

Motor Salary Survey

BDO Motor Retail

2023

SUMMARY VERSION - Full version available to participants only

THE BDO MOTOR SALARY SURVEY 2023 PROVIDES COMPREHENSIVE REMUNERATION DATA WHICH WILL PROVIDE FOR MEANINGFUL COMPARISON

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All positions	12	Finance & Insurance Manager	Parts - Store Person	BDO Motor Retail Team 14
Managing Director / CEO		New - Retail Sales Manager	Parts - Delivery Driver	



31%

ESTIMATED ANNUAL LEVEL
OF EMPLOYEE TURNOVER
IN THE MOTOR RETAIL
SECTOR

Introduction

The 2023 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 competitive advantage and achieve growth.

COST-OF-LIVING CRISIS

The last year will certainly be characterised by the ongoing cost-of-living crisis, as high inflation and rising interest rates have served up macroeconomic headwinds to a UK economy that continues to struggle to get out of first gear. Against this backdrop, the motor retail sector has continued to prove resilient and perform strongly, with motor groups still achieving strong levels of profitability. This has likely given breathing space to motor retailers to be able to support their employees through these challenges.

As part of our questionnaire, we sought to get more detail from participants as to how they have approached this area. The majority of groups had made some form of change, however big or small. Most common among those changes were splitting an annual pay review process into two parts to allow for increases to be received earlier, a move to include amounts once part of bonus pots into basic pay for greater certainty over employee incomes, and additional cost of living support payments made over, and above employee pay. Some respondents have had larger pay rises for those staff on lower pay.

STAFF RETENTION

Staff retention remains a key issue. Our participants employ around 25,000 people and in the last year had an estimated staff turnover of 31%, 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 having an upward pressure on wages as groups fight for the best talent. Among our respondents it was no surprise that most noted service technicians and advisers as the roles where most issues have been encountered.

FUTURE CHALLENGES

While the cost-of-living crisis may be impacting staff in the here and now, as the market evolves with the introduction of agency and the continued shift to electric vehicles, this creates a need for employers to plan for what they need in the future. Skills required will change to suit the servicing of these electric vehicles, and how will other roles change where agency is introduced? We have asked automotive recruitment expert Lynda Ennis, founder of Ennis & Co to share her insights on the challenges ahead in this year's report. But those dealers already considering the implications and planning accordingly will be more agile in their response and best placed to take advantage of any opportunities.

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.

7%

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

Findings

Results of the 2023 Motor Salary Survey

Three key themes have been seen this year:

- ▶ Average pay, excluding management positions, increased by an average of 7% year on year
- ▶ The largest increases were within the parts, service and administration departments where 8-9% increases were found
- ▶ The vehicle department saw a lower increase (4%) though had seen a significant rise in the previous year (14% increase).

The average salary for all non-management positions surveyed was £47,344 (2022: £44,546). We have deliberately excluded management roles from this comparison as these roles collectively saw a fall of 13% on average and, by virtue of being higher paid positions, only serve to skew the average results. Management positions saw a substantial increase in the previous year and have historically had greater fluctuations.

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	2023	2022	% change
Vehicles	£66,750	£64,000	4%
Parts	£33,500	£31,000	8%
Service	£39,000	£35,750	9%
Administration	£36,750	£34,000	8%

As noted on the previous page, the wider macroeconomic environment has contributed to the widespread increases. This was further exacerbated by the well-documented shortage of service technicians which led to a slightly higher increase in average pay within the service department. The vehicle department had seen a large increase in the previous year which contributed to its more modest increase in 2023.

- ▶ The average number of hours worked by an employee per week was consistent, being approximately 42 hours (2022: 42 hours)
- ▶ Employees receive an average holiday entitlement of 24 days (2022: 24 days)
- ▶ 57% of employees receive car benefits (2022: 48%)
- ▶ 84% of employees receive other benefits (2022: 84%)
- ▶ The proportion of employees paying into a pension scheme increased to 95% (2022: 78%), with the impact of auto-enrolment fully realised within the industry.

For all 29 positions surveyed, the average payroll profile comprises a commissions element, therefore supporting the necessity to appropriately structure bonus and commission packages.



55%

OF EMPLOYERS ARE FINDING RETAINING STAFF MORE DIFFICULT THAN PRE-PANDEMIC

Employee retention and reward

Impact of the Cost-of-Living Crisis

With stubbornly high inflation and increased interest rates, employees across the UK are feeling the impact of the cost-of-living crisis. At the same time, 55% of employers are finding retaining staff more difficult than pre-pandemic, according to a Glassdoor survey. Results from this survey show average staff turnover is 31%.

So how can dealerships respond and support staff?

There are some lesser-known ways for employers to maximise support to employees in a legitimately tax efficient way.

HOW CAN DEALERSHIPS RESPOND?

It has never been more important for employers to ensure that their benefits package is working hard enough to help their employees. Whilst increasing salaries and paying bonuses is effective, the addition tax and NIC costs (for both employer and employee) lead to further costs. There are other options for dealerships to maximise support to employees in a tax efficient way:

- ▶ Trivial Benefits - £50 tax-free vouchers can be provided to employees where the voucher is; not cash, not a reward, not contractual, and not more than £50
- ▶ Workplace meals - Dealerships can provide meals at the workplace without creating a benefit in kind. Whilst a staff canteen might not be feasible, the exemption could also cover new initiatives such as pizzas on a Friday!
- ▶ Discount portals - Employers can sign up to one of many discount portals which will provide employees with discounts between 5% and 10% on items such as; holidays, vehicles, appliances, technology, groceries, insurance
- ▶ Cycle to Work - 42% discount on a brand-new bike (for higher rate taxpayers). Most providers will also offer a further discount, and payments are collected via salary sacrifice monthly over a 12 month or more period. Certain conditions apply
- ▶ Long service awards - £50 per year of service with at least 20 years' service can be provided by way of a Long Service Award tax free
- ▶ Other items - Eye test vouchers, glasses for work, parking at work, branded uniform, and £6 a week for remote based employees 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.



Hot topics

HMRC LAUNCHES NATIONAL MINIMUM WAGE COMPLIANCE CAMPAIGN

A number of employers in the motor sector, including dealerships, have recently received 'nudge' letters from HMRC asking them to confirm they are paying the National Minimum Wage (NMW) correctly to all employees.

HMRC are requesting employers to carry out a review of NMW compliance. Evidence of appropriate processes and controls will be important to demonstrate that NMW is paid correctly.

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 a number of 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.

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.

There has been no better time for an employer to consider their position and gain comfort in relation to NMW compliance.

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

P11D AMENDMENT CHANGES

Without prior warning, HMRC made an announcement earlier this year that as of 6 April 2023, the submission of amended P11Ds and P11D(b) returns in paper format would no longer be accepted.

Instead, HMRC's website has been designated as the exclusive platform for the submission of P11D and P11D(b) amendments for all employers and agents.

HMRC has not currently extended the capability to submit amended P11D and P11D(b) returns to software providers. Consequently, a manual procedure and administratively lengthy process has become necessary in order to resubmit returns through the HMRC online portal.



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UK CAR BRANDS THAT HAVE EITHER ALREADY MOVED TO THE AGENCY MODEL OR HAVE PLANS TO DO SO IN THE NEAR FUTURE

The Skills Gap problem

Written by Lynda Ennis, Founder, Ennis & Co

The world of automotive retailing has always been a ‘now’ business. It thinks in weeks and months in terms of sales performance and, because it faces the consumer directly, it is well used to acting promptly to resolve customer issues.

But, within the complex realities of the expanding agency model, the transition to electrification and acute skills shortages caused by post-Brexit restrictions on immigration and a shrinking domestic labour market, retail groups are facing a cultural re-set.

Such are the challenges of acquiring and retaining the right talent in a transforming industry that long-term skills planning is now essential if businesses are to deliver the commercial results that will satisfy their shareholders.

No-one should pretend that this is going to be pain-free in a highly competitive environment. The tight labour market has already impacted and will continue to impact the bottom line of businesses due to the high levels of attrition in the industry and the resulting inflationary pressure on wage levels and bonuses. I have seen some pay hikes for technicians that are truly eye-watering.

But paying more for talent as a short-term fix to keep the wheels turning is one thing. The replacement of the legacy franchise system with agency agreements is taking resource planning to a whole new level because of its transformative impact on the way retail groups do business and the skills required to drive it.

An obvious change as a direct result of agency is the gradual shift from sales executives to product experts, whose job is not to sell in the traditional sense but to answer customers’ questions.

Another agency-inspired change is the greater emphasis being placed on the customer experience. Since retail groups are no longer able to compete on vehicle price in the agency world, branding and customer service are becoming key battlegrounds, with some retailers actively recruiting from non-automotive retail and hospitality sectors.

But these examples of evolving skills requirements belie the complexities facing retailers when it comes to skills planning.

The reality is that the agency model does not simply exist in its purest form (where there is zero dealer involvement in the buying transaction) but comes in a variety of flavours depending on the brand. And some brands, of course, have said agency agreements are not on their agenda and they are sticking with franchise deals.

The roll-out of agency agreements is also proceeding on different timescales, from the early adopters such as Mercedes-Benz and Volvo through to brands such as BMW, who are looking at making the switch in 2026.

In between, brands are dipping their toes into the water with agency agreements for certain models, while publicly announced agency start dates are subject to shifting goalposts and frequent delays.

With so many different timescales and interpretations of agency, retail groups offering multiple brands have a complex task trying to plan for future skills needs, with one rule for a certain manufacturer and a different rule for another.



The Skills Gap problem

Throw in the added complexity of the transition to electrification, and the need to plan for the right balance between EV-qualified and legacy technicians, and the challenge becomes enormous, particularly at a time when the impact of agency agreements on profit margins remains highly uncertain.

The temptation for some in this period of transition might be to hold tight and wait for things settle down in a few years' time, but I take the opposite view. As one of the most critical threats to commercial performance, retail groups need to put skills at the heart of their strategic planning and to give the subject the attention it deserves at board level rather than thinking of it just an 'HR problem'.

The most enlightened retail groups have already acknowledged this and are taking proactive steps to identify the skills they will need in the medium and long term and to think about where and how to acquire them.

My own company has recently expanded its services from its core executive search business to providing talent mapping and research for the automotive and mobility sector. I mention this not to bang my own drum but to show how the market is moving in terms of using robust analysis to find new talent pools.

We have recently been working with one retail group who have made it a key strategic priority to identify transferrable skills outside the industry to future-proof their business in the region where they operate.

They are thinking about things in a logical and pragmatic way and their eyes are fully open to the advantages of taking pre-emptive action for the long term, and the risk of doing nothing.

Other less forward-thinking retailers need to take note. Staying in the 'now' could seriously damage their future.

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Scope

How we have compiled this survey

SCOPE

Motor dealerships across the UK were invited to submit data for the BDO Motor Salary Survey 2023. This is the 13th 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 2023.

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 11 to 41. 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 2023' 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 2023, 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



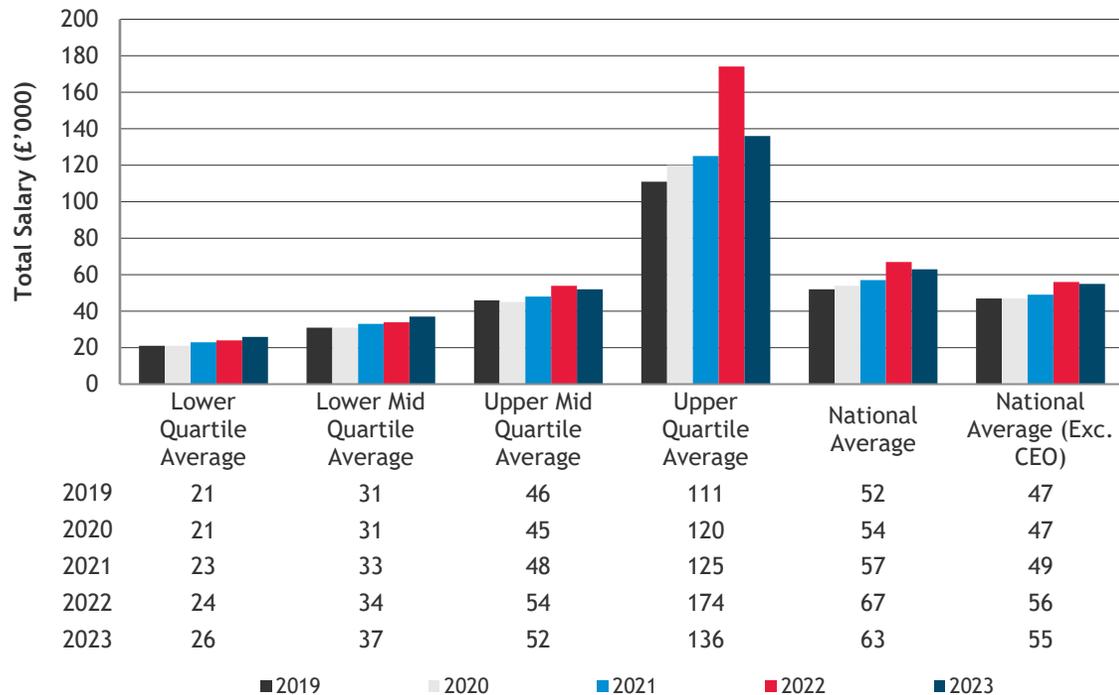
SERVICE

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	£43,840
Incentive	£16,962
Other	£1,973
TOTAL	£62,775

EMPLOYEE PROFILE	NATIONAL AVG
Average years at dealership	8 years
Average holiday entitlement	24 days
Average hours worked per week	42 hours

OTHER BENEFITS	NATIONAL AVG
Pension contributions	91%
Car benefits	57%
Other benefits	84%

TURNOVER < £100m	NATIONAL AVG
Base	£42,970
Incentive	£12,587
Other	£990
TOTAL	£56,547

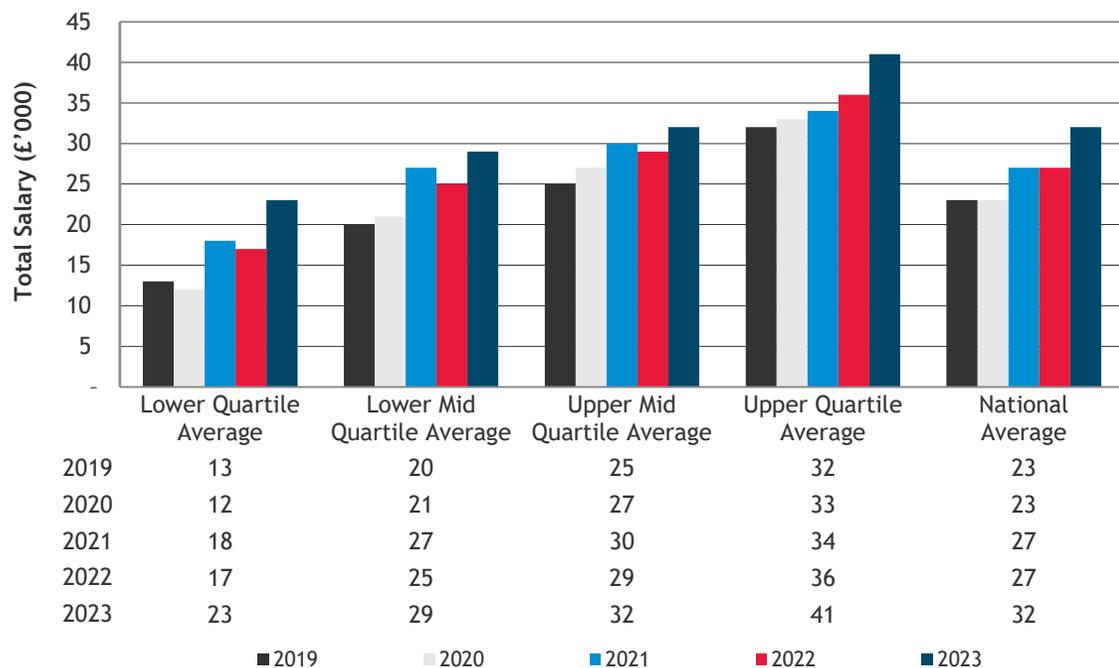
TURNOVER £100m to £500m	NATIONAL AVG
Base	£43,710
Incentive	£20,863
Other	£558
TOTAL	£65,131

TURNOVER > £500m	NATIONAL AVG
Base	£44,397
Incentive	£14,757
Other	£3,993
TOTAL	£63,147



Positions reported

Service - Technician - 1 Year



ALL POSITIONS	NATIONAL AVG
Base	£27,329
Incentive	£4,006
Other	£295
TOTAL	£31,630

EMPLOYEE PROFILE	NATIONAL AVG
Average years at dealership	2 years
Average holiday entitlement	23 days
Average hours worked per week	41 hours

OTHER BENEFITS	NATIONAL AVG
Pension contributions	86%
Car benefits	14%
Other benefits	81%

TURNOVER < £100m	NATIONAL AVG
Base	£21,694
Incentive	£1,817
Other	£522
TOTAL	£24,033

TURNOVER £100m to £500m	NATIONAL AVG
Base	£27,309
Incentive	£5,388
Other	£54
TOTAL	£32,751

TURNOVER > £500m	NATIONAL AVG
Base	£29,811
Incentive	£3,754
Other	£408
TOTAL	£33,973



Our core team

People you want to work with

We know that when selecting professional 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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