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# Automotive Sector Report

Edition /

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# Automotive Sector Report

## Introduction

The aim of this report is to extract sector relevant analysis from a number of sources and has combined a number of IMI research reports, including current landscape report, labour market report and job postings analysis. These have been combined with other data sources and headline news to present a picture of the current landscape of the automotive sector.

Please note that throughout this report, 'Wholesale and Retail Trade; Repair of Vehicles and Motorcycles' is the nearest proxy to represent the automotive sector. However, the data used for this report does include other sectors which may not be strictly automotive, and it is likely that other 'retail sectors' may have affected some measures disproportionately.

The majority of the data used was related to the time period December 2021 and January 2022.

## Summary

### Key take away points

- Economic indicators such as turnover and cash reserves look healthy in comparison to other industry sectors and as such, business confidence continues to be high, with just 6% stating that they had low or no confidence that their business will survive the next three months.
- The proportion of the workforce in the automotive sector are operating a hybrid model of working is 11% whilst 10% are remaining working from home.
- The redundancy rate in the sector is currently 3.3%, which has been falling for the past four months; however it is 0.7 percentage points higher than the 'All Industries' rate and is the 5th highest rate of the 12 outlined industries.
- Vacancy rates in the sector are at record levels. For November to January 2022, there were an estimated 23,000 vacancies in the Motor Trades sub-sector and are the highest recorded on this dataset (back to 2002) and are 7% higher than the previous high in winter 2018. In comparison to other sectors, the vacancy rate is the 6th highest.
- As a reaction to the vacancy rate, job postings have had significant increases across all automotive occupations and reflecting the current job market in the past 3 months. Vehicle Technician job posting are currently the highest they have been since 2016
- 1.65 million new cars entered the UK market in 2021, a marginal increase of 1.0% on 2020. The figures underline the ongoing impact of Covid and the semiconductor shortage on the industry, with the market down -28.7% on pre-pandemic 2019, representing the second-worst year since 1992.
- 2021 is the most successful year in history for electric vehicle uptake as more new battery electric vehicles (BEVs) were registered than over the previous five years combined.

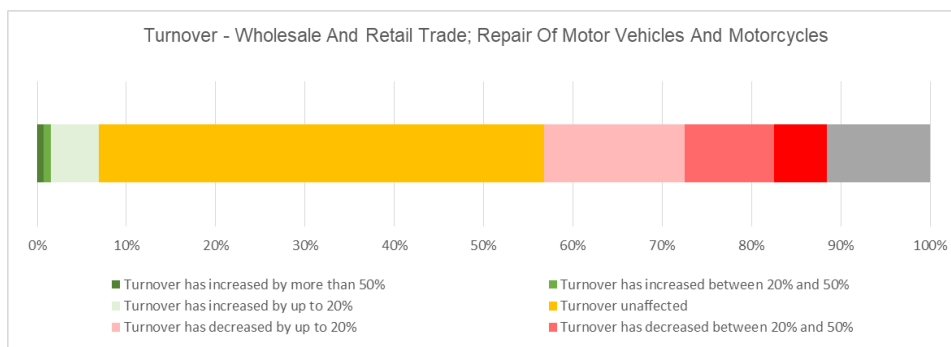
- In January 2022, electrified vehicles continued to bolster the growth, meaning, almost one in three new cars joining British roads in January was electrified.
- The Transport Committee have advised the Government to introduce a 'pay-as-you-drive' scheme to plug a £35 billion hole in lost fuel duty and vehicle excise duty (VED).

## Economic Indicators

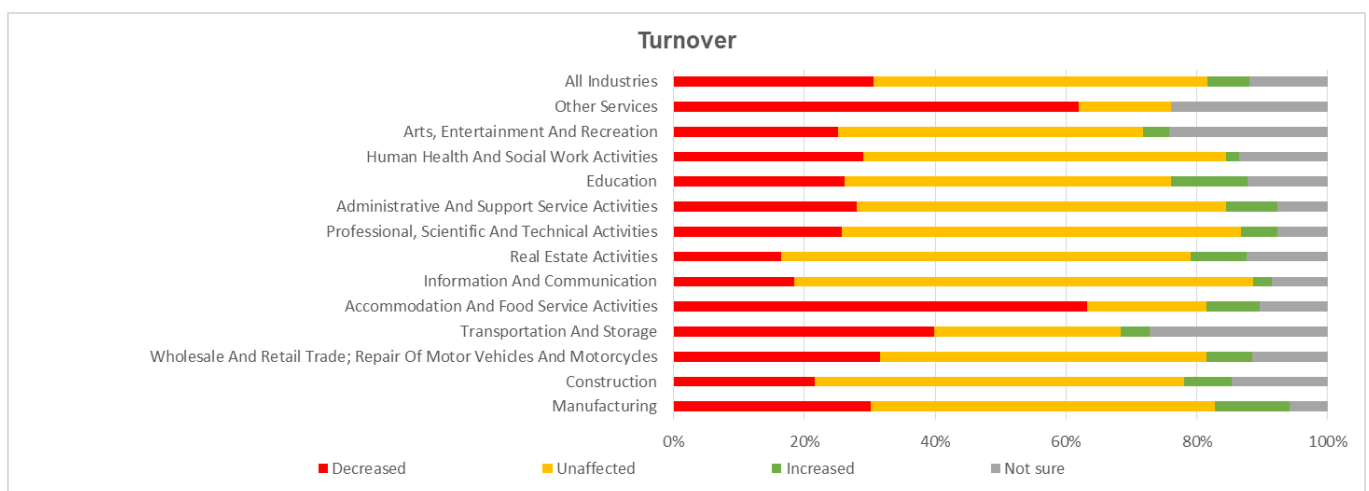
Data used in the Economic Indicators section uses ONS data taken from the results of the fortnightly business impact of COVID survey (BIC) – see data sources.

### Turnover

In the last two weeks, how has the Coronavirus (COVID-19) pandemic affected your business's turnover, compared to what is normally expected for this time of year?



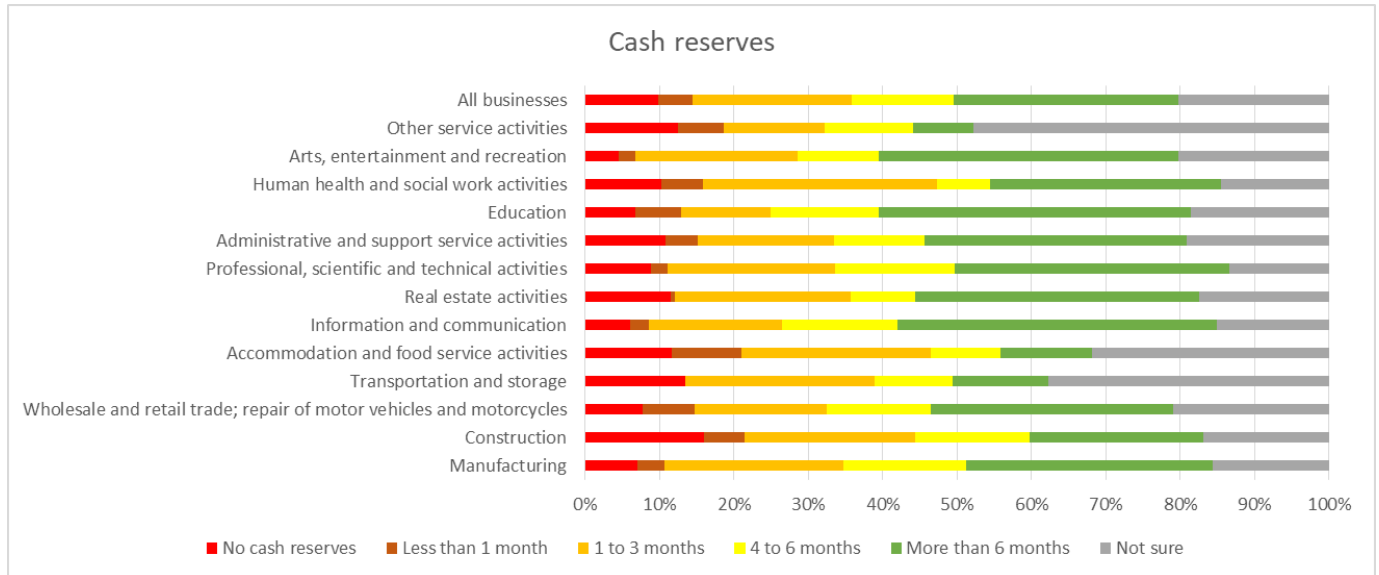
7% of automotive businesses trading are reporting an increase in turnover. 32% are reporting decreases in turnover, of which 6% are reporting turnover decreases of more than 50%.



Data source: ONS BIC 10<sup>th</sup> Feb

In the education (private sector and higher education businesses only) industry, 26% of businesses reported experiencing a decrease in turnover in the last two weeks compared with normal levels for this time of year, in early 2022.

## Cash reserves

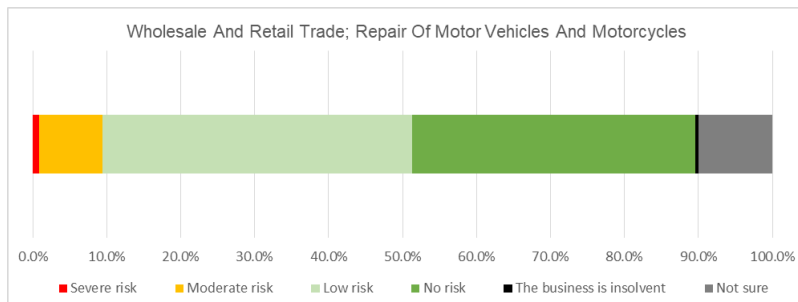


Data source: ONS BIC 10<sup>th</sup> Feb

33% of automotive businesses said that their cash reserves would last more than six months. 15% of automotive businesses said that they either had no cash reserves or less than a months' worth.

## Risk of insolvency

### What is your business's risk of insolvency?

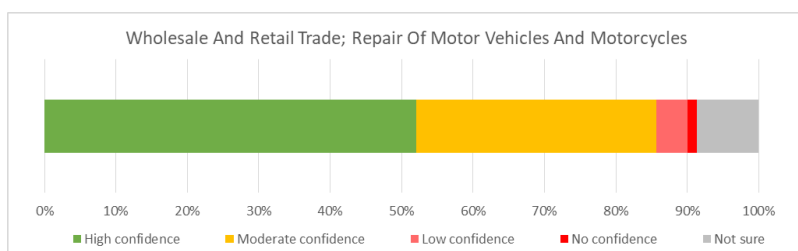


In this reporting, less than 1% of automotive businesses stated being insolvent. However, 51% stated there was some risk of insolvency.

Data source: ONS BIC 10<sup>th</sup> Feb

## Business confidence

### How much confidence does your business have that it will survive the next three months?



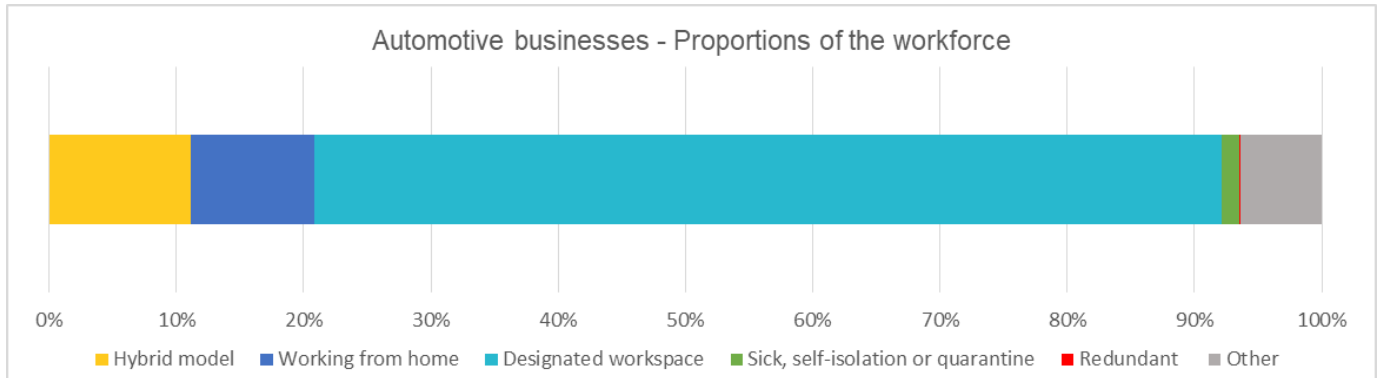
Business confidence continues is high, with just 6% stating that they had low or no confidence that their business will survive the next three months.

Data source: ONS BIC 10<sup>th</sup> Feb

## Workforce

### Workforce status

Work status uses ONS data taken from the results of the fortnightly business impact of COVID survey (BIC) – see data sources.



Data source: ONS BIC 10<sup>th</sup> Feb

For automotive businesses still trading, 11% are operating a hybrid model of working whilst 10% are remaining working from home.

- 74,000 using a hybrid model of working
- 64,700 working from home
- 475,600 working from a designated workspace
- 9,300 on sick, in self-isolation of quarantine
- 16,300 redundancies

### Redundancies

Please note that 'Wholesale and Retail Trade; Repair of Vehicles and Motorcycles' is the nearest proxy to represent the automotive sector. However, the data will include other sectors which are not strictly automotive. The following uses ONS labour market data, specifically RED02: Redundancy levels and rates by the industry for those aged 16 and over.

#### Redundancy Rates

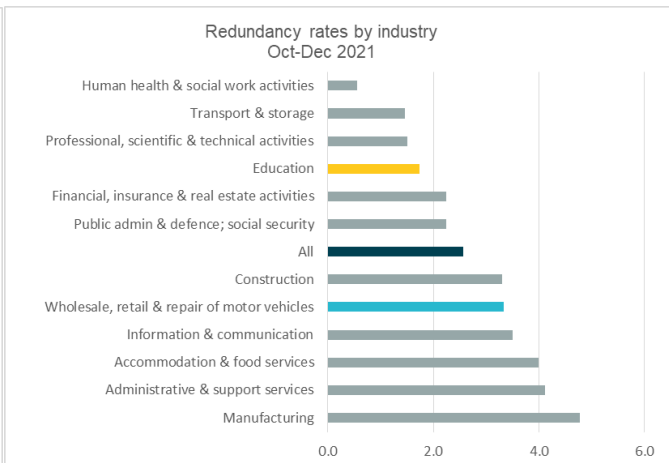
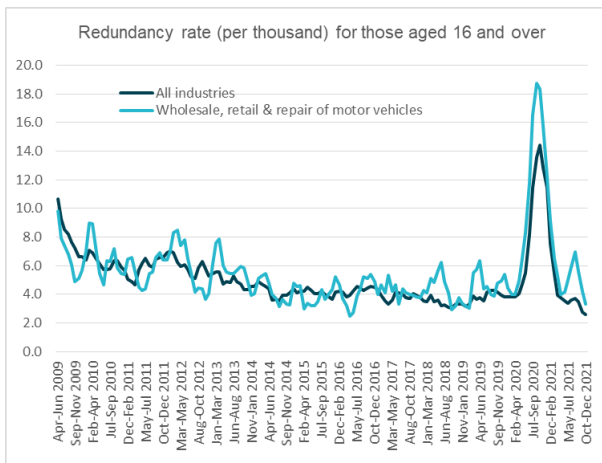
**2.6%**

Redundancy rate  
Oct-Dec 2021

**3.3%**

Automotive sector  
redundancy rate  
Oct-Dec 2021

- 21% decrease in the past month
- 79% decrease compared to the same period last year
- 32% decrease since 2019



Data source: ONS LAB RED02

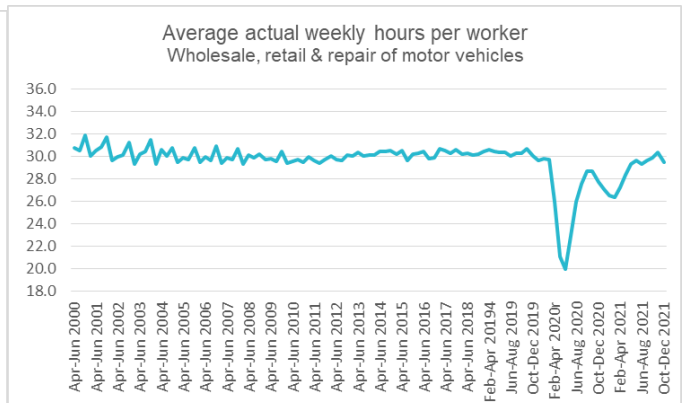
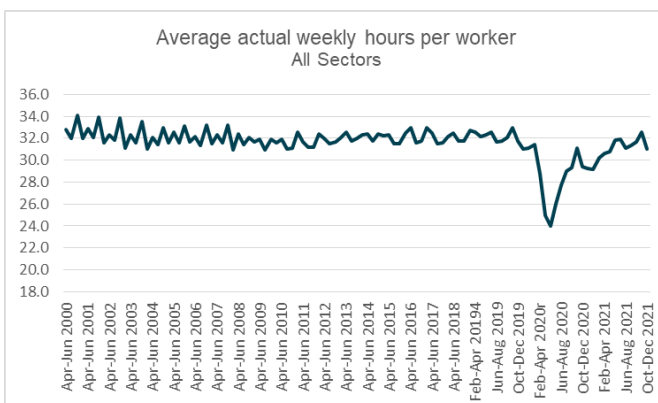
The redundancy rate in the ‘Wholesale and Retail Trade; Repair of Vehicles and Motorcycles’ sector is currently 3.3%, which has been falling for the past four months. It is 0.7 percentage points higher than the ‘All Industries’ rate. It has the 5<sup>th</sup> highest rate of the 12 outlined industries. As previously stated, the ‘Wholesale and Retail Trade; Repair of Vehicles and Motorcycles’ is the nearest proxy to represent the automotive industry.

## Hours worked

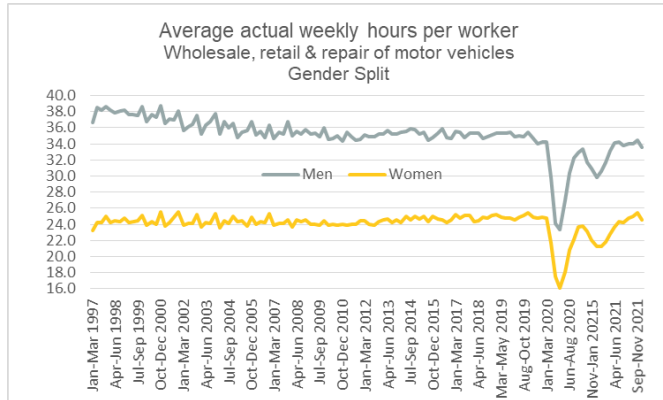
The following uses ONS labour market data specifically HOUR03: Average actual weekly hours of work by industry sector.

**All Jobs**  
**31.1 hrs**  
Avg worker hours per week Oct-Dec 2021

**Automotive Jobs**  
**29.4**  
Avg worker hours per week Oct-Dec 2021



- In the period October to December 2021, the average worker carried out 31.1 hours of work in comparison to those in the ‘Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycle’, who on average worked 29.4 hours.
- Average hours worked have decreased this month, however levels are roughly at the same levels compared to 2019.



**Men**  
Automotive Jobs  
**33.6**  
Avg worker hours per week  
Oct-Dec 2021

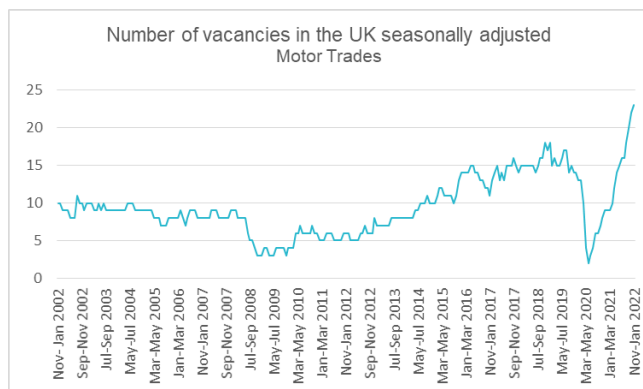
**Women**  
Automotive Jobs  
**24.1**  
Avg worker hours per week  
Oct-Dec 2021

In the period October – December 2021, the average male working in 'Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycle' worked 33.6 hours, compared to females at 24.1 hours. Male hours decreased by 3%, but females decreased by 4% in the past month.

Data source: ONS LAB HOURS03

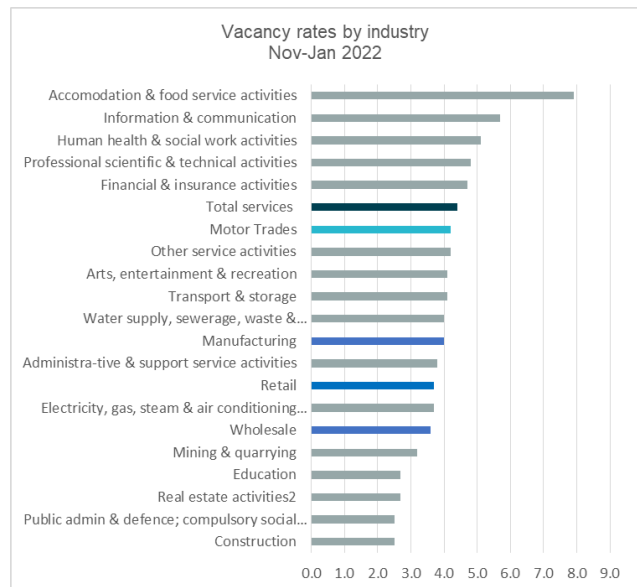
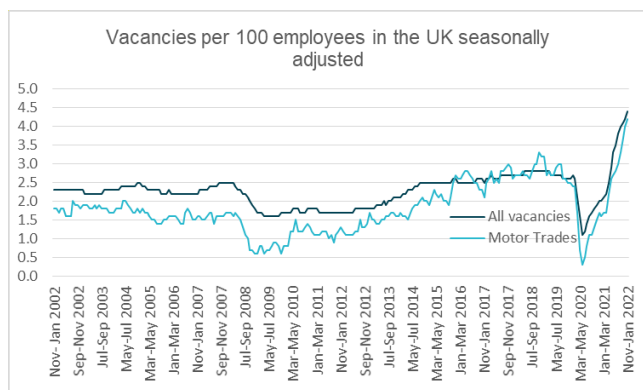
## Vacancies

The following uses ONS labour market data specifically VACS02: Vacancies by industry



**Sector**  
**23,000**  
Vacancies in November – January 2022

For November to January 2022, there were an estimated 23,000 vacancies in the Motor Trades sub-sector and are the highest recorded on this data set and 7% higher than the previous high in winter 2018.



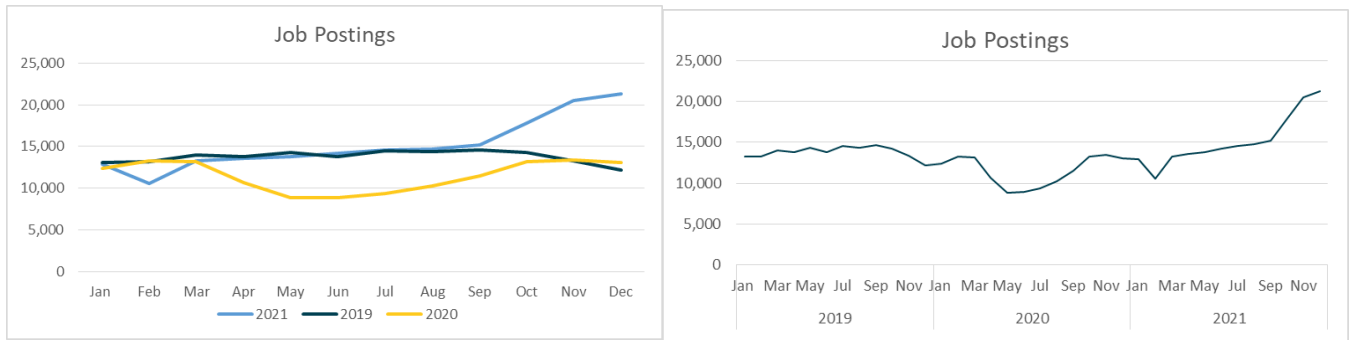
The motor trade vacancies ratio is 4.2 which is 0.2 lower than the all vacancy rate. In comparison to other sectors the vacancy rate is the 6<sup>th</sup> highest.

Data source: ONS LAB HOURS03

## Occupation Analysis

Data used in the following section is taken from EMSI job postings data – see data sources.

### Vehicle Technicians, Mechanics and Electricians

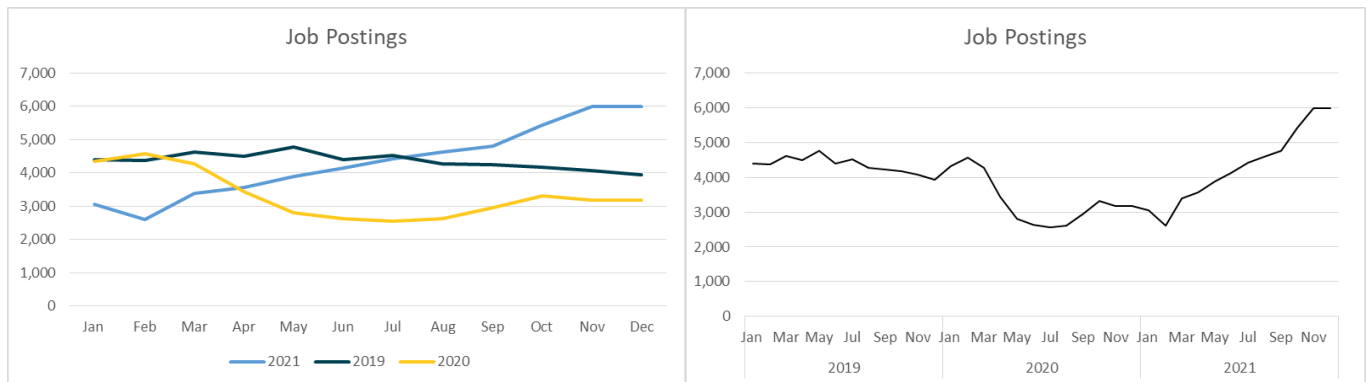


**21,276**  
Job Postings in December 2021

Top 10 Skills requested			
1	Mechanics	6	Detail Oriented
2	Vehicle Maintenance	7	Enthusiasm
3	Customer Service	8	Maintenance Transportation
4	Communications	9	Sales
5	Management	10	Self-Motivation

Job postings for vehicle technicians have been increasing month on month since February 2021 and are currently 63% higher than the 2020 level, and 74% higher than 2019 levels.

### Vehicle and Parts Sales persons



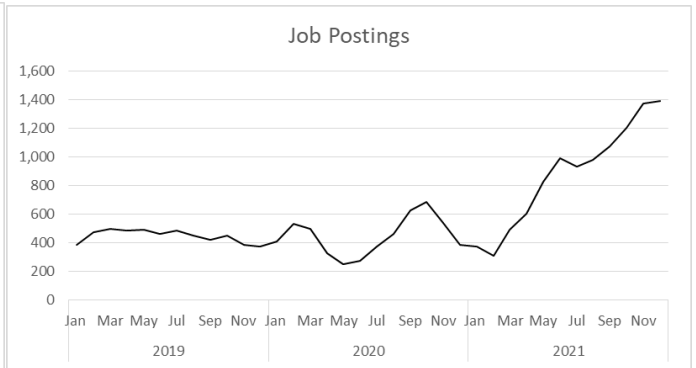
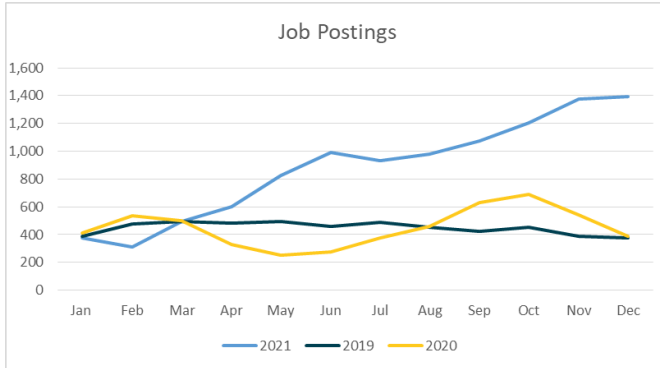
**5,989**  
Job Postings in December 2021

Top 10 Skills requested			
1	Sales	6	Finance
2	Customer Service	7	Enthusiasm
3	Automobile Dealership	8	Sales Management
4	Communications	9	Upselling
5	Selling Techniques	10	Management

Job postings for vehicle sales and parts sales persons have been increasing month on month since February 2021 and are at the highest levels since 2018. They are currently 89% higher than 2020 levels and are 74% higher than 2019 levels.



### Vehicle Valeters and Cleaners

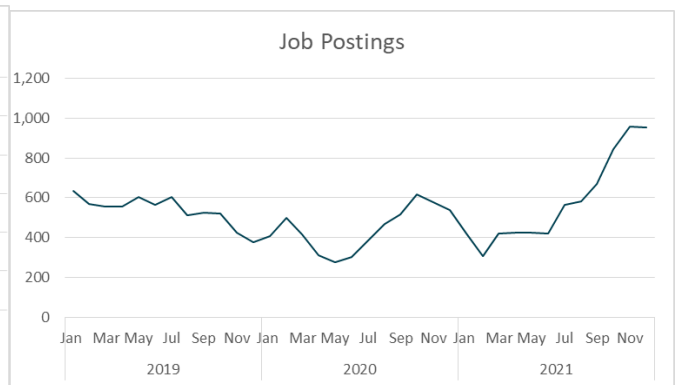
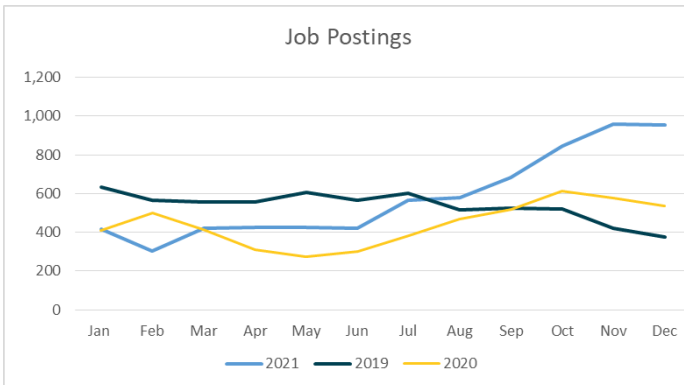


**1394**  
Job Postings in December 2021

Top 10 Skills requested			
1	Detail Oriented	6	Pressure Washer
2	Customer Service	7	Polishing
3	Enthusiasm	8	Communications
4	Self-Motivation	9	Machinery
5	Multitasking	10	Positivity

Job postings for vehicle valeters continues its record demand and job postings are more than triple 2020 and 2019 levels.

### Tyre, Exhaust and Windscreen Fitters

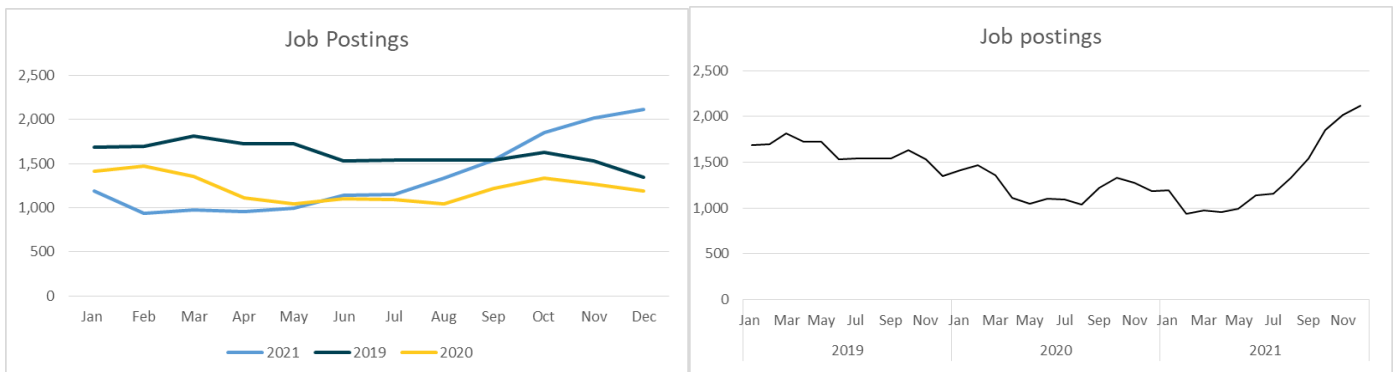


**953**  
Job Postings in December 2021

Top 10 Skills requested			
1	Customer Service	6	Training And Development
2	Communications	7	Mechanics
3	Self-Motivation	8	Sales
4	Willingness To Learn	9	Management
5	Brakes	10	Suspension (Vehicle)

Job postings for tyre, exhaust and windscreen fitters' levels decreased slightly by 1% this month, however, levels are 78% higher than the same period last year and more than double 2019 levels.

### Vehicle Body Builders and Repairers

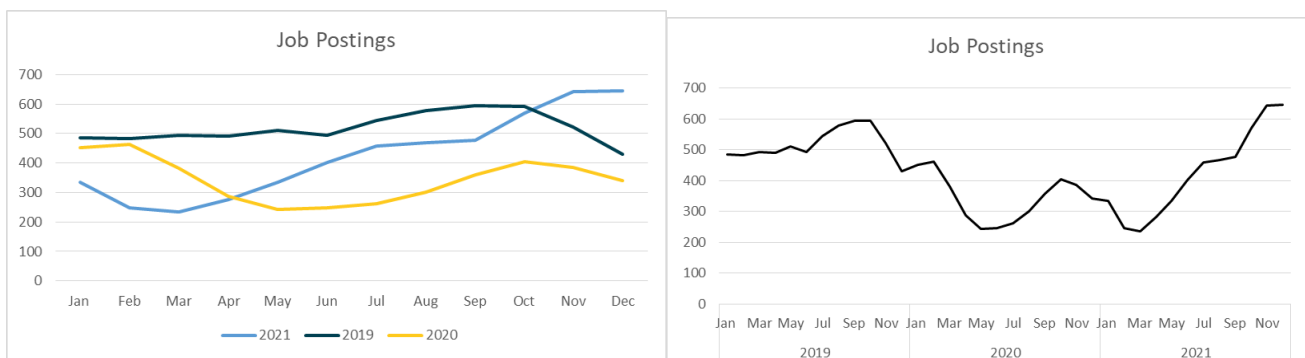


**2118**  
Job Postings in December 2021

Top 10 Skills requested			
1	Self-Motivation	6	Detail Oriented
2	Customer Satisfaction	7	Mechanics
3	Painting	8	Estimators
4	Paint Sprayers	9	Communications
5	Customer Service	10	Production Management

Job postings for body builders and repairers have increased this month by 5%, levels are now 78% higher than the same period last year, and 57% higher than 2019 levels.

### Vehicle Paint Technicians



**645**  
Job Postings in December 2021

Top 10 Skills requested			
1	Paint Sprayers	6	Production Management
2	Painting	7	Self-Motivation
3	Spray Painting	8	Communications
4	Mechanics	9	Management
5	Estimators	10	Automotive Industry

Job postings levels for vehicle paint are 89% higher than the same period last year, and 50% higher than 2019.

## Sector News

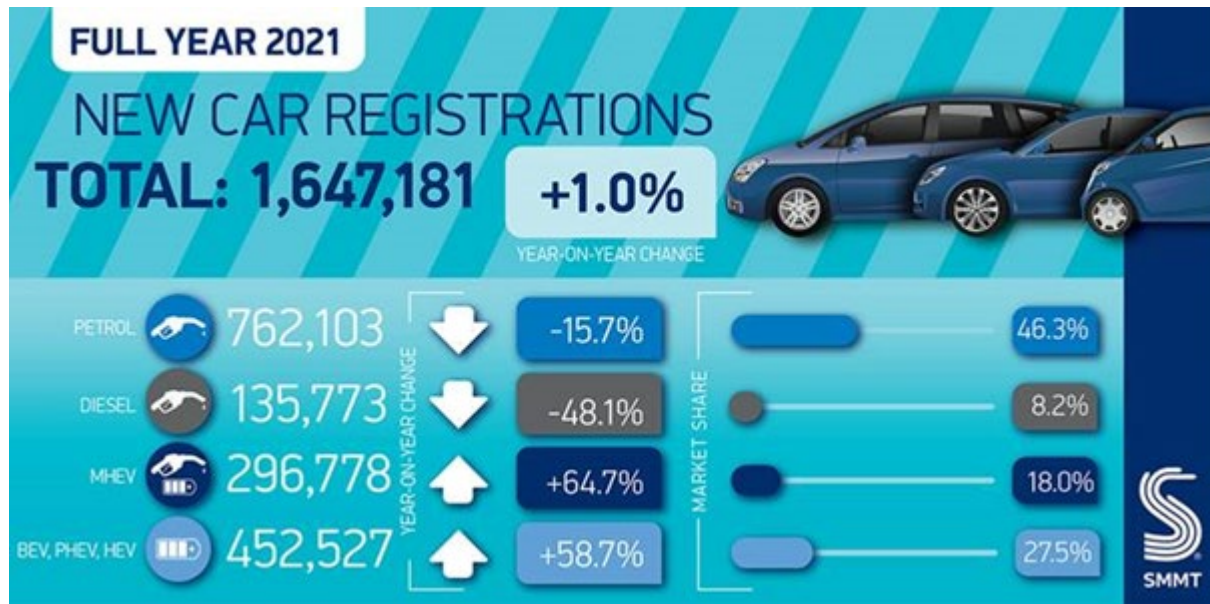
### Vehicle registration data

#### 2021 full year recap

2021 new car registrations grew by a marginal 1.0% on 2020, as 1.65 million new cars entered the UK market. The figures underline the ongoing impact of Covid and the semiconductor shortage on the industry, with the market down - 28.7% on pre-pandemic 2019, representing the second-worst year since 1992.

There was some good news, however, with 2021 the most successful year in history for electric vehicle uptake as more new battery electric vehicles (BEVs) were registered than over the previous five years combined. 190,727 new BEVs joined Britain's roads, along with 114,554 plug-in hybrids (PHEVs), meaning 18.5% of all new cars registered in 2021 can be plugged in. This is in addition to the 147,246 hybrid electric vehicles (HEVs) registered, which took a further 8.9% market share in a bumper year for electrified car registrations, with 27.5% of the total market now electrified in some form.

The UK finished 2021 as the third-largest European market for new car registrations but the second largest by volume for plug-in vehicles and the second largest for BEVs. It is only in ninth position overall, however, in Europe for BEVs by market share, underlining the progress still to be made, despite the UK having among the most ambitious targets of all major markets with the end of the sale of new petrol and diesel cars scheduled for 2030.



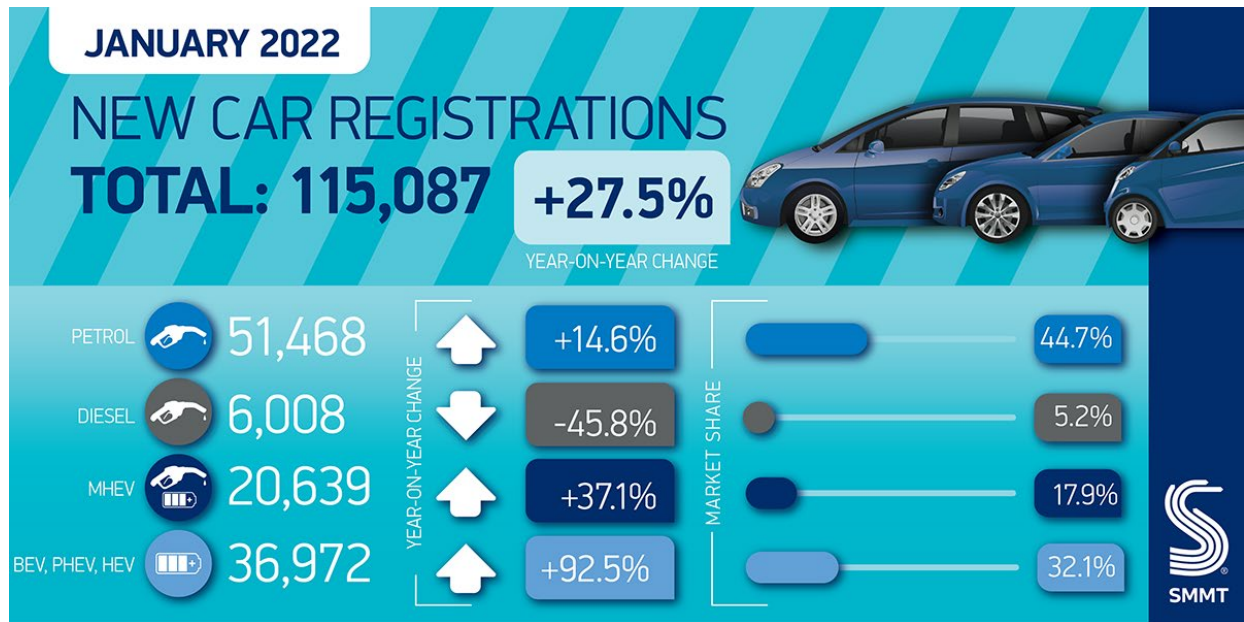
Source: SMMT

#### New year – January 2022

The UK automotive sector recorded a positive start to 2022 as 115,087 new cars were registered, according to the SMMT. Registrations were up by more than a quarter (27.5%) on January 2021, when lockdown restrictions kept car showrooms shut.

However, the market remains well below pre-pandemic levels, -22.9% lower than in January 2020, as chip shortages, in particular, continue to impact supply.

Electrified vehicles continue to bolster the growth, with battery electric (BEV), plug-in hybrid (PHEV) and hybrid (HEV) cars accounting for 71.5% of the uplift in registrations. Plug-in vehicles enjoyed another bumper month, with 14,433 BEVs and 9,047 PHEVs registered, equal to some 20.4% of the market. With 13,492 HEVs also registered, almost one in three new cars joining British roads in January was electrified.



Source: SMMT

### Other key headlines from the sector news

#### Sales of new electric vehicles predicted to rise over 74% in 2022

Electric vehicle (EV) leasing company, DriveElectric, predicts that registrations of new electric vehicles (EVs) will rise by over 74% in 2022. The figure is based on DriveElectric’s own forecasts and represents an increase to more than 330,000, from around 190,000 in 2021, to represent around 16% of all sales this year. The forecast considers background issues, including vehicle shortages due to semiconductor supply issues that are expected to remain until around mid-2022 - demand continues to outstrip supply until then.

#### Britishvolt: Electric car battery plant gets millions in funding

Britishvolt are planning mass production of electric car batteries in the UK has secured government funding for its proposed factory in Northumberland, which could create 3000 new jobs. It has been reported that the Government has committed about £100m through its Automotive Transformation Fund.

#### Transport Committee urges Government to introduce ‘pay-as-you-drive’ car tax replacement

The Transport Committee have advised the Government to introduce a 'pay-as-you-drive' scheme to plug a £35 billion hole in lost fuel duty and vehicle excise duty (VED). It said the switch to electric vehicles (EVs) means current road tax revenues of £35bn could disappear by 2050.

In the Transport Committee's report on road pricing, it says that the Government should consider a road pricing mechanism that uses telematics technology to charge drivers according to distance driven, factoring in vehicle type and time of day. However, it says that any new system of road taxation must be revenue neutral and assess the impact on high-mileage drivers, such as road hauliers and those in rural communities, and on those least able to adapt to increased motoring costs.

## Data Sources

- ONS Business impacts of COVID-19 data (ONS BIC 10<sup>th</sup> Feb) released 10<sup>th</sup> February 2021 [Data relates to the period 10<sup>th</sup> Jan – 6<sup>th</sup> Feb 2021].
- EMSI 2021.1 data [All data sourced from EMSI UK Analyst and Career information taken from EMSI occupation data].
- ONS Labour market indicators (ONS LAB):
  - RED02: Redundancy levels and rates by industry for those aged 16 and over - Release 15<sup>th</sup> February 2021
  - HOUR03: Average actual weekly hours of work by industry sector – Release 15<sup>th</sup> February 2021
  - VACS02: Vacancies by industry – Release 15<sup>th</sup> February 2021
- SMMT new car registration data January 2021 data released 4<sup>th</sup> February