

IDEAS | PEOPLE | TRUST

Motor Salary Survey 2024

SUMMARY VERSION - Full version available to participants only





THE BDO MOTOR SALARY
SURVEY 2024 PROVIDES
COMPREHENSIVE
REMUNERATION DATA
WHICH WILL PROVIDE FOR
MEANINGFUL COMPARISON

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29%

ESTIMATED ANNUAL LEVEL
OF EMPLOYEE TURNOVER
IN THE MOTOR RETAIL
SECTOR (2023 - 31%)

Introduction

The 2024 Motor Salary Survey

Employee costs continue to be the largest expense in any dealership, accounting for a significant percentage of gross profit, and with increasing pressures on margins, expense management is critical to sustained profitability. The ability of businesses to offer appropriate remuneration packages and structures is essential to dealerships if they are to sustain a competitive advantage and achieve growth.

A challenging year

In last year's report we characterised the year in question by the cost-of-living crisis, with high levels of inflation, rising interest rates and macroeconomic headwinds impacting the UK economy. Despite this motor retailers continued to perform positively and achieve strong levels of profitability. In an about turn, the last year has seen an improving macroeconomic outlook (albeit slowly), with inflation more controlled, a first interest rate cut this summer and potentially more on the way. However, we are aware that many motor retailers have been struggling to maintain their previous levels of profitability because of squeezed margins and increasing costs.

The result of this changing environment is that the large pay increases of previous years are very much a thing of the past, bringing into sharper focus other ways in which employers can potentially 'reward' their employees. We touch upon some of these in this report.

Once again, we asked the participants in our survey whether they expected their workforce to grow, contract or remain steady and it was interesting to see a much greater difference in their responses this time round.

Staff retention remains a key issue. Our participants employ over 20,000 people and in the last year had an estimated staff turnover of 29% (slightly down on the 31% reported last year), although overall staffing levels remained consistent. This represents a significant cost to all groups in respect of recruitment and time invested in training, as well as a potential upward pressure on wages as groups fight for the best talent. Among our respondents, service technicians and advisers remain the roles where most issues have been encountered.

Ongoing challenges

While the cost-of-living crisis may continue to directly impact staff, the pace of change in the sector creates a need for employers to act now to support future success. As automotive recruitment expert Lynda Ennis, founder of Ennis & Co, highlights later in this report, planning and implementing changes to retail models has come at a high cost for businesses to train, develop, retain and attract people. Dealers must be responsive and agile to ensure they have the core skill needed and the flexibility to adapt as opportunities emerge.

We continue to believe this survey proves a useful tool in the management of employee costs, by enabling management to evaluate these against national averages and those entities within their turnover segment. We would like to thank those dealers who have invested the time to participate, without your support the BDO Motor Salary Survey would not be possible.



-1%

AVERAGE PERCENTAGE
YEAR ON YEAR INCREASE
IN PAY ACROSS THE ROLES
SURVEYED (EXCLUDING
MANAGEMENT POSITIONS)

Findings

Results of the 2024 Motor Salary Survey

Three key themes have been seen this year:

- ▶ Average pay, excluding management positions, fell by an average of 1% year on year, primarily as a result of a fall in incentive-based pay
- ▶ The largest increases were within the parts and service departments where 5% increases were noted
- ▶ The vehicle department, after a few years of significant increases, saw a fall of 5% due to the reduction in commissions.

The average salary for all non-management positions surveyed was £46,917 (2022: £47,344). We have historically excluded management roles from this comparison as these often see greater fluctuations and, by virtue of being higher paid positions, only serve to skew the average results. Management position pay decreased by 3% in the year again due to the large reduction in incentivised pay.

Data for each department continues to be a more relevant metric when considering remuneration packages and is free from the effects of large changes in management pay.

The headline data for each departments is:

Department	2024	2023	% change
Vehicles	£63,250	£66,750	-5%
Parts	£35,050	£33,500	5%
Service	£40,750	£38,900	5%
Administration	£36,000	£36,750	-2%

As noted, the wider macroeconomic environment has contributed to a mixed picture. The parts and service departments were helped by the well-documented shortage of service technicians and lower proportion of incentivised pay. The vehicle department has the highest proportion of incentivised pay, meaning it was most affected by the fall in this variable element of pay packages.

- ▶ The average number of hours worked by an employee per week was consistent, being approximately 42 hours (2023: 42 hours)
- ▶ Employees receive an average holiday entitlement of 25 days (2023: 24 days)
- ▶ 49% of employees receive car benefits (2023: 57%)
- ▶ 94% of employees receive other benefits (2022: 84%)
- ▶ The proportion of employees paying into a pension scheme dipped slightly to 85% (2023: 91%).

For all 29 positions surveyed, the average payroll profile comprises a commissions element, therefore supporting the necessity to appropriately structure bonus and commission packages. This has taken greater importance having been the key factor behind the average fall in pay in the last year.



Embracing the electric revolution

Written by Lynda Ennis, Founder, Ennis & Co

The last 12 months have revealed the fiscal impact of the transition to electrification for automotive retailers after years of opinion and speculation from commentators. We are seeing the impact of changes that business owners have made to navigate the challenges and uncertainties in the sector and still deliver results for shareholders.

Since manufacturers first started to explore ways of retaining retail margins through agency models to pay for the development and manufacture of electric vehicles (EVs), it was clear that retailers' balance sheets would eventually come under intense pressure, and this year has been just the start.

For many retailers, the transition to electrification has required swift, smart thinking to ensure that the lights stay on to support and serve today's customers and agreements, while preparing for tomorrow's products and opportunities. And the challenges have come thick and fast.

In the last 12 months, several major factors have had an impact:

Changing retail models: Mercedes and Volvo introduced the agency model, while Lotus reverted to wholesale, having moved to agency in 2022. Other brands that had previously implied they would be moving to agency stepped back or pushed the transition dates further out to the future.

Acquisition of retail groups: International investors seized the opportunity to buy into the UK retail market, acquiring several of the UK's largest dealer groups to strengthen their portfolios, including Inchcape Retail, JMG, Lookers and Pendragon.

New market entrants: New brands arrived to the market from China and Vietnam (including BYD, Omoda and VinFast), joining GWM and MG. This provided opportunities for retail businesses to spread their risk as some established brands reduced (or announced their intention to reduce) their representation footprint.

Each element had an impact on retail businesses in the last year, either as a threat or an opportunity, and both required leaders to act. Doing nothing in these market conditions and hoping that business will continue as it has always done is a certain path to business failure.

The impact on people and skills over the last year has been profound.

Planning and implementing changes to retail models has come at a high cost for retail businesses to train, develop, retain and attract people. Retailers with multiple brands must now manage career pathways in their groups for people with both sales and agent skills, hedging against the future uncertainty as some brands flip-flop on their approach.

With uncertainty in OEM sales strategies, retail leaders have secured key skills in the aftersales business to ensure stability in core revenue, and this has driven up people cost in these areas.

With respect to acquisitions, new international owners arrive with expectations to find cost savings from efficiencies. In the USA, sales remuneration is typically framed around 'what you make' (i.e. the whole package, combining a low basic salary plus high bonus potential), which collides with the UK experience of 'what you earn', which is primarily a higher basic salary. The result is a strategy to reduce basic salaries in the UK.



Embracing the electric revolution

The integration of US and UK businesses is also seeing some layers of (expensive) management removed, saving salary cost as the organisations align. For senior managers who remain, there are now fewer pathways to promotion as structures flatten.

New market entrants bring different expectations, some requiring significant investment to establish the brand, others more pragmatic and flexible to fit around existing retailer facilities. But salaries are not increasing. We are in a phase of cultural alignment between Chinese and UK organisations to balance ways of working, expectations and rewards.

The last 12 months have shown that the leaders in this retail environment must be agile and retain the core skills needed to deliver for today's customers. At the same time, they are trying to secure multi-skilled people with flexibility to adapt as opportunities emerge.

Through our work as Executive Search specialists, we support the leaders of retail organisations to find and retain the individuals required to drive businesses forward. There is a great tradition of resilience and innovation in the UK retail sector, and it is exciting to see the energy, commitment and passion being applied to tackle challenges and embrace the opportunities.

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LYNDA ENNIS | Founder, Ennis & Co



Employee reward and benefits

Hot topics

Mandatory payrolling of Benefits in Kind

As part of an effort to simplify and modernise the tax system, HMRC announced in January 2024 the mandatory reporting and accounting of PAYE/NIC on benefits in kind via payroll software from April 2026.

There are still many unanswered questions, but HMRC have confirmed that they will work with ‘industry experts’ to produce guidance. The payroll governing bodies should be high on this list of experts, as their involvement in this process is about to get even more complicated.

Although HMRC have hinted at this move for several years, there remains some benefits in kind that currently cannot be payrolled because of their complexity, including accommodation and beneficial loans. Whether these will have to be payrolled from 2026, and just how that can be achieved in practice, remains to be seen.

There are other practical areas that need clarification, including the following:

- ▶ Under current UK tax law, employers cannot deduct more than 50% tax from employees’ salaries. What do employers do when this blocks full payrolling of benefits for an employee?
- ▶ What happens to the current requirement that employers must notify HMRC of the Class 1A liability on employee benefits - the P11D(b)?
- ▶ Will HMRC be able to change its systems to ensure that the tax code of everyone who currently has a benefit in kind restriction is updated correctly for 2026/27?

Although the proposed changes are two years away, employers should start considering now how they will move to payrolling of benefits and the steps needed to get there by 2026.

With interest rates remaining high, employees across the UK continue to feel the impact of the cost-of-living crisis. So how can dealerships respond and support staff?

Whilst increasing salaries and paying bonuses is effective, to ensure that their benefits package is working hard enough to help their employees, there are other options for dealerships to maximise support to employees in a tax efficient way:

- ▶ Trivial Benefits - £50 tax-free vouchers
- ▶ Workplace meals - Dealerships can provide meals at the workplace without creating a benefit in kind
- ▶ Discount portals - employees can receive discounts between 5% and 10% on items such as; holidays, vehicles, appliances, technology, groceries, insurance
- ▶ Cycle to Work - 42% or more discount on a brand-new bike (for higher rate taxpayers)
- ▶ Long service awards - £50/year of service with at least 20 years’ service tax and NIC free
- ▶ Other items - Eye test vouchers, glasses for work, parking at work, are examples of other items that can also be provided tax free to employees.

Professional advice should be sought before the implementation of any of the above tax efficient initiatives.



Employee reward and benefits

HMRC and the national minimum wage

HMRC progresses national minimum wage compliance campaign in the motor sector

In 2023 HMRC launched a National Minimum Wage (NMW) compliance campaign in the Motor Sector. This was initiated with employers in the motor sector, including dealerships, receiving 'nudge' letters from HMRC asking them to confirm they are paying the NMW correctly to all employees. HMRC also requested employers to carry out a review of NMW compliance.

Following the launch, HMRC have now progressed to reviewing the information originally requested, which has led to a number of instances where further data has been requested in order complete the ongoing reviews to ensure NMW compliance.

HMRC's expectations of NMW compliance is beyond the right rates being paid via the payroll. The calculation of whether an employee is being paid at least the NMW is considerably more complex and includes several factors:

- ▶ Working time - before and after shift, travelling, breaks
- ▶ Payments - not all elements of 'pay' count for NMW purposes
- ▶ Deductions - some deductions reduce what counts as pay for NMW purposes
- ▶ Uniform - being required to wear a certain colour may constitute a uniform and reduce pay for NMW purposes accordingly
- ▶ Worker Types - Different NMW worker types, as set out by NMW legislation, affect how pay is calculated for NMW purposes.

HMRC PROGRESSES
CAMPAIGN IN THE MOTOR
SECTOR TO REVIEW
NATIONAL MINIMUM WAGE
COMPLIANCE - IT'S
CONSIDERABLY MORE
COMPLEX THAN PAYING
THE RIGHT RATES
THROUGH PAYROLL

The consequences of getting NMW wrong and responding to HMRC without a review can include penalties of up to 200% of any underpayment as well as being included on HMRC's 'named and shamed' list for breaching the NMW regulations.

With the increase of HMRC's activity in the motor sector, there is a recommendation to all employers ensure compliance in relation to NMW. Particularly for higher risk populations which include earnings up to £35k.



>20,000

THE NUMBER OF PEOPLE
EMPLOYED BY THE
PARTICIPANTS IN OUR
SURVEY

Data protection compliance

Staying on top

Processing payroll invariably involves the processing of employee data and is therefore subject to the requirements of the UK GDPR. This is just one example of a day-to-day processing activity and raises the question of whether motor retailers are comfortable with their current position when it comes to data protection compliance.

Factors to consider

Motor retailers can vary in size but all process personal data both as part of their core business, regarding current/former customers (when processing transactions), and prospects for marketing purposes. They also typically engage in direct marketing (on the basis of consent) and process personal data (including special category data) regarding current/former employee data and recruitment applicants. Some of the data protection factors to consider in the context of payroll processing include:

- **Information security** - Processing payroll invariably involves the processing of employee personal data, including that which is sensitive in nature. A common risk is phishing attacks, which exploit weak internal systems or staff awareness, leading to accidental disclosure of data. Investing in regular staff training and updating security protocols can help mitigate this risk, so that motor retailers can be comfortable that information security arrangements are robust, to mitigate the risk associated with a data breach
- **Sharing personal data with third parties** - For motor retailers which have an outsourced payroll function, consideration should be given to ensuring that contracts are in place with the third parties, which include the relevant data processing provisions (and safeguards in the event of a third-party data breach)

- **Privacy notices** - Motor retailers should also ensure that employee privacy notices are up to date and written in clear plain language to accurately communicate employee data processing activities, in-keeping with the transparency principle.

Although the above examples focus on data processing in the context of payroll data, it's important to consider broader data protection compliance considerations, since the UK GDPR is applicable to all processing of personal data.

The risks of non-compliance

The consequences of getting this wrong are significant, and the Information Commissioner's Office (ICO) has powers to issue financial penalties of up to 4% of global turnover or £17.5m, whichever is greater. The ICO has been active in the sector and issued a penalty of £200,000 to a motor retailer in 2021 for sending unsolicited marketing emails without first obtaining consent.

Six years on from the implementation of the UK GDPR motor retailers must understand that compliance remains crucial. ICO enforcement and guidance continues to evolve, with recent actions highlighting issues like non-compliance in areas such as direct marketing and third-party data processor risks - both of which can affect motor retailers. These developments underscore the importance of regularly reviewing data protection practices to ensure they are defensible and fully aligned with UK GDPR principles.



Scope

How we have compiled this survey

Scope

Motor dealerships across the UK were invited to submit data for the BDO Motor Salary Survey 2024. This is the 14th survey to be conducted, with participating entities ranging from groups with a handful of dealerships through to some of the largest motor retail groups in the UK.

Data collection

Survey data was collected directly by BDO LLP and was controlled via a unique dealer reference code to ensure confidentiality. In addition to the survey data, information was also collected in relation to dealership turnover, geographic location, staff levels and incentive packages.

Currency Of Data

The survey report is based on salary information as at 31 March 2024.

Sample size

A minimum sample size has been established for each position to ensure the anonymity of the reported data. Where it was determined that the sample size for certain reported information was not adequate for inclusion in the survey 'N/A' has been shown within the information detailed within pages 12 to 42. No instances of this were found in this year's survey.

Data validation

Every care has been taken to ensure the accuracy of the data contained in this survey. Any data which could not be validated was excluded from the survey.

Disclaimer

BDO has prepared the 'Motor Salary Survey 2024' on the basis of data submitted by dealers participating in the survey.

BDO has not performed any audit or review procedures in respect of the data submitted to the survey. Neither the firm nor any member or employee of the firm undertakes any responsibility or accepts liability in any way whatsoever in respect of the Motor Salary Survey 2024, including any errors or omissions in the survey however caused.

In addition, the averages shown within this document are based upon the averages for the employee data that was submitted to us. Therefore, no weighted average calculations have been taken into consideration i.e. should a company have one Managing Director/CEO, one Finance Director and 20 New Retail Sales Managers only, the averages shown would be that of one Managing Director/CEO, one Finance Director and one New Retail Sales Manager.

The contents of this publication are not a substitute for specific advice and should not be relied upon as such. Accordingly, while every care has been taken in the presentation of the publication, no responsibility is accepted for persons acting on this information.



Salary survey reporting format

A detailed overview of factors such as turnover, salary components, employee profile and other benefits

Classification

- ▶ **Quartiles:** this shows the average total salary for each quartile within each reported positions category. This was calculated by taking the number of positions completed, arranging them in size order and then splitting them into quartiles
- ▶ **Turnover:** defined as <£100m, £100m to £500m, or >£500m total annual sales of the dealership. This information provides an insight into the relative variances in sales compared to dealership size and complexity.

Salary package components

The amounts shown for average 'total' package, 'base', 'incentive' and 'other' represent the average for those employees that reported amounts under each category.

- ▶ **Base:** relates to the base component of the salary package. This is also known as the fixed salary component
- ▶ **Incentive:** relates to the incentive component of the salary package. This is also known as the variable salary component
- ▶ **Other:** relates to any other payments received by employees including overtime and car allowance (for example)
- ▶ **Average total package:** represents the average income of all employees included in the survey for that position description.

Employee profile

- ▶ **Years at dealership:** represents the average number of years that the reported employees have been with the dealership. It does not represent the length of service in the industry
- ▶ **Holiday entitlement:** represents the average number of days annual leave that the reported employee is entitled to per annum
- ▶ **Hours worked per week:** represents the average number of hours worked per week by the reported employee in a standard week.

Other benefits

- ▶ **Pension contributions:** displays the percentage of employees for the reported position that were paying contributions toward the provision of a pension
- ▶ **Car benefits:** displays the percentage of employees for the reported position that have been paid a car allowance in lieu of the use of a company vehicle
- ▶ **Other benefits:** this shows the percentage of employees for the reported position that have received any other benefit. For example, private fuel, benefits received from a third party, private health insurance, death in service benefit, share options or such like.

Positions reported

The Motor Salary Survey has collected and compiled data on a wide range of dealership positions for comparison to your current remuneration packages led this survey



Management

Managing Director / CEO
Dealer Principal
Finance Director
HR Director/Manager
IT Director/Manager
Marketing Director/Manager

Administration

Dealer Accountant
Assistant Accountant
Sales Administrator



Vehicles

Finance & Insurance Manager
New - Retail Sales Manager
New - Fleet Sales Manager
New - Retail Salesperson
New - Fleet Salesperson
Used - Manager
Used - Salesperson
Used - Stock Buyer



Parts

Manager
Assistant Manager
Store Person
Delivery Driver



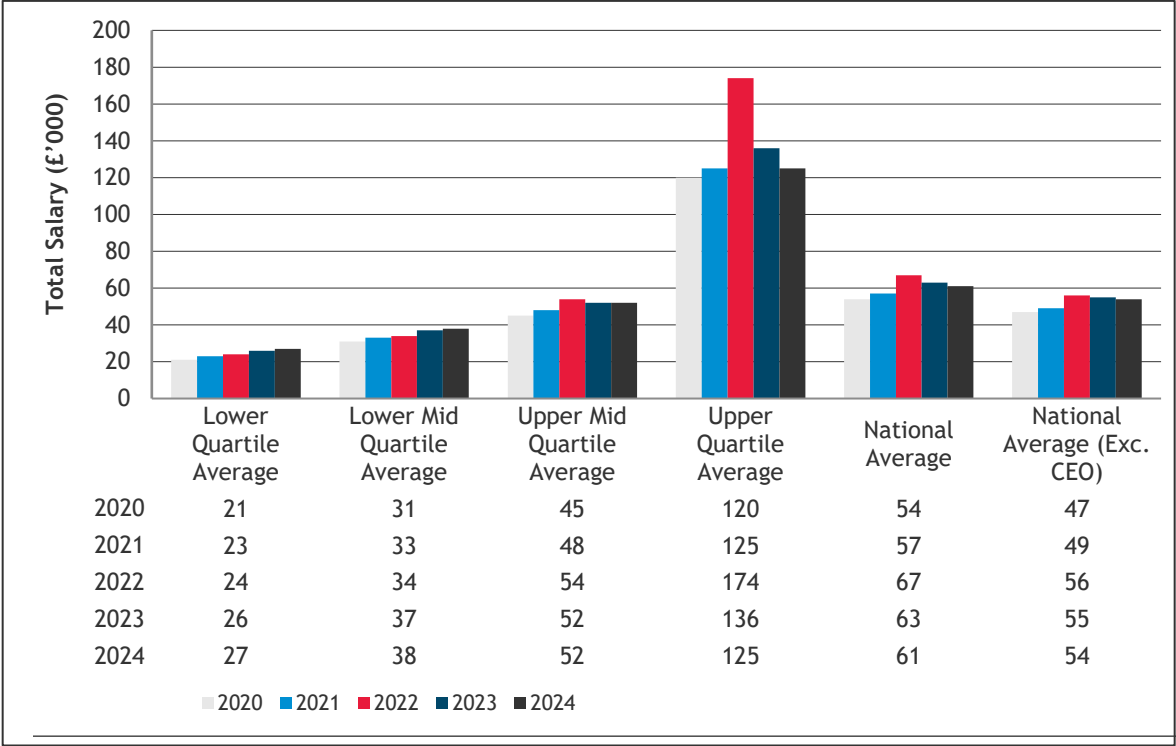
Service

Manager
Assistant Manager
Adviser
Warranty Clerk
Workshop Controller
Technician - 1 Year
Technician - 2 Years
Technician - 3+ Years



Positions reported

All positions



ALL POSITIONS	NATIONAL AVG
Base	£44,729
Incentive	£13,924
Other	£2,099
TOTAL	£60,752

EMPLOYEE PROFILE	NATIONAL AVG
Average years at dealership	8 years
Average holiday entitlement	25 days
Average hours worked per week	42 hours

OTHER BENEFITS	NATIONAL AVG
Pension contributions	85%
Car benefits	49%
Other benefits	94%

TURNOVER < £100m	NATIONAL AVG
Base	£43,349
Incentive	£6,860
Other	£666
TOTAL	£50,875

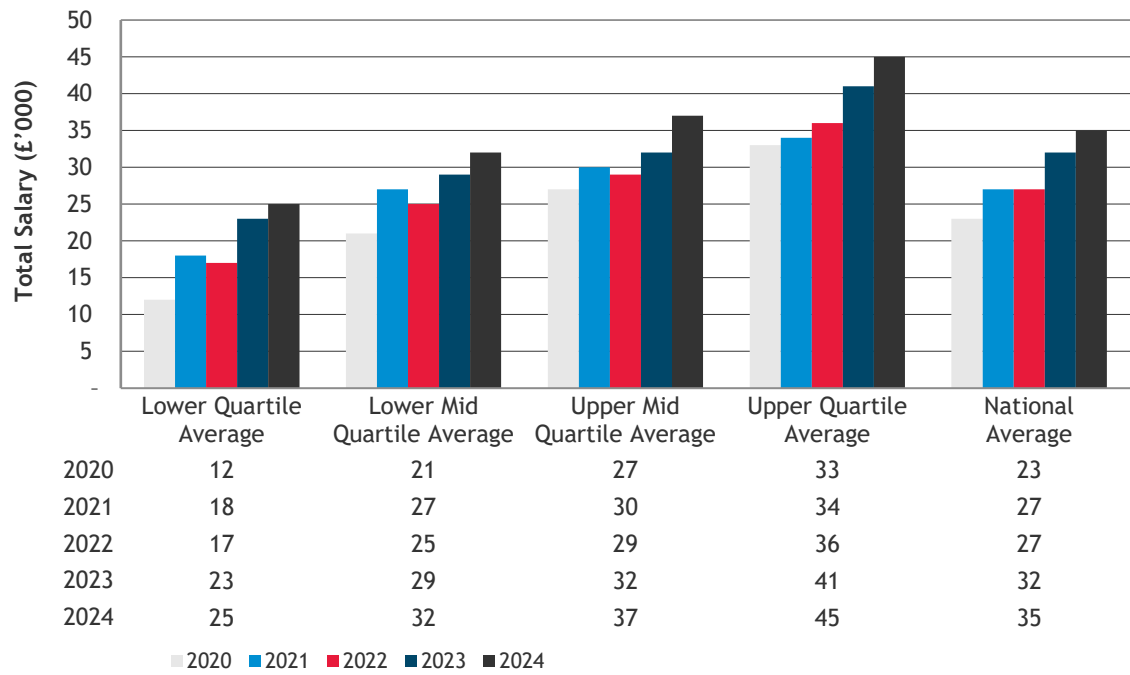
TURNOVER £100m to £500m	NATIONAL AVG
Base	£43,738
Incentive	£21,205
Other	£116
TOTAL	£65,059

TURNOVER > £500m	NATIONAL AVG
Base	£45,902
Incentive	£11,373
Other	£3,312
TOTAL	£60,587



Positions reported

Service - Technician - 1 Year



ALL POSITIONS	NATIONAL AVG
Base	£29,875
Incentive	£4,673
Other	£209
TOTAL	£34,757

EMPLOYEE PROFILE	NATIONAL AVG
Average years at dealership	2 years
Average holiday entitlement	24 days
Average hours worked per week	42 hours

OTHER BENEFITS	NATIONAL AVG
Pension contributions	79%
Car benefits	9%
Other benefits	91%

TURNOVER < £100m	NATIONAL AVG
Base	£29,679
Incentive	£2,313
Other	£0
TOTAL	£31,992

TURNOVER £100m to £500m	NATIONAL AVG
Base	£26,911
Incentive	£6,132
Other	£134
TOTAL	£33,177

TURNOVER > £500m	NATIONAL AVG
Base	£31,455
Incentive	£3,155
Other	£302
TOTAL	£34,192



Our core team

People you want to work with

We know that when selecting professional auditors and advisers it's the people that make the difference.

Our specialist national team comprises of not only audit and taxation specialists, but people that can add real value to your business even in the most challenging of times. Wherever you operate, there is a BDO partner or specialist with the knowledge and experience to make a real difference to your business.



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