop. The workshops had a holistic focus on the industry whilst at the same time looking at specific issues that may affect specific activities.

Attendees to the workshops were asked to think of all the possible influencers on skill needs for the future and to try and gauge both their degree of influence and their level of importance. There were many commonalities between how attendees grouped these influencers. The following boxes show how they were combined into clusters:

⁴¹ *Britain's Automotive Industry Leads the World*. Carsource, 2006.

⁴² All of the information in this section is taken from *Scenario Planning Futures Workshops Report*. Turquoise, December 2005.

Figure 22 Future Influencers on the Motor Industry (clustered)

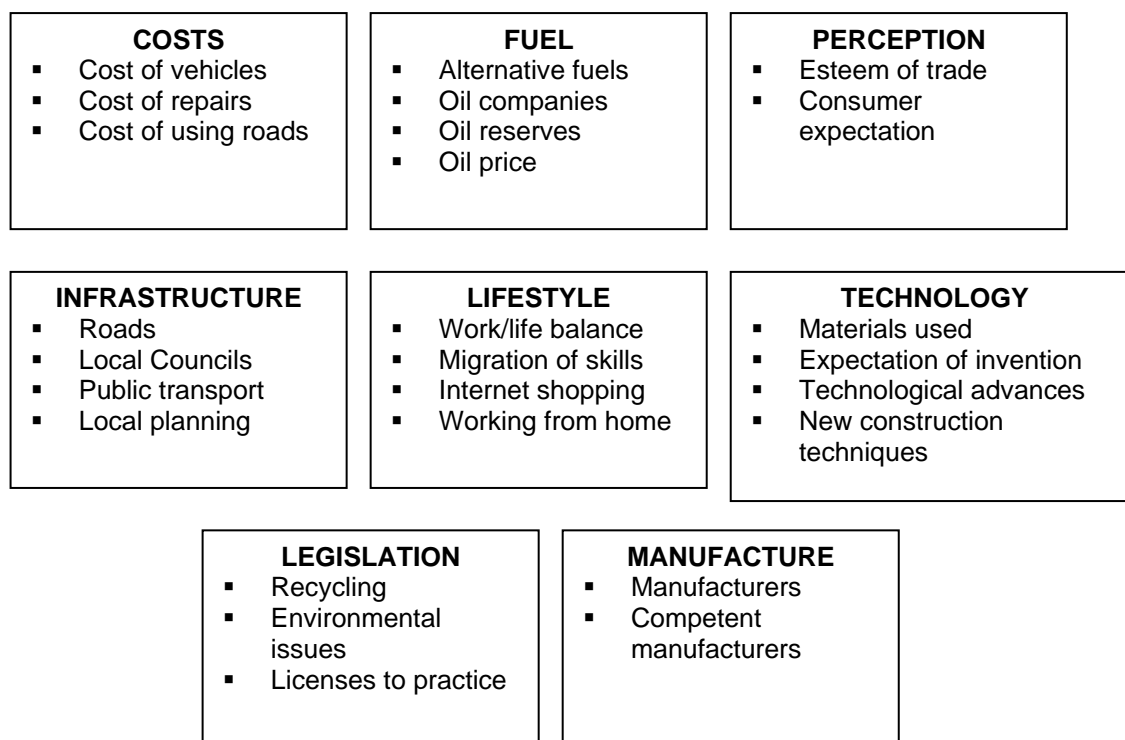


Figure 22 highlights the ongoing importance of some factors that have already been discussed in this report. It was noted in the section on drivers of skill demand how important issues such as legislation and technology are to the industry at present. This figure shows their ongoing importance.

From the clusters above, employers were asked to nominate three that they felt were the most important. The following three clusters were suggested:

- Legislation
- Technology
- Fuel

From this discussion, four scenarios of the future were developed, all concentrating on one particular theme. These are briefly outlined below.

The Scenarios

Put simply, scenarios are different views of the future – they are not predictions. Thus, the following pages give four different views of the future motor industry.

Scenario 1 – Legislation and Infrastructure

This is a scenario that can have four possible extremes. In the future, there could be:

- Maximum infrastructure and Maximum legislation
- Minimum infrastructure and Minimum legislation
- Maximum infrastructure and Minimum legislation
- Minimum infrastructure and Maximum legislation

Respondents were asked to suggest which one of these scenarios was most likely to take place in the future. The scenario considered most likely to happen was the first of the extremes above.

Figure 23 shows how the scenario 1 develops. If there is maximum legislation and maximum infrastructure, we see a world where public transport is dominant with very little private car ownership. The opposite of this (Minimum legislation and minimum infrastructure) is a world of 'grid lock'. The result would be a low emphasis on skills development in new technologies and types of industry.

Figure 23 Maximum Infrastructure and Maximum Legislation

What does this look like?	What happens as a result?	What skills are required?
<ul style="list-style-type: none"> • No private car use • Carbon taxing • Car park pricing • Free public transport 	<ul style="list-style-type: none"> • Limit of car use • Increased technology – hybrids etc • Lower wear rates • Less manufacture • Large increase in public sector technology and manufacture focus 	<ul style="list-style-type: none"> • Electronics • New materials • Modern material repairs

This scenario is looking at an extreme case. This may come to pass as government tax schemes make the purchase of hybrid vehicles more attractive. This scenario would also suggest that servicing and repair of vehicles would see a small decline in volume of cars serviced. This would be due to cars being used less, leading to lower wear rates and thus less need for servicing.

Scenario 2 – Technology and Fuel

The four possible extremes to this scenario are:

- No change in the quantity of fuel, maximum development of technology
- No change in the quantity of fuel, minimum development of technology
- Fuel runs out, maximum development of technology
- Fuel runs out, minimum development of technology

Scenario workshop attendees felt that the third of these scenarios was the most likely future development. Figure 24 shows how scenario 2 builds. If there are maximum technological advances and fuel reserves are exhausted, we see a world where new fuel sources will dominate the future. The opposite quadrant to this world (Minimum technological advance and fuel doesn't run out) is seen as the status quo but with little new technology.

Figure 24 Fuel Runs Out, Maximum Development of Technology

What does this look like?	What happens as a result?	What skills are required?
<ul style="list-style-type: none"> • Alternative power sources • Hybrids • Current developments in the uses of fuels 	<ul style="list-style-type: none"> • New manufacture • Specialisation • More selective recruitment • Requirement for new skills 	<ul style="list-style-type: none"> • Wider capability • Electronics • Modern material repairs • Communication

Technical skills will always be required in the sector in the future as technology of vehicles is a constant moving feast. We see in this scenario a need for skills in electronics as technology gets more advanced.

Scenario 3 – Employees and Cost of Ownership

The following scenarios are centred more on employees and the costs of vehicle ownership.

The four scenarios available under this heading are the following:

- Employees well motivated, low cost of vehicle ownership
- Employees well motivated, high cost of vehicle ownership
- Employees unmotivated, low cost of vehicle ownership
- Employees unmotivated, high cost of vehicle ownership

As part of the workshops it was concluded that the fourth of these scenarios is the most likely to happen. Figure 25 shows how the scenario 3 builds. The possibilities generated in this scenario were in many ways the most pessimistic of all. If, on the other hand, employees are really well motivated/remunerated, even with costs of ownership being high or low, we see a world where expectations and reliability/prosperity issues dominate.

Figure 25 Employees Unmotivated, High Costs of Vehicle Ownership

What does this look like?	What happens as a result?	What skills are required?
<ul style="list-style-type: none"> • General industry decline • Problems with staff reliability 	<ul style="list-style-type: none"> • Low respect of industry and staff • More home workers • High staff turnover • Difficult recruitment • Industry moves off shore 	<ul style="list-style-type: none"> • Man management • Customer handling • Basic engineering skills

In order to attract and retain more high-quality recruits and apprentices employers definitely agree that it will be necessary to have a broad range of career paths laid out to achieve this. Many employers have expressed a desire to access HR toolkits to help them deliver the kinds of development and training larger employers with HR functions already do. In a sense, the evidence is that this is a scenario which is already happening – the extent to which it carries on and develops may be down to how the industry responds.

Scenario 4 – Government and vehicle technology

For this scenario, there are four possibilities:

- Maximum government interference, maximum vehicle technology
- Maximum government interference, minimum vehicle technology
- Minimum government interference, maximum vehicle technology
- Minimum government interference, minimum vehicle technology

The assumptions made in scenario 4 are that government will legislate and interfere with the market to maximum effect, coinciding with significant advances in technology. The scenario is mapped out in figure 26. If the government legislates to the full and technology advances as well, the scenario is a world dominated by high end design and skills. The opposite of this is to keep the status quo, with pollution having a high impact.

Figure 26 Maximum Government Interference, Maximum Vehicle Technology

<p>What does this look like?</p> <ul style="list-style-type: none"> • Emphasis on public transport • Skilled repairer • Fewer private cars 	<p>What happens as a result?</p> <ul style="list-style-type: none"> • Fewer older cars • More congestion charging • Technology and skills increase • Greater investment in manufacturing 	<p>What skills are required?</p> <ul style="list-style-type: none"> • Electronics • Legal skills • Telematics • Modern material repairs • Emission control technology
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Summary

The scenarios above all incorporate themes that have been running through this Skill Needs Analysis:

- The need for management skills, including man-management
- The importance of technical skills as vehicle technology increases
- The importance of improving the image of the sector
- The need for improved soft and customer facing skills.

Not only are these skills currently needed, they may also prove essential to the future development of the industry.

Key Themes

- In total, over the next decade, it is forecast that 18,700 people will be required to fill jobs in the automotive retail industry in Scotland.
- Of the 18,700, 800 (4.3%) is due to a forecast growth in the industry in Scotland at large over the next decade.
- Replacement demand for the industry at large is forecast to be nearly 18,000 over the next decade to replace those leaving their jobs due to retirement or other reasons.
- The occupations within the industry forecast to require the greatest number of people are; 'sales and customer service' (5,800) and 'managers and senior officials' (3,600) from 2007-2017.
- Over the next decade (2007-2017) total employment in the UK is forecast to increase by 5.7%.

Annexes

Annex 1 - AM100: The largest 100 UK automotive retail groups by turnover

Rank 2009	Company	Turnover (£,000)	Rank 2008	Outlets 2009
1	Pendragon PLC	£4,025,500.00	1	280
2	Inchcape Retail	£2,340,100.00	2	130
3	Sytner Group	£2,250,000.00	3	138
4	Arnold Clark Automobiles	£2,210,191.00	5	122
5	Lookers Plc	£1,775,900.00	4	114
6	Mercedes-Benz Retail Group	£1,149,026.00	6	40
7	Ford Retail	£1,058,072.00	7	63
8	Jardine Motors Group Plc	£921,000.00	8	52
9	Vertu Motors	£762,500.00	10	39
10	Listers Group	£693,000.00	12	32
11	Greenhouse Group	£689,518.00	11	11
12	JCT 600	£590,000.00	13	38
13	Robins & Day	£528,390.00	15	38
14	Renault Retail Group U.K. Ltd	£465,000.00	14	20
15	Perrys Group	£434,195.00	16	38
16	Reeve (Derby)	£422,200.00	23	15
17	Marshall Motor Holdings	£407,643.00	17	45
18	Camden Motor Group	£367,000.00	21	18
19	Agnew Group	£359,425.00	20	16
20	RRG Group and Norton Way Motors	£341,816.00	18	21
21	Hartwell Plc	£325,000.00	19	28
22	Parks Motor Group	£315,000.00	27	24
23	Eastern Western Motor Group	£298,300.00	22	30
24	Helston Garages Group	£298,000.00	24	33
25	Ridgeway Group	£282,620.00	28	22
26	Benfield Motor Group	£280,000.00	26	25
27	Citroen Retail Group	£250,850.00	38	12
28	John Clark Motor Group	£250,538.00	31	13
29	Williams Motor Co	£250,000.00	29	9
30	Hendy Group	£246,000.00	41	22
31	Cambria Automobiles	£245,000.00	25	27
32	Dick Lovett	£244,376.00	30	14
33	Sunwin Motors	£236,811.00	33	20
34	Rybrook Holdings	£230,000.00	32	17
35	Harwoods	£227,683.00	37	15
36	G K Group	£224,000.00	40	21
37	T.C. Harrison Group	£216,615.00	39	14
38	Mon Motors	£211,202.00	52	10
39	Vindis Group	£208,521.00	43	14
40	Gilder Group	£207,830.00	61	9
41	Wayside Group	£203,000.00	34	10
42	Drive Motor Retail	£201,859.00	47	12
43	Lloyd Motors	£188,620.00	44	15
44	Porsche Retail Group	£180,006.00	35	5
45	Caffyns Plc	£180,000.00	45	25
46	Halliwell Jones Group	£175,899.00	51	8
47	Vospers	£175,114.00	50	22
48	Donnelly Group	£175,000.00	42	28
49	John Martin Group	£175,000.00	36	24
50	City Motor Holdings	£170,000.00	57	13
51	Sinclair Motors Holdings	£170,000.00	53	19
52	Toomeys	£167,250.00	69	13

53	Currie Motors UK	£166,200.00	59	8
54	Robinson Motor Group	£164,000.00	49	15
55	Stoneacre Motor Group	£163,564.00	65	34
56	Sandcliffe Motor Group	£163,069.00	58	16
57	Lomond Motor Group	£158,467.00	-	4
58	C.E.M. Day	£156,000.00	62	9
59	Swansway	£156,000.00	75	8
60	T.G. Holdcroft	£155,768.00	67	13
61	Meteor Group Plc	£152,536.00	46	10
62	Stephen James	£150,785.00	56	9
63	Brindley Garages	£150,000.00	64	19
64	Brooklyn Motors	£150,000.00	55	11
65	Hodgson Automotive	£149,945.00	63	7
66	Peoples	£149,243.00	73	7
67	H R Owen Plc	£144,450.00	48	10
68	Westover Group	£143,946.00	54	19
69	Phoenix Car Company	£141,087.00	68	16
70	Johnsons Cars	£140,000.00	72	17
71	The Harratts Group	£139,600.00	70	10
72	Beadles Group	£138,083.00	60	11
73	Jemca	£137,988.00	66	10
74	Vines Group	£137,885.00	74	6
75	Jennings Ford	£137,532.00	71	7
76	Colborne Garages	£131,221.00	78	7
77	Macrae & Dick	£129,210.00	76	10
78	Glyn Hopkin	£127,624.00	80	20
79	S G Smith Group	£121,683.00	-	11
80	Colebrook and Burgess	£121,024.00	-	4
81	Hughes of Beaconsfield	£120,000.00	85	8
82	John Grose Group	£117,446.00	82	8
83	Yeomans	£116,182.00	77	14
84	Thurlow Nunn	£112,196.00	-	12
85	Aprite	£110,300.00	87	11
86	Bedfordia Automotive	£110,268.00	-	6
87	Spire Audi	£110,192.00	-	4
88	Wood Group	£110,000.00	84	8
89	Lifestyle Europe	£106,091.00	99	12
90	WJ King Garages	£106,000.00	88	17
91	John R Weir	£105,000.00	90	21
92	Barons Group	£105,000.00	91	4
93	Snows Motor Group	£104,236.00	79	13
94	FRF Motors	£102,676.00	0	8
95	F G Barnes & Sons	£102,455.00	86	16
96	Fish Brothers	£102,000.00	83	9
97	Barretts of Canterbury	£101,062.00	81	11
98	Essex Ford Group	£101,000.00	97	11
99	Blue Bell BMW	£97,000.00	98	4
100	Thompson Audi	£96,255.00	-	

Source: <http://www.am-online.com/AM100/> (Accessed 11/12/09)

Annex 2 - Franchised Dealer Outlets - 31st December 2008

Franchise	Total Sales Outlets	Main Dealers	Satellite Outlets *	Retail Sub Dealers	Sales Only	Auth. Service Repairer	Manfr. Owned Dealers	Total Sales **	Sales Per Outlet ***	Open Points
Alfa Romeo	47	46			1	25		5,950	127	13
Audi	117	117				18		100,845	862	
BMW	149	148			1	6	1	113,132	759	
Chevrolet****	100	97			3	26		18,372	184	
Chrysler/Jeep	54	54				26		13,260	246	
Citreon	197					63	12	102,202	519	
Daihatsu	100	99			1	22	1	4,841	48	14
Fiat	159	158			1	42	1	64,664	407	42
Ford	550	342	208			79	55	403,249	1,179	
Honda	189	189				12		83,782	443	
Hyundai	131	131				14	2	28,034	214	45
Jaguar	92	92				8		20,379	222	
Kia	132	132				14	1	31,373	238	
Land Rover	125	125				18		37,021	296	2
Lexus	50	50				5		10,147	203	
Mazda	158	158				17		50,402	319	9
Mercedes Benz	133	133				25	19	99,461	563	
MINI	149	148			1	6	1	40,736	273	
Mitsubishi	118	117			1	13	10	23,172	196	38
Nissan	181	181				11	12	76,296	422	13
Peugeot	280	280				32	37	134,345	480	
Porsche	34	33			1	1	4	5,918	174	
Proton	76	76				21		1,467	19	30
Renault	219	148	34	37		19	20	106,532	720	
Saab	86	86				30		16,074	187	
SEAT	109	109				13		29,397	270	
Skoda	128	127			1	20		37,100	290	
Smart ****	47	47				23	6	7,525	160	
Ssangyong	32	32			1	16		629	20	
Subaru	76	76				19	1	4,668	61	
Suzuki	146	141	4		1	13		26,094	179	
Toyota	187	187				20		114,262	611	
Vauxhall	400	275	125			84		348,326	1,267	
Volkswagon ***	220	219			1	33		179,189	814	
Volvo	106	103			3	7		33,358	315	
Total	5,077	4,456	371	37	17	801	183	2,372,202	502	206

Source: Sewells Franchise Networks 2009

Annex 3

Inter-departmental Business Register (IDBR)

The IDBR covers businesses in all parts of the economy throughout the UK, missing some very small businesses operating without VAT or PAYE schemes (self employed and those with low turnover and without employees) and some non-profit organisations. The Department for Business, Enterprises and Regulatory Reform makes an estimate of the total number of businesses in the UK at 4.4 million, of these the IDBR holds records of 2.1 million units representing nearly 99 per cent of UK economic activity.

The two main sources of input are the Value Added Tax (VAT) system from Customs & Excise and Pay As You Earn (PAYE) from Inland Revenue. Additional input comes from Companies House, Dun and Bradstreet and the ONS business surveys.

The IDBR provides information at both the enterprise and the local unit level. The Office of National Statistics (ONS) uses the term 'enterprise' and 'local unit' to describe the different parts of a business. Local units are sites or work places while enterprises are whole businesses under common ownership. A single site business, such as a shop which is not part of a chain would thus be classified as a single site enterprise with only one local unit while a multi site enterprise refers to a chain of shops/units that are under common ownership.

Annual Business Inquiry (ABI)

The Annual Business Inquiry is based upon the ONS Inter-Departmental Business Register (see above) and records both financial and employment data for businesses in England, Scotland and Wales.

Detailed ABI data is available predominately at the local unit level, though the main annual report, released at the UK level only, issues figures in terms of enterprises. Though detailed ABI information is not currently available for Northern Ireland, the main report lists information for the UK as a whole and does include Northern Ireland.

ABI information is available for all the individual SIC codes covered within the IMI's footprint.

Discrepancies between overall ABI and IDBR figures arise due to the sampling of each data source. The IDBR is sampled continuously throughout the year while the ABI is sampled at one point in time.

LFS (Labour Force Survey)

The Labour Force Survey is a quarterly sample survey of households living at private addresses in Great Britain and Northern Ireland and is compiled in order to provide information about the UK labour market. In Great Britain the survey is managed by the Social and Vital Statistics division of the ONS and in Northern Ireland by the Central Survey Unit of the Department of Finance and Personnel in Northern Ireland. Postcode addresses on which the survey is based are compiled and provided by the post office.

Since 1992 the survey has been carried out on a quarterly basis and detailed information about the labour market and individuals are available for most SIC codes. It should be noted that for the IMI's footprint LFS combines some SIC codes – namely 50.10, 50.30 and 50.50. Separate analysis of these sub-sectors is therefore not possible at this time. SIC 50.50 represents the sale of automotive fuel which does not fall within the IMI's footprint, but has to be included in any analysis based on the LFS as separate data is not available.

Working Futures 2007-17

The Working Futures 2007-17 data series has been created on behalf of the Learning and Skills Council and its partners by the Warwick Institute for Employment Research in collaboration with Cambridge Econometrics. The information used has been taken from the nations and regions workbooks, downloaded in February 2009 from the Learning and Skills Councils site at [https:// partnerteams.lsc.gov.uk/workingfutures](https://partnerteams.lsc.gov.uk/workingfutures). The worksheets used are for the sector skills councils and provide information specific to the IMI's footprint based upon SIC 50.10, 50.20, 50.30, 50.40 and 71.10.

The working futures projections should be seen as indicative of likely trends rather than precise forecasts. The forecasts were produced prior to the emergence of the recession and present a view of medium to long term trends based on the assumption that the economy recovers relatively quickly and that the employment patterns revert to longer term trends⁴³.

⁴³ Working Futures 2007-2017 Technical Report, preface and acknowledgements, available at <http://www.ukces.org.uk/pdf/WF%2011%20Technical%20Report.pdf>

Annex 4 - Mapping of 2003-2007 SIC Codes

SIC 2003	Description	SIC 2007	Description	Comments
50.10/1	Sales of new motor vehicles	45.11/1	Sale of new cars and light motor vehicles	Wholesale and retail sale of new vehicles: - passenger motor vehicles, including specialised passenger motor vehicles such as ambulances and minibuses, etc. - wholesale and retail sale of off-road motor vehicles like jeeps (less than 3.5 tons)
50.10/1	Sale of new motor vehicles	45.19/0	Sale of other new motor vehicles	Wholesale and retail sale of new vehicles: - lorries, trailers and semi-trailers - camping vehicles such as caravans and motor homes - wholesale and retail sale of off-road motor vehicles (more than 3.5 tons)
50.10/2	Sale of used motor vehicles	45.11/2	Sale of used cars and light motor vehicles	Wholesale and retail sale of used vehicles: - passenger motor vehicles, including specialised passenger motor vehicles such as ambulances and minibuses, etc. - wholesale and retail sale of off-road motor vehicles like jeeps (less than 3.5 tons)
50.10/2	Sale of used motor vehicles	45.19/0	Sale of other used motor vehicles	Wholesale and retail sale of used vehicles: - lorries, trailers and semi-trailers - camping vehicles such as caravans and motor homes - wholesale and retail sale of off-road motor vehicles (more than 3.5 tons)
50.20/0	Maintenance and repair of motor vehicles	45.20/0	Maintenance and repair of motor vehicles	Maintenance and repair of motor vehicles: mechanical, electrical, etc. Tyre and tube repair, fitting or replacement Antirust treatment Installation of parts and accessories, not part of the manufacturing process
50.20/0	Maintenance and repair of motor vehicles	52.21/9*	Other service activities incidental to land transportation	Towing Roadside assistance
50.30/0	Sale of motor vehicle parts and accessories	45.31/0	Wholesale trade of motor vehicle parts and accessories	Wholesale trade of motor vehicles parts and accessories
50.30/0	Sale of motor vehicle parts and accessories	45.32/0	Retail trade of motor vehicle parts and accessories	Retail trade of motor vehicles parts and accessories

50.40/0	Sale, maintenance and repair of motorcycles and related parts and accessories	45.40/0	Sale, maintenance and repair of motorcycles and related parts and accessories	
71.10/0	Renting of automobiles	77.11/0	Renting and leasing of cars and light motor vehicles	
		77.12/0**	Renting and leasing of trucks (not previously contracted as part of footprint)	Renting and operational leasing of land-transport equipment without drivers, except automobiles: - trucks, haulage tractors, trailers and semi-trailers - recreational vehicles

* part of Go Skills footprint under new 2007 SIC classification

** not previously included in IMI's footprint

Annex 5 - Full List of Activities Included in SIC 2007 Classification

45 Wholesale and retail trade of and repair of motor vehicles and motorcycles		
SIC 2003	SIC 2007	
	45.1	Sale of motor vehicles
	45.11	Sale of cars and light motor vehicles
	45.11/1	Sale of new cars and light motor vehicles
50101	45111	ambulances with a weight not exceeding 3.5 tonnes (new) (retail)
50101	45111	ambulances with a weight not exceeding 3.5 tonnes (new) (wholesale)
50101	45111	four wheel drive vehicles with a weight not exceeding 3.5 tonnes (new) (retail)
50101	45111	four wheel drive vehicles with a weight not exceeding 3.5 tonnes (new) (wholesale)
50101	45111	minibuses with a weight not exceeding 3.5 tonnes (new) (retail)
50101	45111	minibuses with a weight not exceeding 3.5 tonnes (new) (wholesale)
50101	45111	motor vehicle with a weight not exceeding 3.5 tonnes (new) exporter
50101	45111	motor vehicle with a weight not exceeding 3.5 tonnes (new) importer
50101	45111	motor vehicles with a weight not exceeding 3.5 tonnes (new) (retail)
50101	45111	motor vehicles with a weight not exceeding 3.5 tonnes (new) (wholesale)
50101	45111	off-road motor vehicles with a weight not exceeding 3.5 tonnes (new) (retail)
50101	45111	off-road motor vehicles with a weight not exceeding 3.5 tonnes (new) (wholesale)
	45.11/2	Sale of used cars and light motor vehicles
50102	45112	ambulances with a weight not exceeding 3.5 tonnes (used) (retail)
50102	45112	ambulances with a weight not exceeding 3.5 tonnes (used) (wholesale)
50102	45112	car auctions
50102	45112	four wheel drive vehicles with a weight not exceeding 3.5 tonnes (used) (retail)
50102	45112	four wheel drive vehicles with a weight not exceeding 3.5 tonnes (used) (wholesale)
50102	45112	garage selling used motor vehicles (retail)
50102	45112	internet car auctions
50102	45112	minibuses with a weight not exceeding 3.5 tonnes (used) (retail)
50102	45112	minibuses with a weight not exceeding 3.5 tonnes (used) (wholesale)
50102	45112	motor vehicle with a weight not exceeding 3.5 tonnes (used) importer
50102	45112	motor vehicles with a weight not exceeding 3.5 tonnes (used) (retail)
50102	45112	motor vehicles with a weight not exceeding 3.5 tonnes (used) (wholesale)
50102	45112	off-road motor vehicles with a weight not exceeding 3.5 tonnes (used) (retail)
50102	45112	off-road motor vehicles with a weight not exceeding 3.5 tonnes (used) (wholesale)
	45.19	Sale of other motor vehicles
50101	45190	camping vehicles (retail)
50102	45190	camping vehicles (used) (retail)
50102	45190	camping vehicles (used) (wholesale)
50101	45190	camping vehicles (wholesale)
50102	45190	caravan (used) (retail)
50102	45190	caravan (used) (wholesale)
50101	45190	caravans (retail)
50101	45190	caravans (wholesale)
50101	45190	lorries (retail)
50102	45190	lorries (used) (retail)
50102	45190	lorries (used) (wholesale)
50101	45190	lorries (wholesale)
50102	45190	motor homes (used) (retail)
50102	45190	motor homes (used) (wholesale)
50102	45190	motor vehicle (used) exporter

50101	45190	motorhomes (retail)
50101	45190	motorhomes (wholesale)
50101	45190	off-road motor vehicles with a weight exceeding 3.5 tonnes (new) (retail)
50101	45190	off-road motor vehicles with a weight exceeding 3.5 tonnes (new) (wholesale)
50102	45190	off-road motor vehicles with a weight exceeding 3.5 tonnes (used) (retail)
50102	45190	off-road motor vehicles with a weight exceeding 3.5 tonnes (used) (wholesale)
50101	45190	semi-trailers (retail)
50102	45190	semi-trailers (used) (retail)
50102	45190	semi-trailers (used) (wholesale)
50101	45190	semi-trailers (wholesale)
50101	45190	trailers (new) (wholesale)
50101	45190	trailers (retail)
50102	45190	trailers (used) (retail)
50102	45190	trailers (used) (wholesale)
	45.2	Maintenance and repair of motor vehicles
	45.20	Maintenance and repair of motor vehicles
50200	45200	anti-rust treatment of motor vehicles
50200	45200	automobile association service centres
50200	45200	car valeting
50200	45200	car wash
50200	45200	installation of motor vehicle parts and accessories (not as part of production process)
50200	45200	installation of motor vehicle parts and accessories, not part of the manufacturing process
50200	45200	maintenance of motor vehicles
50200	45200	motor repair depot
50200	45200	motor vehicle painting and body repairing
50200	45200	motor vehicle servicing
50200	45200	motor vehicle spraying
50200	45200	omnibus repair depot
50200	45200	painting of motor vehicles
50200	45200	panel beating services
50200	45200	reme workshop
50200	45200	repair and maintenance of auto electricals
50200	45200	repair and maintenance of commercial vehicles
50200	45200	repair and maintenance of trailers and semi-trailers
50200	45200	repair and servicing in garages of motor vehicles
50200	45200	repair of car bodies
50200	45200	repair of car electrical systems
50200	45200	repair of car electronics
50200	45200	repair of fuel injection systems for motor vehicles
50200	45200	repair of motor cars (except roadside assistance)
50200	45200	repair of motor vehicle parts
50200	45200	repair of motor vehicle seats
50200	45200	repair of motor vehicle windscreens
50200	45200	repair of motor vehicles (except roadside assistance)
50200	45200	repair of tyres and tubes (fitting or replacement)
50200	45200	repair of motor vehicle windows
50200	45200	repair to bodywork of motor vehicles
50200	45200	servicing of motor vehicles
50200	45200	windscreen replacement services
	45.3	Sale of motor vehicle parts and accessories
	45.31	Wholesale trade of motor vehicles parts and accessories
50300	45310	motor accessories dealer (wholesale)

50300	45310	motor vehicle parts and accessories (wholesale)
45.32 Retail trade of motor vehicle parts and accessories		
50300	45320	car batteries (retail)
50300	45320	exhaust sales and fitting centre (retail)
50300	45320	mail order sales of motor vehicle parts and accessories (retail)
50300	45320	motor accessories dealer (retail)
50300	45320	motor vehicle parts and accessories (retail)
50300	45320	tyre dealer (retail)
45.4 Sale, maintenance and repair of motorcycles and related parts and accessories		
50400	45400	moped sales (retail)
50400	45400	moped sales (wholesale)
50400	45400	motorcycle exporter (wholesale)
50400	45400	motorcycle importer (wholesale)
50400	45400	motorcycle parts and accessories (retail)
50400	45400	motorcycle parts and accessories (wholesale)
50400	45400	motorcycle sales (retail)
50400	45400	motorcycle sales (wholesale)
50400	45400	repair and maintenance of motor cycles
77.1 Renting and leasing of motor vehicles		
77.11 Renting and leasing of motor vehicles		
71100	77110	automobile rental (self drive)
71100	77110	car hire (self drive)
		car leasing
71100	77110	car rental (self drive)
71100	77110	contract car hire (self drive)
71100	77110	light motor vehicle (not exceeding 3.5 tonnes) renting or leasing
71100	77110	van rental (self drive not exceeding 3.5 tonnes)
77.12 Renting and leasing of trucks		
71219	77120	commercial vehicle (light) hire (without driver)
71219	77120	commercial vehicle (medium and heavy type) contract hire (without driver)
71219	77120	commercial vehicle (medium and heavy type) hire (without driver)
71219	77120	freight container hire
71219	77120	haulage tractors rental (without driver)
71219	77120	recreational vehicles renting and leasing
71219	77120	road trailer hire
71219	77120	trailers and semi-trailers rental
71219	77120	truck rental (without driver)
71219	77120	trucks and other heavy vehicles exceeding 3.5 tonnes renting and leasing
71219	77120	van hire (exceeding 3.5 tonnes without driver)

Now under Go Skills in the 2007 SIC Classification

52.21/9 Other service activities incidental to land transportation		
50200	52219	automobile association road patrols
63210	52219	bicycle parking operations
63210	52219	bridge operation
63210	52219	bus station operation
63210	52219	car park
63210	52219	caravan winter storage
63210	52219	clamping and towing away of vehicles
63210	52219	commercial vehicle park

63210	52219	garage (parking)
11100	52219	gas liquefaction for land transportation purposes
63210	52219	goods handling station operation
63210	52219	lessee of tolls
63210	52219	local authority car parks
63210	52219	motive power depot (railway)
50200	52219	motorists' organisation (road patrol)
63210	52219	motorway maintenance unit
63210	52219	parking lot operation
63210	52219	parking meter services
63210	52219	radio despatch offices for taxis, bicycle couriers etc.
63210	52219	railway running shed
63210	52219	railway station operation
63210	52219	repair and maintenance of rolling stock (minor)
63210	52219	roads operation
50200	52219	roadside assistance for motor vehicles
50200	52219	royal automobile club road patrols
60101	52219	switching and shunting on railways
60109	52219	switching and shunting
63210	52219	toll bridge, road or tunnel
50200	52219	towing and road side assistance
63210	52219	towing away of vehicles
63210	52219	tunnels operation
63210	52219	weighbridge services

Annex 6 - Employment by Standard Occupational Code (SOC)

	UK Working Population	IMI Footprint		
	Total in employment	Total in employment	% of SOC	% of the Footprint
Total with SOC	29,220,486	562,064		
1 Managers and Senior Officials	4,530,492	106,263	2%	19%
111 Corporate Managers & Senr Officials	129,645	1,128	1%	0%
1112 Directors & chief execs of maj orgs	56,254	1,128	2%	0%
112 Production Managers	651,311	5,609	1%	1%
1121 Prod. works & maintenance managers	377,337	4,739	1%	1%
1122 Managers in construction	257,303	870	0%	0%
113 Functional Managers	1,396,631	19,456	1%	3%
1131 Financial managers & chartered secs	252,609	3,194	1%	1%
1132 Marketing and sales managers	517,532	12,411	2%	2%
1133 Purchasing managers	41,290	367	1%	0%
1135 Pers training & ind rel mngers	158,982	1,441	1%	0%
1136 Info & communication technol mngers	306,234	1,675	1%	0%
1137 Research and development managers	60,431	368	1%	0%
114 Quality and Customer Care Managers	145,450	7,869	5%	1%
1141 Quality assurance managers	50,193	1,090	2%	0%
1142 Customer care managers	95,257	6,779	7%	1%
115 Financial Instit and Office Managers	438,302	6,406	1%	1%
1151 Financial institution managers	169,984	133	0%	0%
1152 Office managers	268,318	6,274	2%	1%
116 Mngrs in Distrib Storage and Retail	589,524	25,072	4%	4%
1161 Transport and distribution managers	86,905	2,687	3%	0%
1162 Storage and warehouse managers	81,265	3,970	5%	1%
1163 Retail and wholesale managers	421,354	18,415	4%	3%
122 Managers in Hospitality and Leisure	337,085	268	0%	0%
1223 Restaurant and catering managers	154,887	268	0%	0%
123 Managers in Other Service Industries	511,184	40,457	8%	7%
1232 Garage managers and proprietors	35,872	30,595	85%	5%
1234 Shopkprs wholesale & retail deals	141,135	5,855	4%	1%
1239 Mngrs and prop. In other srvcs NEC	193,772	4,006	2%	1%
2 Professional occupations	3,803,997	5,036	0%	1%
212 Engineering Professionals	483,131	1,884	0%	0%
2121 Civil engineers	90,904	102	0%	0%
2122 Mechanical engineers	81,186	1,060	1%	0%
2126 Design and development engineers	57,598	423	1%	0%
2127 Production and process engineers	35,927	300	1%	0%
213 Info & Communication Technology	460,817	653	0%	0%
2132 Software professionals	316,881	653	0%	0%
242 Business & Statistical Professionals	392,577	2,351	1%	0%
2421 Chartered and certified accountants	151,516	1,118	1%	0%
2422 Management accountants	77,480	1,233	2%	0%
243 Architects Town Planners Surveyors	184,084	148	0%	0%
2434 Chartrd surveyors (not qntity surv)	65,774	148	0%	0%
3 Associate Professional and Technical	4,300,504	27,836	1%	5%

311 Science and Engineering Technicians	244,314	5,486	2%	1%
3113 Engineering technicians	72,048	4,280	6%	1%
3114 Build & civil eng technicians	23,711	262	1%	0%
3115 Quality assurance technicians	14,401	126	1%	0%
3119 Science & eng technicians n.e.c.	41,484	819	2%	0%
313 IT Service Delivery Occupations	182,228	1,073	1%	0%
3131 IT operations technicians	121,046	932	1%	0%
3132 IT user support technicians	61,182	142	0%	0%
331 Protective Service Occupations	357,977	142	0%	0%
3312 Police offcrs (sergeant and below)	173,888	142	0%	0%
341 Artistic and Literary Occupations	198,041	87	0%	0%
3416 Arts offcrs prdcers and directors	41,619	87	0%	0%
342 Design Associate Professionals	166,328	150	0%	0%
3421 Graphic designers	105,632	150	0%	0%
353 Business & Finance Assoc Professnls	535,549	3,232	1%	1%
3531 Estimators valuers and assessors	68,789	2,012	3%	0%
3534 Fin. & invest. analyst & advisers	173,843	176	0%	0%
3536 Importers exporters	8,171	323	4%	0%
3537 Financial and accounting techs	26,178	350	1%	0%
3539 Business & related assoc profs nec.	144,063	371	0%	0%
354 Sales & Related Assoc Professionals	436,798	16,650	4%	3%
3541 Buyers and purchasing officers	62,116	908	1%	0%
3542 Sales representatives	205,385	15,142	7%	3%
3543 Marketing associate professionals	133,363	601	0%	0%
356 Public Service and Other Assoc Prof	495,680	1,015	0%	0%
3562 Personnel & ind relations offs	148,545	128	0%	0%
3563 Vocatn & indust trainrs & instrctrs	143,820	459	0%	0%
3565 Inspctrs fact utils & trdng stndrds	16,539	428	3%	0%
4 Administrative and Secretarial	3,297,036	64,112	2%	11%
411 Administrative: Government & Related	515,123	378	0%	0%
4112 Civil Serv admin offcrs and assists	196,061	88	0%	0%
4113 Local gov clerical offs & assists	198,253	291	0%	0%
412 Administrative Occupations: Finance	752,777	16,814	2%	3%
4121 Credit controllers	45,087	860	2%	0%
4122 Accnts wages clerk bookkeeper	520,041	15,459	3%	3%
4123 Counter clerks	187,650	495	0%	0%
413 Administrative Occupations: Records	530,259	8,753	2%	2%
4131 Filing & othr recrds assists & clrks	150,356	2,219	1%	0%
4132 Pensions and insurance clrks	75,936	123	0%	0%
4133 Stock control clerks	109,582	3,714	3%	1%
4134 Transport and distribution clerks	71,767	2,190	3%	0%
4136 Database assistants & clerks	68,892	508	1%	0%
414 Administrative: Communications	57,999	243	0%	0%
4141 Telephonists	26,072	243	1%	0%
415 Administrative Occupations: General	667,331	19,400	3%	3%
4150 General office assistants or clerks	667,331	19,400	3%	3%
421 Secretarial and Related Occupations	773,548	18,525	2%	3%
4214 Company secretaries	46,039	1,311	3%	0%
4215 Personal assists & othr secretaries	310,228	6,095	2%	1%
4216 Receptionists	231,285	11,120	5%	2%
5 Skilled Trades Occupations	3,197,871	192,388	6%	34%
511 Agricultural Trades	309,591	501	0%	0%

5111 Farmers	87,963	234	0%	0%
5112 Horticultural trades	23,473	268	1%	0%
521 Metal Forming Welding and Related	141,068	6,326	4%	1%
5213 Sheet metal workers	21,613	5,231	24%	1%
5215 Welding trades	81,046	1,095	1%	0%
522 Metal Machning Fitting Instr Makng	319,711	5,025	2%	1%
5223 Mtl working prod & maintnce fitter	222,625	5,025	2%	1%
523 Vehicle Trades	261,511	176,804	68%	31%
5231 Motor mechanics auto engineers	207,462	145,782	70%	26%
5232 Vehicle body builders and repairers	28,067	17,128	61%	3%
5233 Auto electricians	8,375	4,165	50%	1%
5234 Vehicle spray painters	17,607	9,730	55%	2%
524 Electrical Trades	447,082	758	0%	0%
5241 Electricians electrical fitters	244,230	499	0%	0%
5242 Telecommunications engineers	49,121	137	0%	0%
5249 Elec & electronic engineer n.e.c.	87,051	122	0%	0%
531 Construction Trades	935,178	1,130	0%	0%
5313 Roofers roof tilers and slaters	42,313	616	1%	0%
5316 Glaziers window fabric and fitters	50,042	514	1%	0%
532 Building Trades	256,681	224	0%	0%
5323 Painters and decorators	154,199	224	0%	0%
541 Textiles and Garment Trades	33,694	1,147	3%	0%
5412 Upholsterers	16,112	1,147	7%	0%
549 Skilled Trades n.e.c	108,238	474	0%	0%
5499 Hand craft occupations n.e.c.	18,462	474	3%	0%
6 Personal Service Occupations	2,415,098	281	0%	0%
612 Childcare & Reltd Personal Services	787,554	92	0%	0%
6122 Childminders and rel occupations	121,511	92	0%	0%
623 Housekeeping Occupations	137,648	190	0%	0%
6232 Caretakers	75,690	190	0%	0%
7 Sales and Customer Service Occupations	2,232,094	78,377	4%	14%
711 Sales Assistants and Retail Cashiers	1,609,715	62,610	4%	11%
7111 Sales and retail assistants	1,263,922	43,920	3%	8%
7112 Retail cashiers/check-out operators	284,287	17,729	6%	3%
7113 Telephone salespersons	61,507	961	2%	0%
712 Sales Related Occupations	209,436	5,433	3%	1%
7122 Debt rent and other cash collectrs	35,633	366	1%	0%
7123 Rounds(wo)men and van salespersons	21,059	145	1%	0%
7129 Sales related occupations n.e.c.	101,663	4,923	5%	1%
721 Customer Service Occupations	412,943	10,335	3%	2%
7211 Call centre agents & operators	90,787	843	1%	0%
7212 Customer care occupations	322,156	9,492	3%	2%
8 Process Plant and Machine Operatives	2,066,063	51,325	2%	9%
811 Process Operatives	320,470	229	0%	0%
8111 Food drink & tobac process operat	154,989	106	0%	0%
8114 Chem and related process operatives	44,177	124	0%	0%
812 Plant and Machine Operatives	191,397	1,032	1%	0%
8125 Metal working machine operatives	87,612	889	1%	0%
8129 Plant and machine operatives n.e.c.	32,190	143	0%	0%
813 Assemblers and Routine Operatives	285,094	16,955	6%	3%
8132 Assemblers (veh and metal goods)	45,147	104	0%	0%
8133 Routine inspectors and testers	80,645	2,931	4%	1%

8134 Weighers graders sorters	11,674	215	2%	0%
8135 Tyre exhaust and windscrn fitters	13,615	12,597	93%	2%
8139 Assemblers and routine optvtes nec.	52,438	1,109	2%	0%
821 Transport Drivers and Operatives	938,719	32,225	3%	6%
8211 Heavy goods vehicle drivers	325,571	2,434	1%	0%
8212 Van drivers	195,340	13,496	7%	2%
8213 Bus and coach drivers	113,717	339	0%	0%
8214 Taxi cab drivers and chauffeurs	209,006	15,043	7%	3%
8219 Transport operatives n.e.c.	20,448	913	4%	0%
822 Mobile Machine Drivers & Operatives	180,289	884	0%	0%
8222 Fork-lift truck drivers	102,861	722	1%	0%
8229 Mobile machine drivers & operatives	52,708	162	0%	0%
9 Elementary Occupations	3,377,332	36,447	1%	6%
912 Elementary Construction Occupations	238,148	2,058	1%	0%
9121 Labrers build & woodworking trades	206,346	2,058	1%	0%
913 Elementary Process Plant Occupations	248,473	1,972	1%	0%
9132 Indust cleaning process occupations	20,964	819	4%	0%
9134 Packers bottlers canners fillers	120,757	121	0%	0%
9139 Labrs process & plant opertns nec.	81,248	1,033	1%	0%
914 Elementary Goods Storage Occupations	399,418	5,463	1%	1%
9149 Oth good hndlng & storage occup nec	390,813	5,463	1%	1%
921 Elementary Administration Occupatns	256,336	1,689	1%	0%
9211 Post wrkr mail sort msgnr courir	210,937	425	0%	0%
9219 Elementary office occupatns n.e.c.	45,399	1,264	3%	0%
922 Elementary Personal Service Occuptns	876,251	139	0%	0%
9223 Kitchen and catering assistants	379,453	139	0%	0%
923 Elementary Cleaning Occupations	741,835	23,211	3%	4%
9233 Cleaners domestics	609,098	22,367	4%	4%
9235 Refuse and salvage occupations	38,323	224	1%	0%
9239 Elementary cleaning occupns nec.	12,915	620	5%	0%
924 Elementary Security Occupations	329,538	1,068	0%	0%
9241 Security guards and rel occupations		290	#DIV/0!	0%
9245 Car park attendants	11,834	145	1%	0%
9249 Elementary security occupation nec.	26,328	634	2%	0%
925 Elementary Sales Occupations	191,533	848	0%	0%
9251 Shelf fillers	132,943	129	0%	0%
9259 Elementary sales occupations nec.	58,590	718	1%	0%
No SOC	29,200	0		
N/A	29,200	0		
DNA	0	0		
Total	29,249,686	562,064		100%

Annex 7 - Employment by Standard Occupational Code (SOC) Key

Standard Occupation Code (SOC)	Code	Employment
Managers and Senior Officials	111	Corporate Managers & Senr Officials
	112	Production Managers
	113	Functional Managers
	114	Quality and Customer Care Managers
	115	Financial Instit and Office Managers
	116	Mngrs in Distrib Storage and Retail
	122	Managers in Hospitality and Leisure
	123	Managers in Other Service Industries
Professional Occupations	212	Engineering Professionals
	213	Info & Communication Technology
	222	Business & Statistical Professionals
	223	Architects Town Planners Surveyors
Associate Professional and Technical	311	Science and Engineering Technicians
	313	IT Service Delivery Occupations
	321	Protective Service Occupations
	341	Artistic and Literary Occupations
	342	Design Associate Professionals
	353	Business & Finance Assoc Professnls
	354	Sales & Related Assoc Professionals
	356	Public Service and Other Assoc Prof
Administrative and Secretarial	411	Administrative: Government & Related
	412	Administrative Occupations: Finance
	413	Administrative Occupations: Records
	414	Administrative: Communications
	415	Administrative Occupations: General
	421	Secretarial and Related Occupations
Skilled Trades Occupations	511	Agricultural Trades
	521	Metal Forming Welding and Related
	522	Metal Machning Fitting Instr Makng
	523	Vehicle Trades
	524	Electrical Trades
	531	Construction Trades
	532	Building Trades
	541	Textiles and Garment Trades
549	Skilled Trades n.e.c	
Personal Service Occupations	612	Childcare & Reltd Personal Services
	613	Housekeeping Occupations
Sales and Customer Service Occupations	711	Sales Assistants and Retail Cashiers
	712	Sales Related Occupations
	721	Customer Service Occupations
Process Plant and Machine Operatives	811	Process Operatives
	812	Plant and Machine Operatives
	813	Assemblers and Routine Operatives
	821	Transport Drivers and Operatives
	822	Mobile Machine Drivers & Operatives
Elementary Occupations	912	Elementary Construction Occupations
	913	Elementary Process Plant Occupations
	914	Elementary Goods Storage Occupations

921	Elementary Administration Occupatns
922	Elementary Personal Service Occuptns
923	Elementary Cleaning Occupations
924	Elementary Security Occupations
925	Elementary Sales Occupations

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