


people 1st







STATE OF THE NATION REPORT 2013

PASSENGER TRANSPORT AND TRAVEL

An analysis of labour market trends, skills, education and training within the UK passenger transport and travel industries

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Foreword

Training and retention are the future

In this year's State of the Nation report we have combined passenger transport and travel to highlight the natural alignment between these two industries. Ensuring that passenger transport and travel services in the UK are equipped to meet changes is crucial to our sector, especially as customer expectations continue to rise.

This is why, in addition to looking at the current skills and education landscape, we explore for the first time the trends and challenges that will influence the future, along with the implications these will have.

Passenger transport and travel continue to play an essential part in the UK economy, not only because of their direct contribution, but also because they underpin every other sector. On one hand it is of concern that there are still issues relating to aviation capacity. On the other hand it is encouraging to see that the Government has recognised the important role passenger transport and travel play within the UK and is investing considerably in infrastructure projects such as the Crossrail and HS2.

In light of these investments, our focus must remain firmly on making sure we have a workforce equipped to deal with the opportunities and challenges the future will present, and do it justice by delivering and maintaining the highest levels of service.

Planning will be a driver for businesses, as their responsiveness to changes in customer behaviors, expectations and demographics will significantly influence their success. With social media and new technologies revolutionising the way our businesses operate, our sector has never been more exposed to the public and its views. For employers that are able to embrace this shift and tailor services and customer interactions to these new media, the opportunities are endless.

But while technology is having a profound impact, customer expectations are continuing to grow and it has never been more important for our sector to place the delivery of personalised and high quality services at the heart of what we do. Recruiting based on attitude and ability to interact well with customers will no doubt become the norm.

In the next few years we will also see the emergence of new customer profiles. In passenger transport, for example, an ageing customer population means there are opportunities for businesses that are ready to challenge the status quo and respond to a requirement for more flexible and accessible services.

With a large proportion of the UK's population – and our current workforce – approaching retirement age, there is an urgent need to make the sector attractive to the next generation of workers. While high levels of unemployment can provide a pool of people to recruit from, our industries need to position themselves as great places to work, with strong career pathways and clear progression routes. They also need to promote the high levels of professionalism that already exist in the industry. Without addressing these issues, passenger transport and travel employers may face difficulties recruiting as the economy improves.

With the recent launch and ongoing development of the new passenger transport and travel careers website, Careers that Move, steps have been taken to clarify the career progression routes available to anyone wishing to enter the passenger transport and travel sector. The site also gives employers a resource to find both talented staff and the latest training available in the sector.

People 1st is working with employers, colleges and training providers to make sure the sector can meet these challenges. We are working with a well-known training provider to deliver an online information and learner management platform – Univ8 – that helps make the learning experience more flexible and easily accessible. We want to place employers and individuals in the driving seat of training and delivery, and make sure that individuals working in this sector can gain recognition for their skills. Our Licence to Practise initiatives are contributing towards this by allowing staff in a number of key passenger transport roles to register their qualifications and be recognised for their professionalism.

Looking to the future, there is potential for the passenger transport and travel industries to continue to grow, but there is much to be done. By reviewing some of the ways in which we operate as a sector and bringing a new focus to planning and training, we can not only meet any challenges, but also secure our future.

Brian Wisdom
Chief Executive, People 1st

Catalyst for growth and jobs

An integrated passenger transport and travel structure is vital to the UK's economy. Employing nearly a million people, these industries contribute £31.3bn annually and support all other sectors of the UK economy.

Not only does this sector make an important contribution to the visitor experience, it provides a myriad of career opportunities, from pilots, travel agents and transport planners to support roles that are essential to any business operation. It is a key catalyst for growth and job creation, and that is why this Government is committed to ongoing investment in transport infrastructure.

This report looks at how investment in training makes good business sense. However, the talented people who make up these industries are often not recognised for their commitment, which is why People 1st is working with a number of passenger transport and travel employers to introduce initiatives such as Licence to Practise. These initiatives aim to improve public perceptions and raise the level of professionalism within the sector by promoting a consistent standard of training.

Now more than ever passenger transport and travel employers need to work together to showcase the breadth of careers available within these industries. With a large proportion of the workforce scheduled to retire within the next few years, it is important to bring on the next generation of workers, attract new talent and invest in their development. Skills development within an organisation will be equally as important, particularly as advancements in technology and high customer expectations are highlighting a growing need for improvements in customer service and IT skills.

By putting career development, skills and training firmly on the agenda and championing professionalism across the passenger transport and travel industries, we can raise the profile and secure the future of a vital part of the UK economy.

Norman Baker MP
Parliamentary Under Secretary of State
for Transport

Executive Summary

This is the second State of the Nation report from People 1st that examines the changing skills and labour market across the UK's passenger transport and travel sector.

It provides an update on the economic impact of the sector and the continuing effect of the wider economic downturn, while examining workforce characteristics, recruitment trends, staff retention, and staff skills and training. This year we also explore key future trends and their impact on the sector's skills and workforce development needs.

Economic contribution and performance

- The passenger transport and travel sector is diverse and supports all other sectors of the economy.
- The sector makes an important contribution in terms of Gross Value Added (GVA), which was approximately £31.3bn in 2011 or 3.2 percent of UK GVA. This was an increase of 23 percent from 2008. Contributing around £9bn each to the economy, aviation and rail are the most profitable and productive industries, which together comprise more than half (58 percent) of the sector's total GVA. Travel services, rail and aviation experienced some of the greatest increases between 2010 and 2011.
- In 2012 there were 26,912 individual passenger transport and travel businesses operating across the UK. Travel services is the single largest industry (9,270 businesses), while the larger industries in terms of economic contribution and employment, such as aviation and rail, account for smaller proportions (seven percent and five percent respectively).
- Including self-employment figures (159,800 self-employed taxi, cab drivers and chauffeurs and 35,300 driving instructors), the passenger transport and travel sector could account for as many as 222,000 businesses.
- Businesses across the sector are predominately small; 94 percent employ less than 50 people. However, while only three percent of businesses employ 100 people or more, this proportion is larger than that seen in the overall economy (one percent).
- The latest business start-ups and closures data shows that in 2011, 2,445 new passenger transport and travel businesses opened while 2,990 closed. The sector's net growth rate is therefore negative and considerably lower than the economy as a whole (minus 1.6 percent compared to 1.3 percent growth in the overall economy). The sector also performs less well in longer-term survival rates.
- The 2012 People 1st Employer Survey found that 39 percent of employers reported an increase in sales or turnover in the last 12 months, which is consistent with the positive trends in GVA. The forecast for the next 12 months was also optimistic, with 50 percent of businesses anticipating an increase in sales and turnover, compared to only seven percent forecasting a decrease.
- In terms of business strategy and planning, 49 percent of sector employers engage in some kind of business planning activity or have a business plan, while 18 percent have received or accessed business support in the last 12 months.
- Among those who did receive business support, only 22 percent received business start-up advice, which highlights a possible need given the negative growth in the number of new businesses.
- Employers that have a business plan, employ an apprentice, or have trained staff in the last 12 months were more likely to experience an increase in sales and turnover, compared to those that had not.

Workforce size and characteristics

- The passenger transport and travel sector accounts for three percent of the UK's total workforce, or approximately 807,400 jobs. The sector is important in sustaining all other sectors and is an integral part of the wider visitor economy. Its workforce numbers remained relatively stable overall between 2010 and 2011.
- The taxi and private hire (26 percent) and bus and coach industries (23 percent) make up almost half

of the sector's entire workforce. Rail and aviation are also significant employers and account for a further 32 percent of the sector.

- Industries experiencing growth in employment included aviation (ten percent), taxi and private hire (five percent) and rail (four percent). By contrast, workforce numbers fell in travel services (by 17 percent), reflecting restructuring and consolidation in the travel industry.
- The 2012 People 1st Employer Survey showed that 38 percent of employers expected their workforce to increase in the next 3-5 years. Rail employers were the most likely to forecast future workforce increases (58 percent), which is in line with the large investment in infrastructure and major projects in this industry.
- This sector will need to recruit an additional 186,300 people over the next seven years (2013-2020). There will be an overall increase of one percent in the passenger transport workforce by 2020, a lower rate of growth (three percent less) than that expected for the UK economy as a whole.
- However this understates the fact that the passenger transport industry will need to recruit 30 percent of its total current workforce to replace staff that are leaving. This is partly due to an ageing workforce population. The passenger transport and travel sector has an older workforce profile than the economy as a whole; just 15 percent of the workforce is aged under 30 (compared to 24 percent across all industries) and 49 percent are over 45 (compared to 42 percent). Age restrictions are a factor and represent a barrier to entry in some industries.
- Three quarters of the passenger transport and travel sector workforce is male. Although 90 percent of those working in the taxi and private hire industry are male, in the travel services industry the trend is reversed, where 70 percent are female. However, those industries with a greater share of female employment have a relatively small proportion of women in senior roles.
- Just 23 percent of the workforce is qualified to NVQ Level 4 or above compared to 38 percent in the overall UK economy, while a greater proportion (22 percent) is qualified to NVQ Level 1 (15 percent, UK economy). Aircraft pilots and flight engineers (60 percent qualified to Level 4 or above) and travel agency managers and owners (40 percent) are among the most highly qualified workers.
- With 71 percent of bus and coach drivers qualified up to and including NVQ Level 2, they are among the least qualified of the sector's occupations. Taxi and cab drivers and chauffeurs have the largest proportion of employees with no qualifications. However, it is important to recognise that most statutory driver training, for example, is not included in the NVQ framework.
- The average salary across passenger transport and travel was £35,661 in 2012, which represents a four percent increase on 2011 and a higher rate of increase than the UK economy average (which remained flat). Travel agents are paid the lowest on average at £19,730 per year, and travel agent managers and proprietors have experienced significant decreases in pay (20 percent in 2012).

26,912

individual passenger transport and travel businesses operating across the UK

Recruitment and retention

- The passenger transport and travel sector continues to experience low levels of recruitment activity. However, the latest job market figures are more positive and suggest that the number of sector-related jobs advertised has risen in 2011-2012, most likely due to the London 2012 Olympic and Paralympic Games.
- The labour turnover rate for passenger transport and travel currently stands at seven percent, which is slightly lower than in 2011 (eight percent) and less than half the rate across the whole economy (16 percent across the UK).
- 20 percent of vacancies were hard-to-fill, while 11 percent of all vacancies were attributed to skills shortages; both figures are lower than the overall economy averages. This is more positive than previous years and reflects lower recruitment levels and the more competitive job market.[1]
- The most commonly cited reason for hard-to-fill vacancies was the low number of applicants with the skills necessary to do the job (30 percent). 21 percent of these employers found that applicants did not have the right attitude, motivation or personality.
- By industry, coach employers were most likely to report hard-to-fill vacancies (14 percent), followed by taxi and private hire employers (12 percent). The incidence of

[1] *The previous year's result excludes travel employers.*

hard-to-fill vacancies in both industries is higher than the sector average (eight percent).[2] These industries are also less productive in terms of GVA and have lower levels of qualifications in the workforce.

- Although only a relatively small proportion of all businesses have skill shortage vacancies (two percent) more than half of hard-to-fill vacancies (57 percent) are due to skill shortages among applicants.
- The most difficult skills to find among applicants are those specific to the job (reported by 55 percent of those with skill shortage vacancies), with customer handling the next most difficult skill to find (52 percent).
- The sector draws on a range of different recruitment methods and labour pools to bring new people into the industry. According to the 2012 People 1st Employer Survey, 15 percent reported they had recruited among the unemployed. Only a small proportion of employers recruited school leavers (six percent), college leavers (seven percent) or university leavers (seven percent). These figures highlight the limited extent to which young people are entering the workforce.
- 88 percent of employers indicated that hard-to-fill vacancies had led to increased workload for other staff, with 72 percent adding that they had lost business or orders to competitors as a result. Many also experienced increased operating costs (40 percent). These factors clearly impact on productivity, profitability and growth, with the workforce effectively working harder to produce less.
- Almost two-thirds of employers reported that hard-to-fill vacancies make it difficult to meet customer service objectives (60 percent) and quality standards (55 percent), a concern at a time when customer expectations are rising.
- The most common action taken to overcome hard-to-fill vacancies is to increase the amount spent on advertising and recruitment (49 percent), or to use new recruitment methods or channels (10 percent) such as social media. Few employers take any other type of action and it is a concern that only five percent are prepared to offer training to less qualified recruits as a way of potentially tackling skill shortages.

Workforce skills and development

- Across the passenger transport and travel sector, just nine percent of businesses reported skills gaps, which is lower than the rate in the economy as a whole (13 percent) and illustrates a decline in recent years.
- The most common reason for skills gaps is that staff are new to the role (mentioned by 62 percent of employers reporting skills gaps) or that staff training is only partially completed (51 percent). This is interesting given the low rates of labour turnover, but could suggest staff movement within businesses.
- The introduction of new working practices (42 percent) and new technology (37 percent) are also contributing to skills gaps across the sector, more so than in the economy (24 percent and 19 percent respectively). These factors are increasing the need for staff training, so it is a concern that 31 percent of businesses also report that their staff have not received the appropriate training for their role.
- Employers in the passenger transport and travel sector report that customer handling skills (54 percent) need improving the most, higher than the economy as a whole (45 percent). Breaking this down further, this need is more acute in the passenger transport industries (65 percent) than in travel services (31 percent).
- Around half of employers with skills gaps said that staff needed to improve planning and organisation (51 percent), oral communication (50 percent) and team working (49 percent). These gaps will have an impact on operation management and customer handling.
- Employers also mentioned a need for improved strategic management skills (30 percent), which will be important to business owners and managers in view of changing customer, technology and market trends.
- 71 percent of businesses with a skill gap recognise that they have an adverse impact on their businesses. This is higher than the 61 percent reported across the whole economy. Overall, the effect skills gaps have in the sector is similar to that of hard-to-fill vacancies, with both having a negative impact on productivity and growth.
- 42 percent of employers reported that they had arranged or funded staff training or development in the last 12 months, which represents a one percent reduction from the previous year (43 percent). Community transport (74 percent), coach (61 percent) and bus employers (60 percent) were significantly more likely to have trained staff in the last twelve months.
- For the coming year, 65 percent of employers expected levels of training investment to remain the same, while 19 percent envisaged an increase. Only three percent expected a decrease.
- On-the-job training was the most common (72 percent), with 41 percent of employers providing

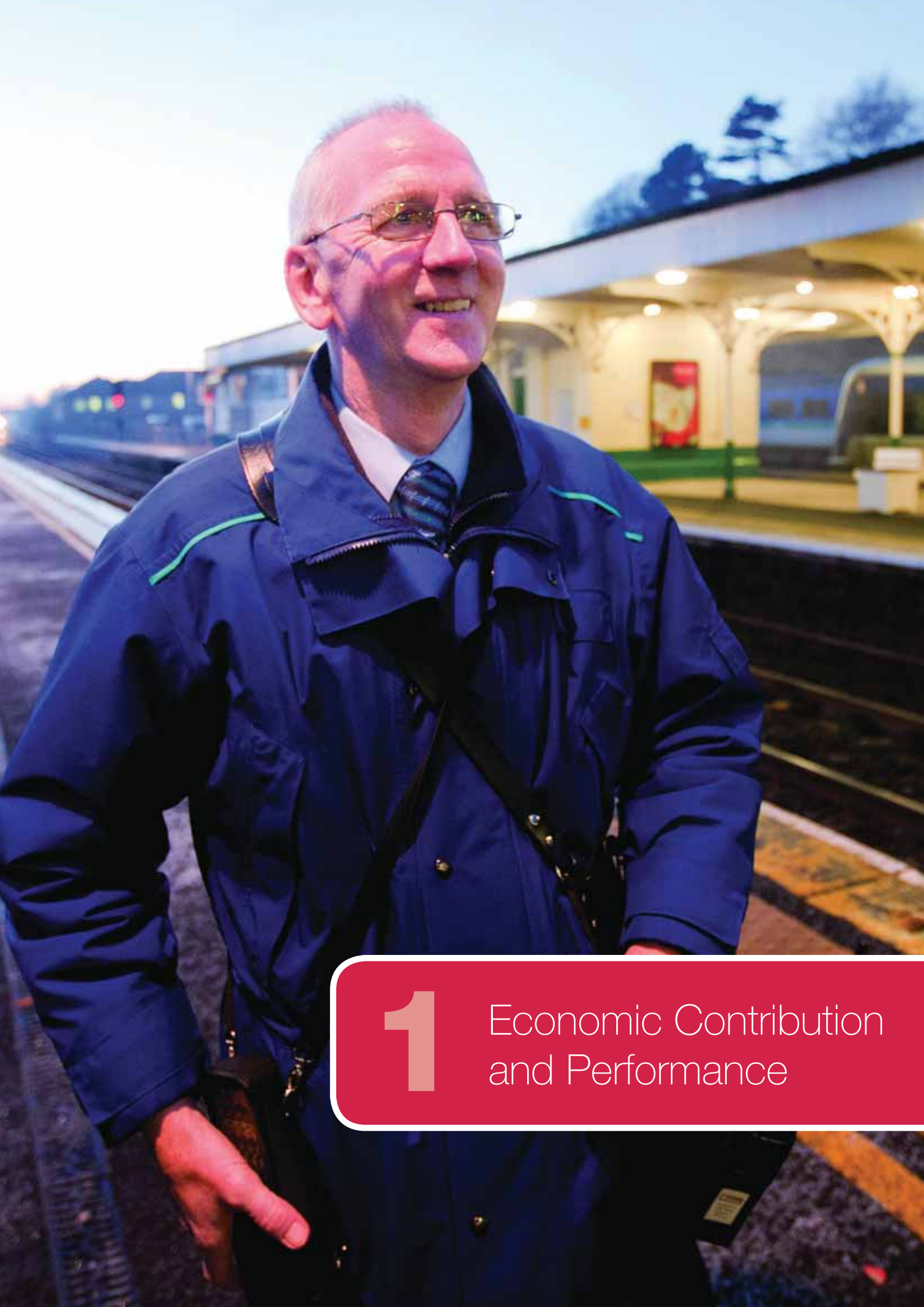
[2] *Respondents were asked if they had a hard-to-fill vacancy in the previous 12 months, rather than just at the time of interview.*

training towards formal or recognised qualifications. However, only 35 percent provided training based on personal development needs.

- Job specific training is most commonly provided (84 percent), followed by health and safety training (66 percent) and training in new technology (42 percent). Less than one in four employers have provided supervisory training (23 percent) and management training (22 percent), which is much lower than across the economy.
- Most training was delivered by external providers (63 percent), although in-house training grew markedly in 2012 (now 60 percent compared to 46 percent in 2011). Employers expected in-house training to overtake external training as the preferred mode of delivery in the future, while e-learning (31 percent) was also highlighted as a growth area.
- In terms of incentives to train, employers favoured funding or subsidies (68 percent) and tax incentives for businesses (60 percent). An upturn in sales or turnover (62 percent) was also a factor in the decision to train. However, greater awareness of what training is available was very important for a high proportion of businesses (56 percent).
- For the passenger transport and travel sector as a whole, seven percent of businesses currently employ at least one member of staff on a government approved apprenticeship programme (compared to nine percent in 2011). However, further examination reveals broad differences by industry, with rail employers reporting a notable increase in apprentice employment (from three percent in 2011 to nine percent in 2012).
- In the future, 24 percent of businesses in the sector claim they are likely to take on an apprentice. The likelihood was higher in light rail and metro (54 percent), rail (49 percent) and travel services (36 percent), and lowest among taxi and private hire employers.
- The most common reason given for not hiring apprentices in the future is that the business only requires experienced workers (26 percent), followed by a perception that the schemes do not meet the business' requirements (22 percent). This presents an opportunity to develop robust apprenticeship frameworks that meet the need of employers and clearly defined career pathways for staff.

Future trends

- Overall, changes in customer spending habits was ranked highest as both a driver (34 percent) and barrier (40 percent) to growth, suggesting that while this trend was primarily perceived as a threat, many employers were seeing opportunities in these changes.
- Technology's influence in the future is apparent from the high levels of endorsement of social media (28 percent) and online and e-commerce (21 percent), which ranked as the second and third highest drivers of growth.
- Employers who had undertaken business planning or training in the last 12 months were more likely to rate social media and online or e-commerce as future drivers of growth than those employers who had not. This may highlight the importance of strategic planning and training in realising the potential and increasing uptake of these technologies.
- The results suggest that the main developments that would impact on skills needed in the coming years would be changing customer or passenger trends, and the growing influence of technology in its many different forms and how these link to environmental concerns.
- Overall, 81 percent of employers identified customer service skills as the most important for their business in the next 3-5 years, followed by management and leadership, and basic computer literacy and IT skills (both 57 percent). 42 percent of employers reported a need for advanced IT or software skills in the future.
- Skills in IT at both basic and advanced levels will be vital in exploiting the possibilities of online sales, e-marketing and social media in the future.
- Employment projections show that professional occupations (for example transport planners, maintenance engineers and IT professionals) will increase by the greatest proportion (41 percent overall). Compared to other occupations a higher proportion is attributed to employment growth or expansion (15 percent).
- Personal service occupations (for example, travel agents, air and rail travel assistants) are set to increase overall by 40 percent, of which 11 percent is forecast to be employment growth.
- The largest number of replacement staff will be required in transport and machine operative roles, with 97,200 new recruits required. This requirement will be mainly in driver occupations, many of whom will be retiring given their higher than average age profile.
- Though smaller in number, the need for managers and senior officials (10 percent employment growth) will increase the demand for management and leadership skills, business development and marketing skills, for example, to meet the future challenges customer behaviours and technology change will bring.



1 Economic Contribution and Performance

Introduction

Passenger transport and travel is a diverse sector that employs around 807,400 people and contributes £31.3bn to the UK economy.

This understates its true value, however, as it supports all other sectors of the economy and is closely associated with industries such as tourism, hospitality and leisure, which continue to experience growth in difficult economic times.

The Government has committed to invest in major transport infrastructure projects with the strategic goal of assuring the UK's growth and competitiveness, both now and in the future. However, the economic downturn has affected the sector in a number of ways that are specific to individual industries and localities.

In recent years some local transport services have been cut back because of changes in Government policy and spending, which has coincided with a fall in the number of people using public transport. Yet other regions are receiving significant investment in transport infrastructure such as CrossRail and HS2. There has also been a fundamental shift in the way people are making travel arrangements, which is linked to changing customer behaviours and attitudes as a result of the economic climate.

This chapter describes the sector and its composition and examines the size and structure of its industries, the contribution they make to the economy, and the factors that underpin their economic performance and impact.

What constitutes the passenger transport and travel sector?

The sector is made up of ten key industries that are involved in either transporting passengers from one place to another or helping to arrange travel and associated requirements:

- Aviation
- Bus and coach
- Community transport
- Driver training
- Light rail and metro
- Rail
- Taxi and private hire
- Transport planning
- Travel services
- UK waterways

Size of the sector and number of businesses

In 2012 there were 26,912 individual passenger transport and travel businesses operating across the UK (table 1).[3] Travel services comprised the single largest industry in terms of business numbers (9,270 or 35 percent), reflecting the high number of retail travel agencies in the industry. Across passenger transport, the larger industries in terms of economic contribution and employment, such as aviation and rail, account for a smaller proportion of businesses (seven percent and five percent respectively) and reflect the relatively small number of large operators in these industries.

[3] *Inter-Departmental Business Register, 2012, Office for National Statistics.*

Table 1: Size of industry by business numbers, 2012

Industry	Number	Proportion of sector establishments
Travel services	9,270	35%
Taxi and private hire	6,720	25%
Bus and coach	6,073	23%
Aviation	1,900	7%
Driver training	1,330	5%
Rail	1,106	4%
Light rail and metro	323	1%
UK waterways	190	1%
Passenger transport and travel total	**26,912**	**100%**

Source: Inter-Departmental Business Register, 2012, Office for National Statistics
Note: Due to the unavailability of Standard Industry Classification (SIC) codes, community transport and transport planning are not included above

The taxi and private hire industry accounts for 6,720 businesses. However, the resource used to gain this figure, the Inter-Departmental Business Register,[4] is likely to under-represent the true figure as this industry has a high proportion of very small businesses or sole-operators, which will not be picked up in this data. According to the Labour Force Survey, 76 percent of taxi and private hire drivers and chauffeurs are self-employed, as are 90 percent of driving instructors.[5]

This self-employment data reveals much larger figures, with 159,800 self-employed taxi and private hire drivers and chauffeurs, and 35,300 driving instructors. Taking these additional self-employment numbers into account, the passenger transport and travel sector could account for as many as 222,000 businesses.

Business success has been mixed for the sector's industries in recent years, in keeping with the overall economic trend. For those industries listed in table 2, total business numbers have fallen since 2009, although numbers rose slightly between 2011 and 2012, except in aviation. Overall, these figures could indicate stabilisation and a tentative return to growth in some industries after a period of consolidation due to the difficult economic climate.

Table 2: Number of businesses, trend 2009-2012

Industry	2009	2010	2011	2012	2009-2012	2011-2012
Aviation	2,165	2,155	2,025	1,900	-12%	-6%
Driver training	1,450	1,335	1,255	1,330	-8%	6%
Taxi and private hire	7,565	7,095	6,680	6,720	-11%	1%
Travel services	10,135	9,335	9,050	9,270	-9%	2%

Source: Inter-Departmental Business Register, 2009-2012, Office for National Statistics
Note: Due to the unavailability of Standard Industry Classification (SIC) codes, bus and coach, community transport, light rail and metro, rail, transport planning and UK waterways are not included above

[4] *The Inter-Departmental Business Register is a business register that contains information on all businesses in the UK that are VAT registered or operate a PAYE scheme. Business establishment counts do not cover businesses without a PAYE scheme or those that are not VAT registered. In practice, this excludes many small businesses from the totals.*

[5] *People 1st analysis of Labour Force Survey, 2011, Office for National Statistics.*

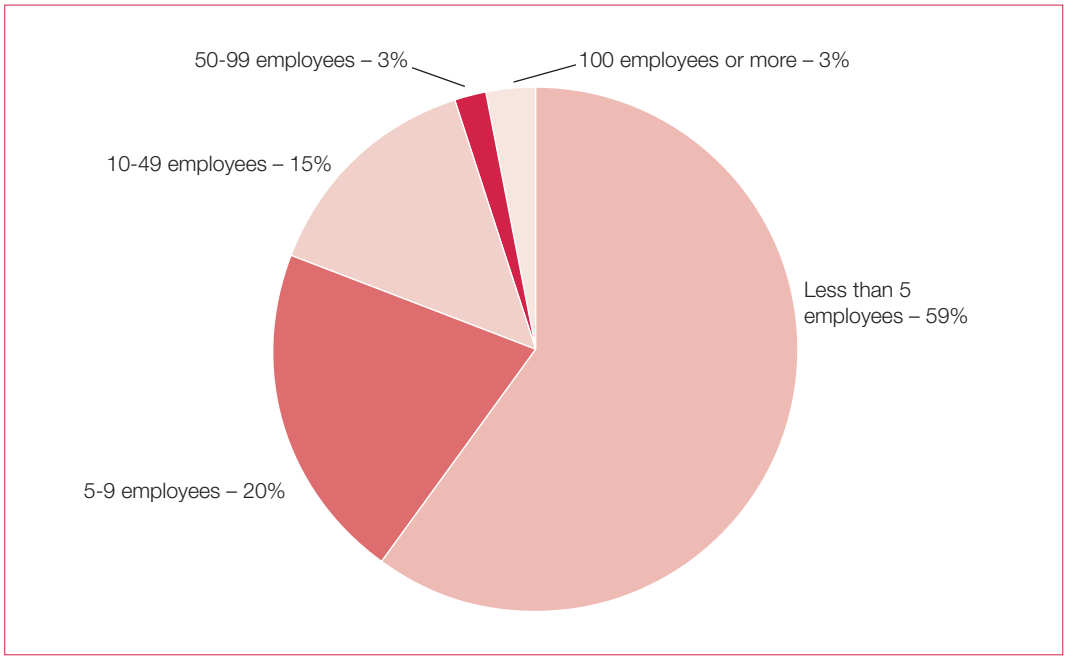
In looking at changes to the number of sector businesses, the number of taxi and private hire businesses declined by 11 percent between 2009 and 2012, but has seen a return to positive growth during the last twelve months, with a slight increase of one percent. This upturn may reflect the six percent increase in the number of trips taken by taxi and private hire passengers reported later in this chapter.

The number of aviation businesses continues to fall (six percent), although the rate slowed between 2011 and 2012. However, the overall workforce size has continued to increase, suggesting consolidations such as British Airways' buy-out of BMI may have been a factor in the decline of the number of businesses.[6]

The travel services industry continues to experience high profile retail outlet closures and restructuring.[7] In light of this it is perhaps surprising to see travel service businesses grew by two percent between 2011 and 2012. While factors such as online booking and the economic downturn have resulted in some businesses consolidating their operations, the Association for British Travel Agencies (ABTA)[8] attributes the rise in business numbers to the many high street travel agencies who continue to operate successfully, most having adopted a multi-channel approach to their business to include both online and retail sales.

Businesses across the sector are predominately small in terms of the number of employees; 94 percent employ fewer than 50 people (figure 1). Relative to all UK businesses, the sector has a lower proportion of businesses employing fewer than five people (59 percent compared to 68 percent across the economy as a whole), despite the high number of self-employed professionals in the taxi and private hire and driver training industries. While only three percent of businesses employ 100 people or more, this proportion is larger than that seen in the overall economy (one percent).

Figure 1: Passenger transport and travel businesses by size, 2012



Source: Inter-Departmental Business Register, 2012, Office for National Statistics

[6] *http://www.caa.co.uk/application.aspx?catid=14&pagetype=65&appid=7&mode=detail&nid=2217 Accessed 26 March 2013.*

[7] *http://www.independent.co.uk/travel/news-and-advice/thomas-cook-promises-hitech-focus-on-city-breaks-after-news-of-agency-closures-and-redundancies-8532153.html Accessed 26 March 2013.*

[8] *http://www.travelweekly.co.uk/Articles/2013/03/01/43325/abta+rebuts+death+on+the+high+street+report.html Accessed 26 March 2013.*

The size of businesses across the industries varies considerably (table 3). Larger businesses are common in the rail, bus and coach, light rail and metro, and aviation industries where there are a few very large transport operators with multi-regional networks and contracts to deliver passenger services on a national or international scale (e.g. rail network organisations and airlines). These industries typically require significant investment and capital, which limits the number of new entrants to the market. Conversely, higher proportions of small businesses characterise the driver training, UK waterways, and taxi and private hire industries (their share of businesses with less than five staff being 87 percent, 74 percent and 72 percent respectively).

Table 3: Passenger transport and travel businesses by size and industry, 2012

Industry	Less than 5 employees	5-9 employees	10-49 employees	50-99 employees	100 employees or more
Aviation	58%	11%	17%	5%	9%
Bus and coach	48%	16%	24%	5%	7%
Driver training	87%	8%	5%	<1%	<1%
Light rail and metro	43%	15%	24%	6%	12%
Rail	52%	12%	19%	7%	10%
Taxi and private hire	72%	17%	10%	1%	<1%
Travel services	54%	30%	14%	2%	1%
UK waterways	74%	13%	11%	<1%	3%
Passenger transport and travel total	**59%**	**20%**	**15%**	**3%**	**3%**

Source: Inter-Departmental Business Register, 2012, Office for National Statistics
Note: Due to the unavailability of Standard Industry Classification (SIC) codes, community transport and transport planning are not included above

New businesses and closure rates

In addition to business numbers, changes in business start-ups and closures in the sector help to show how employers are faring in the current climate and the extent of entrepreneurship in the sector.[9]

In 2011, 2,445 new passenger transport and travel businesses opened while 2,990 closed.[10] As the start-up rate is lower and the closure rate higher than the overall economy (table 4), the sector's net growth rate is considerably lower than in the economy as a whole (minus 1.6 percent compared to 1.3 percent growth in the overall economy). However, despite this, there have been improvements in recent years.

The current negative growth rate of minus 1.6 percent in the passenger transport and travel sector could be a result of a number of factors. These include the reduction in the number of trips using passenger transport and increases in barriers to entry such as high levels of competition in some industries, reduced levels of bank lending to smaller businesses, and changes in legislation and regulation that may push businesses toward closure or early retirement.

Furthermore, smaller businesses such as taxi and private hire, driver training and independent travel agencies will be more susceptible to the changes in consumer spending patterns evident in recent years and are likely to find it difficult to succeed in the economic downturn. In these conditions

[9] *As the data is based on the Inter-Departmental Business Register, it will not capture trends among the large numbers of self-employed working in certain industries.*

[10] *Latest data available at the time of writing.*

Table 4: Business start-ups and closures, 2008-2011[11]

		2008	2009	2010	2011
Start-up rate	Passenger transport and travel	9.6%	8.2%	7.2%	8.3%
	Whole economy	11.5%	10.1%	10.0%	11.2%
Closure rate	Passenger transport and travel	9.5%	12.2%	10.5%	9.9%
	Whole economy	9.6%	11.8%	10.6%	9.8%
Net rate	Passenger transport and travel	0.1%	-4.0%	-3.3%	-1.6%
	Whole economy	1.9%	-1.8%	-0.6%	1.3%

Source: Business Demography, 2011, Office for National Statistics

the need for strategic business planning and the ability to adapt becomes more important. Anecdotally, interviews with some employers suggest that businesses focusing on meeting customer needs and providing higher levels of service are better at retaining customers and experiencing growth, while those concentrating on low costs and low quality tend to suffer.

Given the net rate of start-ups and closures, it is of little surprise that the sector also performs less well than the overall economy in terms of longer-term survival rates; 73 percent of new businesses reach their two-year anniversary (table 5) compared to 74 percent in the UK economy. Generally speaking, most businesses that close down are smaller and independent.

New business and closure data is unavailable at an industry level, although there are likely to be significant differences in start-ups and closures by industry. Some are more readily associated with higher levels of entrepreneurship and reduced barriers to entry. The rise of internet booking within travel, for example, makes start-up costs and overheads relatively low, while the taxi and private hire, driver training, and bus and coach industries require new entrants to meet the capital costs of vehicles (which may also be leased) alongside other costs such as insurance, licences and training. Rail, light rail and metro, and aviation also require significant capital investment.

Table 5: Business survival rates (2009-2011)[12]

	Start ups	1 Year Survival	1 Year (percent)	2 Year Survival	2 Year (percent)
Passenger transport and travel	2,565	2,310	90%	1,860	73%
UK economy	236,025	214,410	91%	174,165	74%

Source: Business Demography, 2011, Office for National Statistics

[11] *This includes SIC elements that are not part of passenger transport [i.e. SIC(2007) 52211 and 52219]. In addition it does not include SIC (2007) 8553 driving school activities.*

[12] *This includes SIC elements that are not part of passenger transport [i.e. SIC (2007) 52211 and 52219]. In addition it does not include SIC (2007) 8553 driving school activities.*

Importance of the sector to the economy

In terms of Gross Value Added (GVA), a key measure of the value of goods, services and productivity, the sector contributed approximately £31.3bn in 2011.[13] This accounts for 3.2 percent of UK GVA and is similar to the contribution made by the accommodation and food (£34.9bn) industries, for example. Contributing around £9bn each, aviation and rail are the most profitable and productive industries, which together contribute more than half (58 percent) of the sector's total GVA (table 6).

The passenger transport and travel sector's GVA has increased by 23 percent between 2008 and 2011 and 11 percent between 2010 and 2011. This is a significantly higher rate of growth than across the economy (four percent).

Between 2008 and 2011, contributions increased for all industries for which data is available except bus and coach and light rail and metro (table 7). Travel services experienced one of the greatest increases (38 percent) between 2010 and 2011, along with rail (15 percent) and aviation (14 percent).

Table 6: Gross Value Added (GVA £m) by sector industry

	GVA	Percentage
Aviation	9,256	30%
Rail	8,855	28%
Travel services	6,240	20%
Bus and coach	5,300	17%
Taxi and private hire	979	3%
Light rail and metro	389	1%
Driver training	218	1%
UK waterways	15	<1%
Passenger transport and travel	**31,252**	**100%**

Source: People 1st analysis of the Annual Business Survey, 2011, Office for National Statistics

[13] *Figure rounded to the nearest hundred thousand.*

Table 7: Gross Value Added by sector industry, 2008-2011 (GVA £m)

	2008	2009	2010	2011	2008-2011 change	2010-2011 change
Aviation	8,717	8,016	8,149	9,256	6%	14%
Rail	5,258	6,047	7,682	8,855	68%	15%
Travel services	4,242	4,180	4,524	6,240	47%	38%
Bus and coach	5,659	5,772	6,403	5,300	-6%	-17%
Taxi and private hire	754	828	925	979	30%	6%
Light rail and metro	521	537	521	389	-25%	-25%
Driver training	203	243	242	218	7%	-10%
UK waterways*	12	11	7	15	26%	123%*
Passenger transport and travel	**25,365**	**25,634**	**28,452**	**31,252**	**23%**	**10%**
Whole economy	**963,921**	**904,625**	**938,382**	**974,082**	**1%**	**4%**

Source: People 1st analysis of the Annual Business Survey, 2011, Office for National Statistics
** Low businesses numbers, so figures should be taken as indicative only*
Note: Due to the unavailability of Standard Industry Classification (SIC) codes, community transport and transport planning are not included above

The sector is vital to other parts of the economy and in assuring the UK's continued growth and competitiveness in the future, and Government policy impacts on the sector's industries in many ways. In the March 2013 budget the Government announced its commitment to infrastructure, which will receive a £3bn boost each year from 2015-16, for a total of £15bn in the coming decade.

The sector's industries contribute to the local and national economy differently, with the scale of their operations partly influencing this. For example, significant investment in the national rail industry has seen high growth rates in the last five years. Research carried out by the National Skills Academy for Rail Engineering found that £25bn will be spent on over 200 rail engineering projects in the next seven years, including investment in infrastructure.[14]

The sector contributes in other ways too, playing a notable role in social inclusion and in connecting local communities. Community transport is helping older people and those with mobility issues to live independently, engage in social activities, and lead healthier lifestyles. Its contribution is mainly at a local level, but local government spending reviews and service provision cuts have negatively impacted both this industry and transport planning.

While some businesses have benefited from spending cuts and seen opportunities to compete for the provision of services, there is a recognition that the nature of the services provided has fundamentally changed. In community transport, for example, the move away from core funding towards personal budgets, where users of health and social services choose the services they want to 'buy' with an allocated budget, has partially driven this change. For these users, transport is a key service as it is closely linked to perceptions of independence.

> **"It's clear to us that public sector funding is on a downward curve, it's never going to come back to where it was, therefore we've got to generate more resources from our own activities to be able to support our core output, the Ring a Ride service, a door-to-door bus service that is aimed at meeting individual travel needs."**
>
> ***Peter Maggs, Chief Executive, West Midlands Special Needs Transport Ltd***

[14] *Forecasting the Skills Gap, January 2013, National Skills Academy for Rail Engineering.*

Understanding the passenger transport and travel industries

The following section summarises the size and economic contribution for each of the principal passenger transport and travel industries, together with the key drivers and barriers to growth that may represent either opportunities or threats to businesses.

Aviation

The aviation industry includes airlines, airports and ground handling. There are 1,900 aviation businesses in the UK, a drop of six percent between 2011-2012 reflecting the economic climate and drop in outbound travel. The industry contributes almost £9.3bn to the UK economy or 30 percent of the sector's GVA. New and emerging technologies are driving growth in the industry, while changing consumer spending patterns can be seen as both a driver and barrier. Legislation and regulation are also perceived as inhibiting growth, with higher airport tax duty impacting the UK's industry more than other EU countries.

Bus and coach

Bus companies transport passengers by road over short distances with scheduled stops, while coach companies operate over longer distances and other non-scheduled stops. The bus industry tends to be managed at a regional or local level and supports local economies, helping people to travel across urban, suburban and rural areas. There are 6,073 bus and coach businesses in the UK, which contribute approximately £5.3bn in GVA. While some very large operators dominate the bus industry, smaller businesses characterise the coach industry. Changing customer spending patterns can be seen both as a driver and barrier to growth in the industry. Licensing and regulation also influence the industry, such as the Driver Certificate of Professional Competence (CPC), which requires a commitment to ongoing training.

Community transport

Community transport provides services for local authorities, community and voluntary groups, and helps meet the needs of less mobile individuals or those living in rural areas. Employers identified sustainability as a key driver of growth in the industry, and regulation and legislation as a barrier (e.g. the Driver CPC could be extended to apply to drivers in this industry in a similar way as the bus and coach industry).

Driver training

Driver training covers road transport driving instruction, including training new drivers and motorcycle riders that need specific training and licences for particular vehicles. There are 1,330 VAT registered driver trainer businesses in the UK and 35,300 self-employed driving instructors. The main barriers to growth are changes in customer spending patterns, while the use of social media is identified as a potential driver of growth.

Light rail and metro

Light rail and metro includes various land passenger transport vehicles that follow guided paths. The industry features primarily in local, urban economies, with the exception of tourism trams. There are 323 light rail and metro businesses in the UK, which contribute £389 million in GVA. Employers list changes in their customer profile, and legislation and regulation as the key barriers to growth. However a number of customer-related factors are also driving growth, such as changes in customer attitudes and behaviours in favour of this form of travel.

Rail

The rail industry includes rail operations and rail engineering companies that own, operate and maintain infrastructure. There are 1,106 rail businesses in the UK and the industry contributes approximately £8.6bn – or 29 percent – of the sector's GVA. Employers cite sustainability as a key driver of industry growth and changes in customer spending patterns as a barrier (e.g. customers spending less).

Taxi and private hire

The industry covers hackney (taxi) operations and private car operators. There are 6,720 VAT registered businesses in the UK, which contribute almost £979 million to the economy, in addition to a large number of self-employed drivers (159,800), many of whom are not VAT registered. Depending on the business, employers see changes in consumer spending as both a barrier and a driver of growth.

Transport planning

The transport planning industry formulates, assesses and implements policies, plans and projects to improve and manage the transport system. Transport planners tend to work either in the public sector or for independent consultants. Businesses cite changes in customer spending patterns as the main barrier and emerging technologies as a driver of growth in the industry.

Travel services

The travel services industry is made up of travel agencies and tour operators. There are 9,270 businesses in the UK, which represents the highest proportion of the sector. The number of businesses has seen an overall drop of nine percent since 2009 as many retail outlets have closed. The industry contributes around £6.2bn – or 20 percent – of the sector's GVA.

Businesses cite social media as a key driver of business growth and changes in consumer spending patterns as a potential barrier, which may reflect the rise of online travel services and its impact on high street retail outlets.

UK waterways

UK waterways include inland waterways, suburban and interurban, river and coastal transport, but exclude marine open-sea activity. This industry is the smallest of the sector, accounting for just one percent of the sector total, with 190 businesses and contributing £15 million to the economy. Changes in customer profile represent the main driver of growth in this industry. Meanwhile changes in customer spending patterns and regulation and legislation are the main barriers to growth.

Sales and turnover

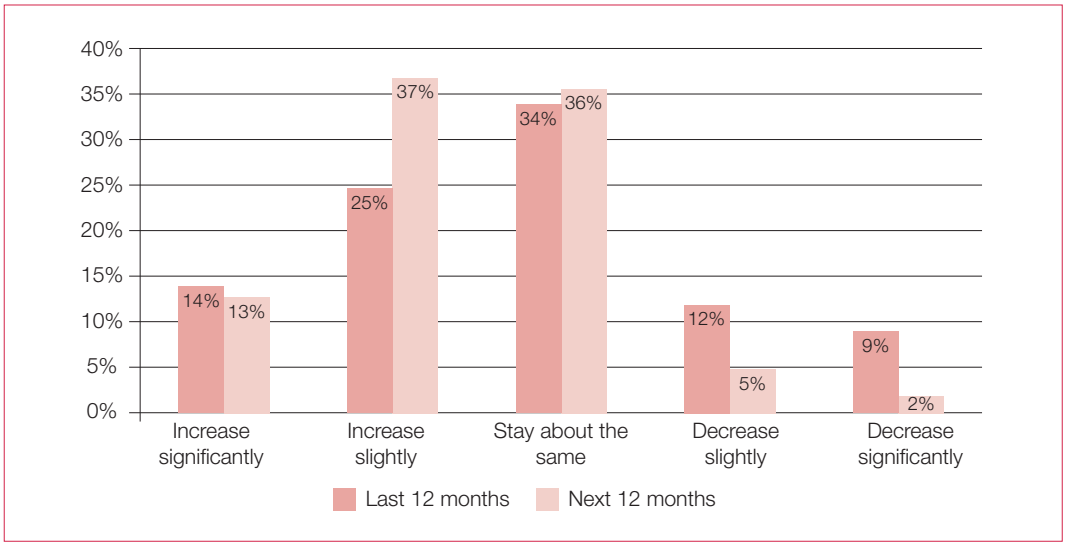
The 2012 People 1st Employer Survey asked businesses about their sales and turnover in the previous 12 months and their forecast for the coming year (figure 2).

Overall, employers reported a net increase (of 18 percent) in sales or turnover; 39 percent reported an increase in the last 12 months compared to 21 percent who reported a decrease.

This result is consistent with the sector's growth in recent years and might suggest a more profitable and productive sector following the reduction in business numbers in some of its industries.

The forecast for the next 12 months was also optimistic, with 50 percent of businesses anticipating an increase in sales and turnover compared to only seven percent forecasting a decrease (a net increase of 43 percent).

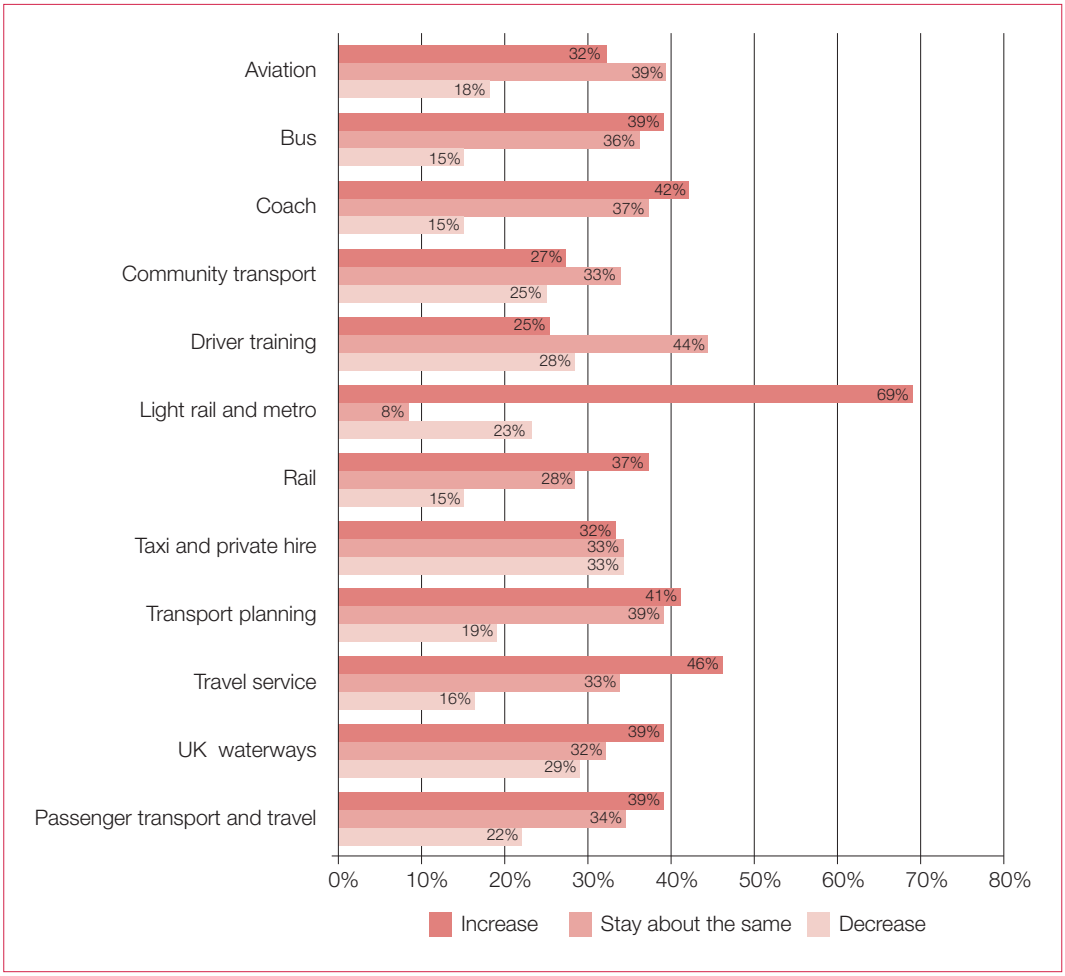
Figure 2: Sales and turnover in the last and next 12 months



Source: 2012 People 1st Employer Survey

Sales and turnover rates are different between industries (figure 3). Despite the gloomy picture among some high street outlets, travel services businesses were most likely to have seen a net increase in sales and turnover (30 percent) in the last 12 months, while light rail and metro businesses reported a net increase of 46 percent. This could be a result of the London 2012 Olympic and Paralympic Games, which impacted the London Underground and Docklands Light Rail in particular. However, the relatively small number of businesses in this industry will mean the percentages are only indicative.

Figure 3: Sales and turnover in the last 12 months by industry



Source: 2012 People 1st Employer Survey

Only the driver training industry saw a net decrease in sales and turnover in the last 12 months (minus three percent), although the increase in business numbers during the year may have resulted in a more competitive market and tighter margins. Lower levels of disposable income, higher running costs and a drop in levels of car use may also be impacting this industry.

Business strategy and planning

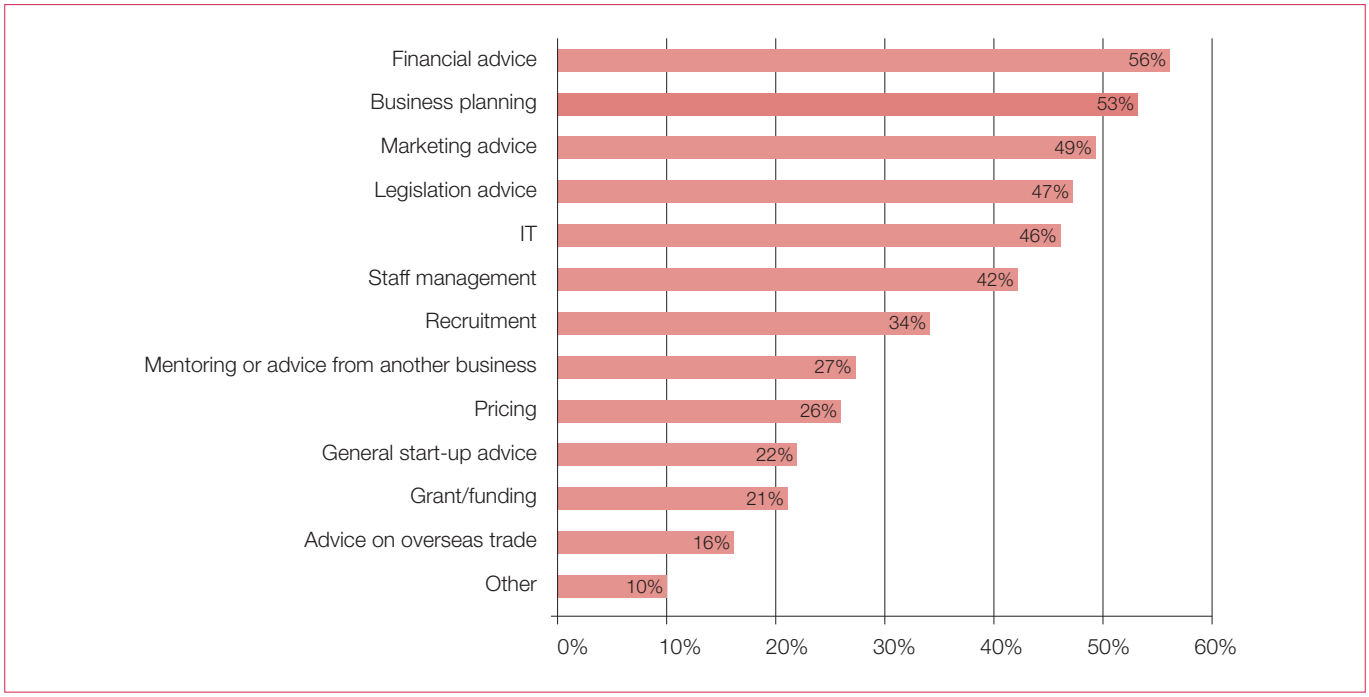
The 2012 People 1st Employer Survey showed that 49 percent of employers across the passenger transport and travel sector engage in some kind of business planning activity or have a business plan, while 18 percent have received or accessed business support in the last 12 months.

Among those who did receive business support, the most common type was financial advice (56 percent), followed by business planning (53 percent) and marketing advice (49 percent) (figure 4).

Although we do not have details of how many respondents came from new businesses, it may be a matter of concern that only 22 percent received general start-up advice given the negative growth in the number of new businesses.

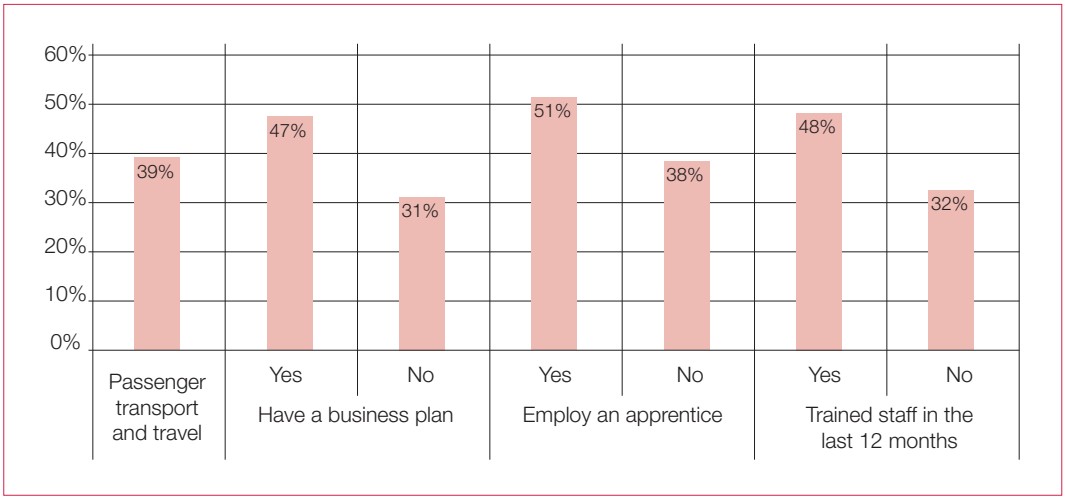
Finally, figure 5 shows that there is a link between reported increases in sales and turnover, and business planning and training practices. For the passenger transport and travel sector, 39 percent of businesses reported an increase in sales and turnover in the previous 12 months. Among this group, those that had a business plan (47 percent), employed an apprentice (51 percent) or trained staff in the last 12 months (48 percent) were more likely to have experienced an increase in sales and turnover, compared to those that had not.

Figure 4: Types of business support received



Source: 2012 People 1st Employer Survey

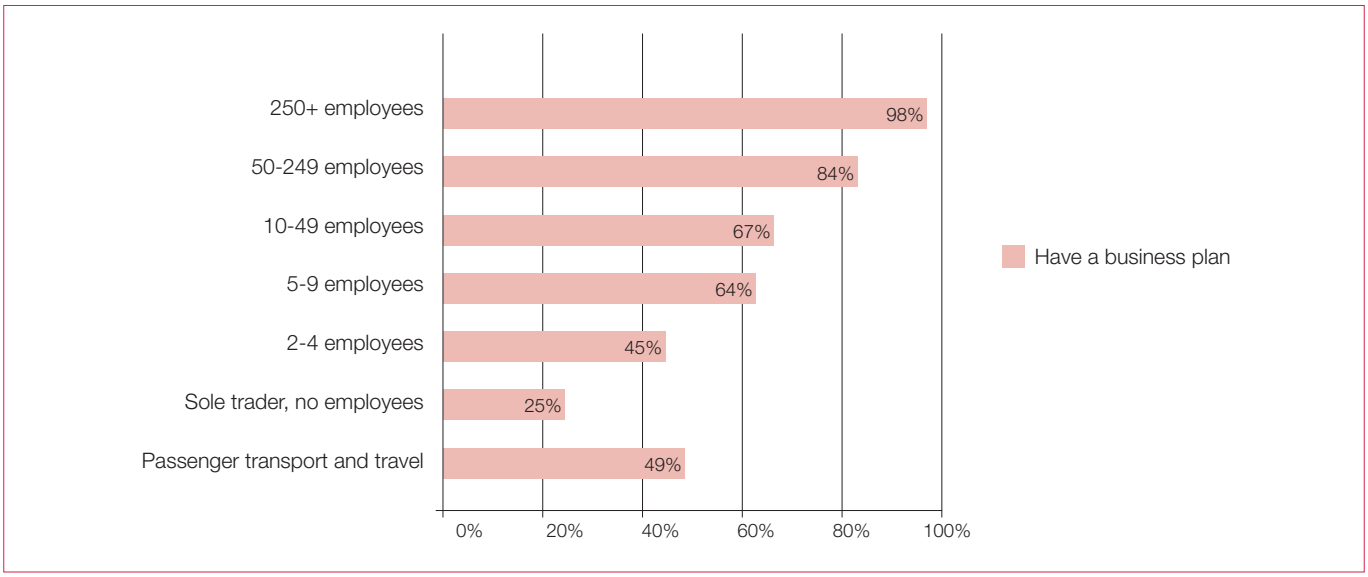
Figure 5: Business reporting an increase in sales and turnover in the last 12 months



Source: 2012 People 1st Employer Survey

Business size will be a factor in this. Although there is no clear link between business size and advice taken, the larger the business, the more likely it was to have a business plan (figure 6).

Figure 6: Business planning, advice and training by business size



Source: 2012 People 1st Employer Survey

Passengers and their use of transport

According to the latest National Travel Survey, the average person made almost 960 trips or journeys throughout 2011.[15] Most of these (71 percent) were made for personal reasons, with shopping (20 percent) being one of the main reasons for travel. 15 percent of journeys were made for commuting purposes. These figures highlight the important role the sector plays both locally and nationally in helping people access services and supporting businesses in all other sectors, especially in hospitality, tourism and retail.

Table 8 shows the average number of trips per person made using different forms of private and public transport.[16] The total number of trips has declined by one percent since 2008, suggesting that the economic climate is having some impact on our travelling behaviour. Despite increasing fuel prices and a decrease in the consumption of vehicle fuel,[17] most trips are made using private transport (89 percent), with just 11 percent of trips made using public transport.

Table 8: Average number of trips per person by mode of transport, 2007-2011, Great Britain

	2007	2008	2009	2010	2011	2011 proportion of total trips	Five year change	2010-2011
PRIVATE TRIPS								
Walk	216	221	228	210	222	23%	2%	6%
Bicycle	14	16	15	15	16	2%	13%	6%
Car/van driver	408	410	395	405	398	42%	-3%	-2%
Car/van passenger	218	227	217	213	211	22%	-3%	-1%
Motorcycle	3	4	3	3	4	0%	9%	27%
Other private transport	8	9	9	8	7	1%	-12%	-14%
Private total	**867**	**887**	**867**	**853**	**856**	**89%**	**-1%**	**0%**
PUBLIC TRIPS								
Bus in London	17	18	19	21	18	2%	4%	-16%
Other local bus	48	47	49	46	46	5%	-5%	-1%
Non-local bus	1	1	1	1	1	0%	-46%	-12%
London Underground	8	9	9	8	8	1%	-6%	-0.4%
Surface rail	17	18	16	19	17	2%	0%	-8%
Taxi or minicab	11	11	11	10	10	1%	-7%	6%
Other public transport	2	2	2	2	2	0%	10%	-1%
Public total	**105**	**106**	**106**	**107**	**102**	**11%**	**-3%**	**-5%**
Total trips	**972**	**992**	**973**	**960**	**958**	**100%**	**-1%**	**0%**

Source: National Travel Survey, 2011, Department of Transport

[15] *National Travel Survey, 2011, Department of Transport.*

[16] *The basic unit of travel, a trip, is defined as a one-way course of travel with a single main purpose.*

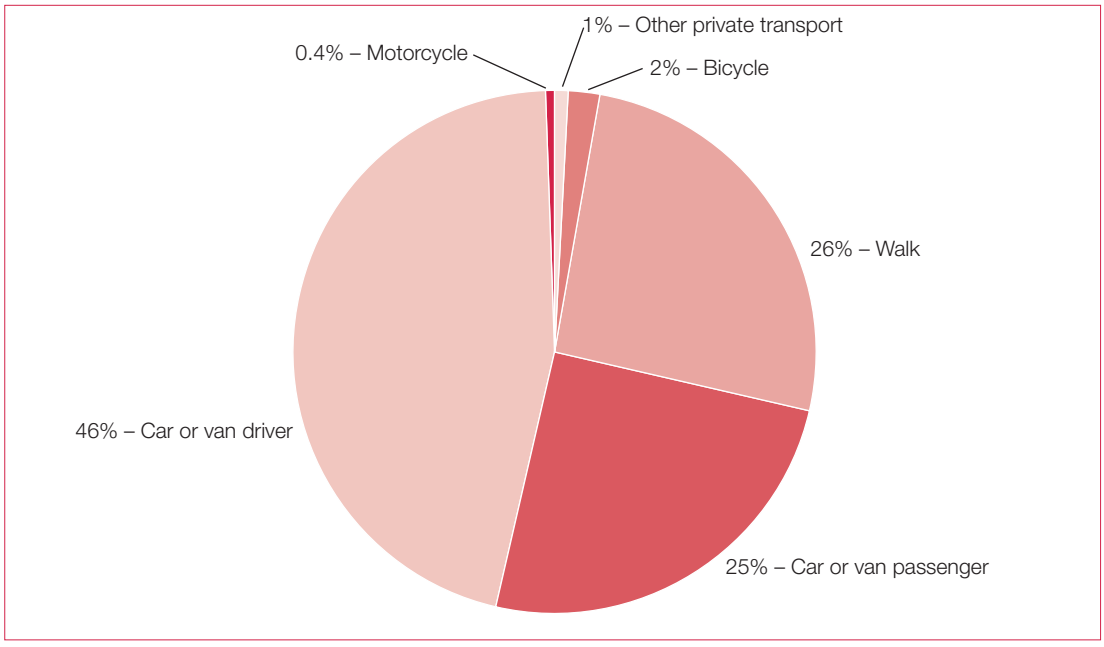
[17] *Climate Week – Changing Spending Patterns of Households. Office for National Statistics. Accessed 1 March 2013.*

The availability and attractiveness of alternative modes of transport largely affects the use of public transport. Trips by private car or van – either as a driver or passenger – accounted for 71 percent of all private trips made (figure 7) and 64 percent of all trips. People prefer to travel by car for a number of reasons, in spite of the high running costs. For example, those living in remote, rural or less densely populated areas are faced with increasingly limited access to public transport as services are cut on less profitable routes. Many people also want the flexibility a car can provide in making numerous trips each day, for example, combining a school-run with the commute to and from work. Other reasons may relate to the comparative cost and availability of public transport, and whether this is a viable alternative to private travel.

In urban areas, bike-hire and dedicated cycling pathways are making this mode of transport more attractive and accessible. Only two percent of journeys are currently made by bicycle, but this will be higher in larger urban areas. It is also a comparatively cheaper, healthier and more environmentally friendly way to travel. Between 2010 and 2011, the average number of walking and cycling trips both increased by six percent.

As consumers reduce their spending we might expect to see an increase in their use of public transport, however in all cases except for taxi and private hire, the number of trips taken using public transport decreased in 2011-2012 (by five percent overall), while private transport use has remained stable.

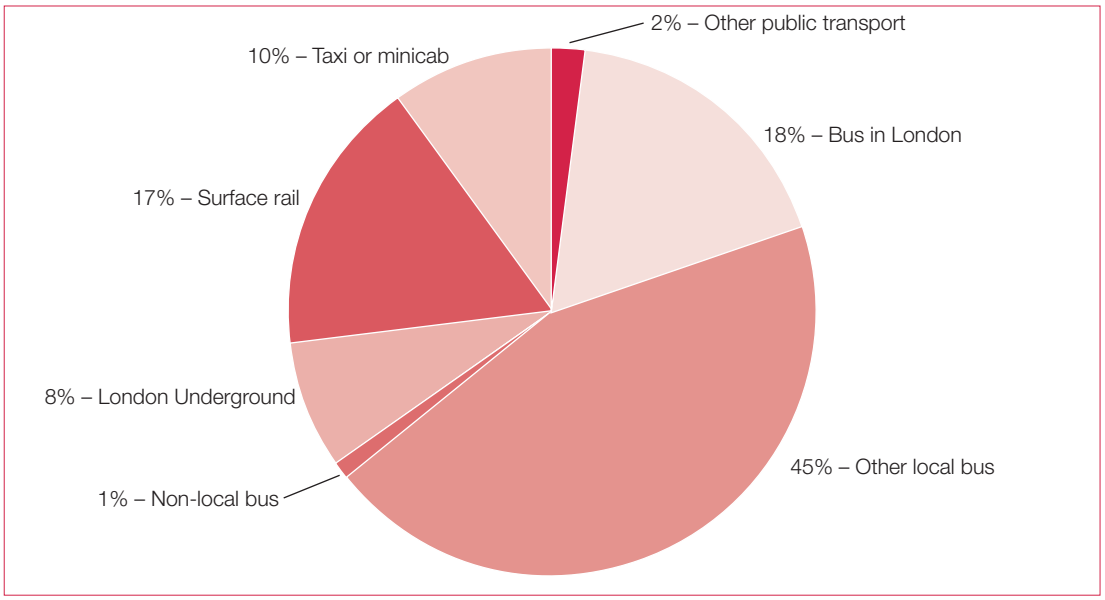
Figure 7: Proportion of private trips by mode, 2011, Great Britain



Source: National Travel Survey, 2011, Department of Transport

Figure 8 shows that buses accounted for almost two thirds of public transport trips (64 percent). Increased fuel prices also affect fare prices on public transport. In many cases these costs are passed on to consumers and in industries such as rail, fares continue to increase annually well above the inflation rate, which can be attributed to rail network investment and upgrades. Overall, we might conclude that rising costs are deterring people from using public transport as an alternative to private modes of travel.

Figure 8: Proportion of public transport trips by mode, 2011, Great Britain



Source: National Travel Survey, 2011, Department of Transport

Anecdotally, our interviews with employers in the passenger transport and travel sector suggest there is a mixed picture, with some experiencing increases in passenger numbers, while others are experiencing a decline.

Local factors affect businesses, such as the increase or decrease of local services, or the closure of a large bus and coach operator, which impacts bus passenger numbers. A general decline in visits to high streets and town centres can also impact urban and inter-urban travel.

“We’ve seen an increase in inter-urban travel and small decreases in some to and from shopping travel. There has also been a small decrease in leisure travel as people cut back – it’s a mixed effect though as some areas are still growing and some areas are declining.”

Guy Gibson, Head of Training, Trent Barton

Summary

The passenger transport and travel sector plays an important role in supporting all other sectors of the economy. It contributes £31.3bn to the economy or 3.2 percent of UK GVA, with aviation and rail alone contributing more than half (58 percent) of the sector's total GVA.

There were 26,912 passenger transport and travel businesses in the UK, the greater share being travel services businesses. However, given the high rates of self-employment in the taxi and private hire and driver training industries, the passenger transport and travel sector could account for as many as 222,000 businesses. Businesses across the sector are therefore predominately small, with 94 percent employing less than 50 people.

The diversity of the sector's industries has meant performance has been mixed during the economic downturn. Government policy and spending also influences the sector, while changing consumer behaviour, notably the decrease in the number of trips using passenger transport, continues to have an impact.

The latest business numbers suggest a tentative return to growth in some industries after a difficult period of consolidation and restructuring. The sector's GVA increased by ten percent between 2010 and 2011, a significantly higher rate of growth than across the economy (four percent) with notable growth experienced in travel services, rail and aviation.

The view from employers also suggests that the outlook is improving. Many reported an increase in sales or turnover (39 percent) in the last year, with 50 percent expecting an increase in the next 12 months.

However, less than half of sector employers engage in some kind of business planning activity or have a business plan, while only 18 percent have received or accessed any form of business support in the last 12 months.

It is perhaps not surprising that the sector performs less well in terms of longer-term business survival rates; the latest start-ups and closures data shows negative growth of minus 1.9 percent compared to 1.3 percent growth in the overall economy. This highlights a need for business planning, support and advice, particularly for new businesses. This will be important in ensuring growth in the sector's industries, as our research shows a link between reported increases in sales or turnover and business planning and training practices.

Implications for employers

- New businesses will need support to help improve business survival rates. Access to business planning and support for small businesses will be important
- Training as part of a business plan will leave organisations better placed and better skilled to take advantage of any upturn in the economy
- Integrating and developing the skills of front line staff in multi-channel retail will provide customers with a seamless service between their 'real-life' interaction with a business and its online presence, which will help maximise income and provide a better customer journey
- Businesses will need to seek other sources of revenue given the reduction in public funding.

2 Workforce Size and Characteristics

Introduction

The size of the passenger transport and travel sector workforce has remained relatively stable since our previous report in 2012. However, this is not a uniform trend as there have been significant variations across industries, due in part to their different workforce characteristics.

The sector is perceived as being heavily male dominated with low levels of labour turnover and age restrictions creating an older, ageing workforce. These restrictions represent a barrier to entry in certain occupations and can make the sector a less attractive career option for young people.

As people begin to retire from the sector in ever-increasing numbers, attracting new people and building career pathways will be essential to ensure a skilled and productive workforce for the future.

This chapter will explore the workforce size and characteristics in further detail, examining the specific contexts by industry and occupation, and the impacts these have on skills demand.

Workforce size

The passenger transport and travel sector accounts for three percent of the UK's total workforce, or approximately 807,400 jobs, making it relatively small in terms of the numbers employed (table 9). However, as mentioned in the previous chapter, the sector is important in sustaining other areas of the economy, contributes indirectly to employment in many other industries and supports the wider visitor economy.

Although the overall sector workforce has remained relatively stable between 2010 and 2011 (numbers fell by two percent) there were variations across the industries.

Workforce size by industry

Table 9 shows that the taxi and private hire (26 percent) and bus and coach industries (23 percent) make up almost half of the sector's entire workforce. Rail and aviation are also significant employers and account for a further 32 percent of the sector.

Table 9: Workforce numbers, industry breakdown

Industry	2010	2011	2011 proportional breakdown	2010-2011 difference
Taxi and private hire	197,300	208,200	26%	5%
Bus and coach	204,400	182,400	23%	-11%
Rail	133,100	138,100	17%	4%
Aviation	109,500	120,500	15%	10%
Travel services	89,300	74,500	9%	-17%
Driver training	50,000	42,900	5%	-14%
Light rail and metro	20,400	18,800	2%	-8%
Community transport*	10,000	10,000	1%	0%
Transport planning*	10,000	10,000	1%	0%
UK waterways	2,000	2,000	<1%	0%
Total	**826,000**	**807,400**	**100%**	**-2%**

Source: People 1st analysis of the Labour Force Survey, 2011, Office for National Statistics
** Estimates by industry experts*

While the taxi and private hire industry accounts for the greatest share of the workforce it contributes just three percent of the sector's GVA, largely due to the labour intensive nature of the work and the lower value of services offered when compared to other passenger transport industries (see chapter 1).

Those industries experiencing growth in employment included aviation, where numbers increased by ten percent, taxi and private hire (five percent) and rail (four percent). By contrast, workforce numbers fell in travel services (by 17 percent), reflecting restructuring and consolidation in the travel industry, driven by the economic downturn, consumer trends toward online booking and reduced outbound travel.

Numbers in driver training also fell (14 percent), along with bus and coach (11 percent) and light rail and metro (eight percent). This could be caused by a combination of service cut-backs and business closures, staff retirement, and increasing regulation and compliance.

When compared to our findings in chapter 1, we see that taxi and private hire businesses have seen an increase both in business numbers and workforce size, while in aviation the number of businesses has declined but the workforce has increased. In travel services, an increase in business numbers has been accompanied by a decline in its workforce size.

A number of factors are likely to have influenced these changes, depending on the industry. For example, higher self-employment in taxi and private hire will impact both the workforce size and number of businesses as more people move into the industry; buy-outs and mergers in aviation will reduce the number of businesses while the scale of operations remains the same or even expands; and a move toward online travel services is likely to create opportunities for smaller online businesses that require fewer staff, while forcing the closure of more labour-intensive high street outlets.

Workforce size by nation and region

While the overall workforce in the sector fell across the UK, table 10 shows that nationally, numbers fell in England and Northern Ireland but increased in Scotland and Wales. Despite the decrease in numbers, England still accounts for 85 percent of the sector's workforce.

Regionally, London and the South East employ the largest proportion of the sector's UK workforce (34 percent), with more than 135,000 people in each region.

At a local level, the passenger transport sector typically represents between two and three percent of the working population in each region and nation. This demonstrates the ubiquity of the sector and the important role it plays across the UK.

Employment projections

Looking to the future, the 2012 People 1st Employer Survey asked businesses how they expected their workforce size to change in the next 3-5 years. The results showed that 38 percent expected their workforce to increase, while 51 percent thought that it would remain the same. Only six percent predicted a decrease. This suggests the sector will experience overall moderate growth in workforce numbers in the coming years, although there were differences across industries.

Table 10: Workforce numbers across the passenger transport sector in the UK, 2011*

Country/Region	Workforce number 2011	Proportion of sector workforce 2011	Proportion of local workforce 2011	Change in number 2010-2011	Proportional change 2010-2011
England	669,300	85%	3%	-20,900	-3%
Northern Ireland	13,300	2%	2%	-5,000	-27%
Scotland	71,700	9%	3%	4,200	6%
Wales	31,100	4%	2%	3,000	11%
United Kingdom	785,400	100%	3%	-18,700	-2%
North East	26,800	3%	2%	2,300	10%
North West	92,300	12%	3%	-3,100	-3%
Yorkshire and Humberside	54,800	7%	2%	-7,400	-12%
East Midlands	42,100	5%	2%	600	1%
West Midlands	62,200	8%	3%	2,300	4%
Eastern	71,500	9%	2%	-7,300	-9%
London	134,200	17%	3%	-13,500	-9%
South East	133,900	17%	3%	-7,600	-5%
South West	51,600	7%	2%	12,800	33%

Source: People 1st analysis of the Labour Force Survey, 2011, Office for National Statistics
** Calculations do not include certain industries (i.e. transport planning, community transport and UK waterways) as regional figures are unavailable. Therefore the workforce total is lower than that given in the preceding industry breakdown table*

Employment projections by industry

Rail employers were the most likely to forecast future workforce increases (58 percent), which is in line with the large investment in infrastructure and major projects the sector is experiencing.

Over half (54 percent) of transport planning businesses expect an increase in workforce size in the coming years. Public sector spending cuts have affected this industry in the recent past, but it may now be recovering as some private sector employers have reported they are beginning to recruit again and have a more positive outlook.

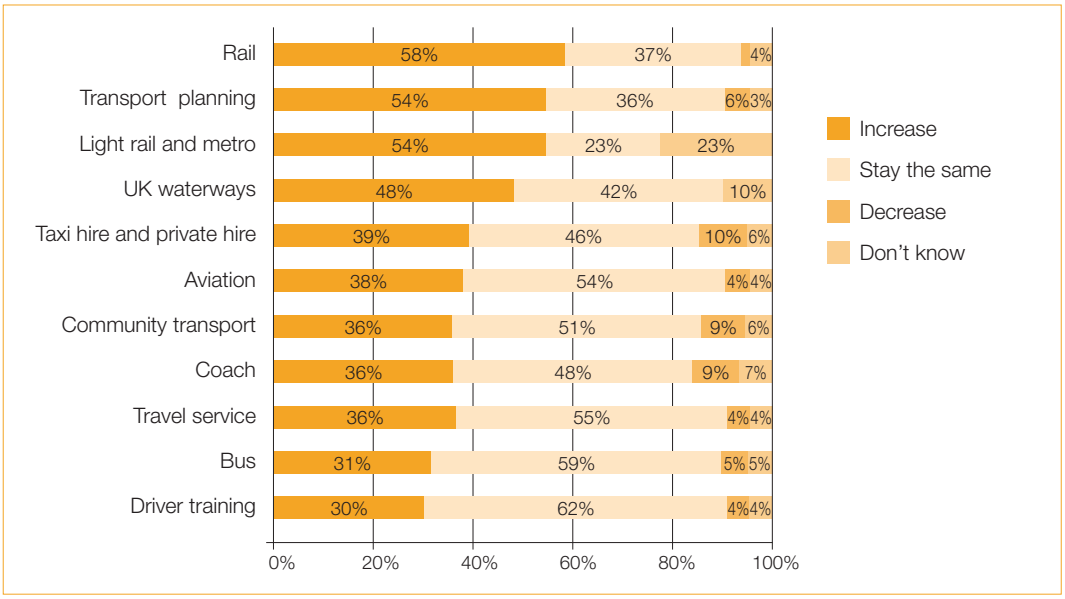
There are also positive signs for light rail and metro, although the results are only indicative as they are based on a smaller number of businesses in the sector. Despite a fall of eight percent in its workforce between 2010 and 2011, 54 percent of employers expect an upturn in employment in the next 3-5 years. Investments such as the expansion of the Manchester Metrolink may account for this.

Over a third of taxi and private hire businesses (39 percent) expect their workforce to increase, while 46 percent expect it to stay the same. Employment in this industry is more susceptible to fluctuations in consumer demand, but last year there was an increase in the number of trips taken using this kind of transport.

The outlook in the bus and coach industries is less positive given the fall in the number of trips taken by bus over the last year and the lower rate of productivity (see chapter 1). However, as shown in figure 9, more employers in the bus and coach industries forecast an increase in employment than a decrease over the next 3-5 years. This could be because many companies will already have gone through a restructuring process in a bid to increase efficiency and streamline their workforce, largely through attrition rather than redundancies. However, it is not surprising that 59 percent of employers expect their workforce size to stay about the same.

Fortunes appear least favourable among driver training employers. Between 2010 and 2011, the workforce fell by 14 percent and 62 percent anticipate little change in employment going forward. Increased competition or saturation of the market due to low barriers to entry, the levelling off of car use and the high costs involved in car ownership are no doubt contributing to this outlook.

Figure 9: Expected change in the permanent workforce in the next 3-5 years



Source: 2012 People 1st Employer Survey

Employment projections by size of business

Predicted increases in the workforce tended to depend on the size of business. For example, 27 percent of sole traders (businesses that have no employees) expect an increase in the next 3-5 years, compared to 55 percent of businesses with 50 to 249 staff (figure 10).

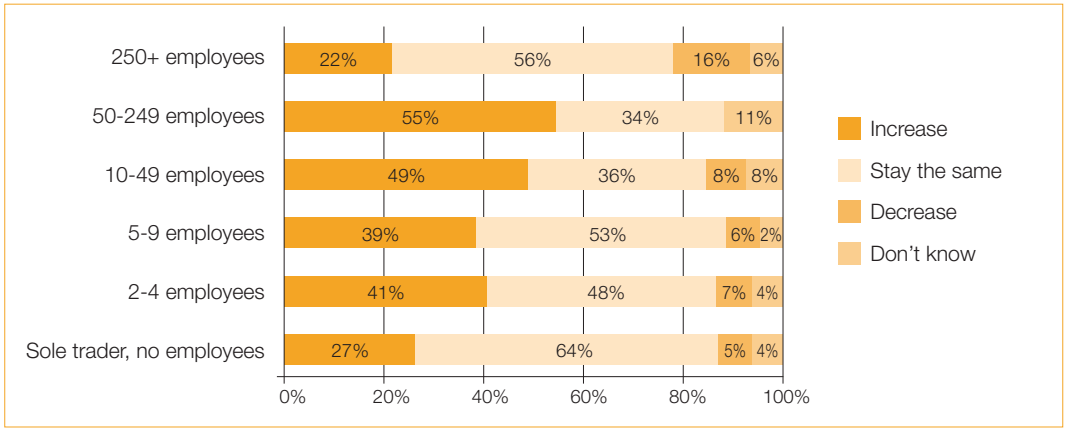
The largest businesses (those with 250 or more employees) were the least likely to expect an increase in their workforce, with 56 percent predicting no change to current workforce levels. Many larger businesses will have no plans to expand further or may have gone through a recent process of consolidation meaning they will not require extra staff. Workforce expansion may also depend on the availability of additional government funding, which will be limited for the foreseeable future.

Working Futures data provides longer-term employment projections for the passenger transport sector, although none is available specifically for travel services.[18] According to this source, there will be an overall increase of one percent in the passenger transport workforce by 2020, which includes both expansion and replacement demand. This is three percent less than the expected increase for the economy as a whole. This may be a conservative estimate as the data will not take into account more recent policy changes such as the Government commitment to transport and infrastructure projects, and the impact these could have on future employment growth and productivity.

When we look in more detail (table 11) we see that the passenger transport industry will need to recruit 30 percent of its total current workforce to replace staff who are leaving. This is partly due to the fact that the sector has an ageing population, which will need to be replaced on retirement. In contrast, it is expected that only one percent will be due to expansion demand.

The total demand equals an additional 186,300 people who will need to be recruited over the next seven years (2013-2020).

Figure 10: Expected changes in the permanent workforce in the next 3-5 years by business size



Source: 2012 People 1st Employer Survey

[18] *Working Futures 2010-2020 (2012), UKCES/IER/CE.*

Table 11: Broad occupational breakdown, 2011 and employment projection 2013-2020

Ocupational group	Workforce number*	Percentage*	Expansion demand (proportional increase)†	Replacement demand (proportional increase)†	Total demand (proportional increase)†
Managers and senior officials	45,600	6%	10%	28%	38%
Professional occupations	26,700	3%	15%	27%	41%
Associate professional and technical occupations	61,300	8%	11%	25%	36%
Administrative, clerical and secretarial occupations	49,600	6%	-8%	31%	23%
Skilled trades occupations	36,300	5%	-8%	27%	19%
Personal service occupations	115,900	15%	12%	28%	40%
Sales and customer service occupations	35,600	5%	13%	21%	34%
Transport and machine operatives	398,400	51%	-5%	33%	29%
Elementary occupations	16,300	2%	-2%	25%	23%
Total	**785,700**	**100%**	**1%**	**30%**	**31%**

** Source: People 1st analysis of the Labour Force Survey, 2011, Office for National Statistics.*
† Source: Working Futures 2010-2020 (2012), UKCES/IER/CE, electronic resource. Please note this only includes passenger transport
Note: Due to the unavailability of Standard Industry Classification (SIC) codes, community transport and transport planning are not included in the above

Workforce characteristics

The characteristics of specific occupations and industries have an impact on productivity and levels of skills demand. In a diverse passenger transport and travel sector employees have very different profiles and characteristics depending on their role.

A majority (51 percent) of the sector's workforce is made up of transport and machine operatives (table 11), which includes occupations such as drivers, driving instructors and maintenance staff (for example of vehicles). The next largest grouping is personal service occupations (15 percent), which cover front line staff, a large proportion of whom are travel agents.

Both groups are expected to experience employment growth in the coming years. Personal service occupations are more likely to experience expansion demand when compared to transport and machine operatives, for which the need to replace existing staff will drive demand.

Table 12 provides further sector-specific detail of those working in core occupations. The largest in terms of numbers is taxi and cab drivers and chauffeurs (208,900), followed by bus and coach drivers (114,200). There have been significant changes in workforce numbers during the last year with the greatest proportional increases in air travel assistants (29 percent), followed by air transport operatives (22 percent), and rail construction and maintenance operatives (22 percent).

Table 12: Numbers working in core sector occupations, passenger transport and travel, 2007-2011

Occupation	2007	2008	2009	2010	2011	Proportional change 2010-2011
Taxi and cab drivers and chauffeurs	196,200	209,600	221,200	202,800	208,900	3%
Bus and coach drivers	125,100	113,700	130,500	128,100	114,200	-11%
Air travel assistants	35,900	33,600	36,300	36,700	47,300	29%
Travel agents	35,400	37,500	48,100	45,700	42,100	-8%
Driving instructors	36,500	39,500	42,400	41,100	39,100	-5%
Train and tram drivers	*	*	*	*	22,900	*
Aircraft pilots and flight engineers	19,800	16,800	23,000	21,000	17,500	-17%
Rail travel assistants	16,700	19,300	16,100	17,300	16,600	-4%
Air transport operatives	16,700	15,200	16,000	11,000	13,400	22%
Rail transport operatives	13,000	10,600	14,300	16,300	13,000	-20%
Rail construction and maintenance operatives	8,100	11,300	12,700	10,000	12,100	22%
Travel agency managers and proprietors	8,500	10,800	9,600	7,800	6,000	-23%
Air traffic controllers	7,600	5,700	4,900	8,000	5,800	-27%

Source: People 1st analysis of the Labour Force Survey, 2007-2011, Office for National Statistics
** Based on recently introduced occupational codes, hence no historical data*

In travel services we can see a decrease in the number of travel agents (by 3,600 or eight percent) and in travel agency managers and proprietors (by 1,800 or 23 percent) in the most recent 12 month period to 2011. These occupational trends within travel have been in evidence since 2009 and could reflect closures among smaller, independent travel agencies and high street outlets.

Male and female employment

Three quarters of the passenger transport and travel sector workforce is male. However, there are variations in industries across the sector (figure 11). 90 percent of those working in the taxi and private hire industry are male, but the proportion of males to females drops to 60/40 in aviation, where women tend to occupy larger numbers of customer-facing roles. In the travel services industry the trend is reversed, where 70 percent of people are female.

Looking at core occupations (figure 12), with the exception of air travel assistants (60 percent female), travel agency managers and owners (64 percent), and travel agents (83 percent), the vast majority of the staff is male.

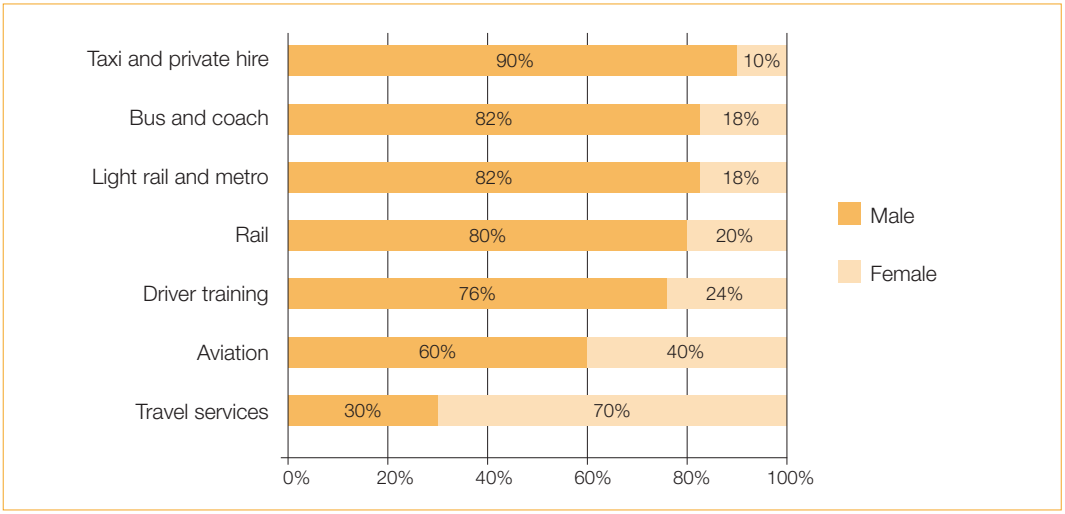
There are only two occupational groups where over half of the workforce is female, namely administrative and secretarial occupations (60 percent female) and personal service occupations (59 percent female) (figure 13).

The nature of the sector means that some roles are more attractive to men, for example where lone working is required (such as minicab driving). Roles such as bus and coach drivers have traditionally been viewed as male jobs, making them less likely to attract equally capable female applicants.

Interviews with employers suggest that there is no overt discrimination in recruitment, but rather fewer women applying for these roles. In the community transport industry female driver representation is slightly higher; this may be because the drivers in this sector require traits traditionally associated with women, such as empathy and care.

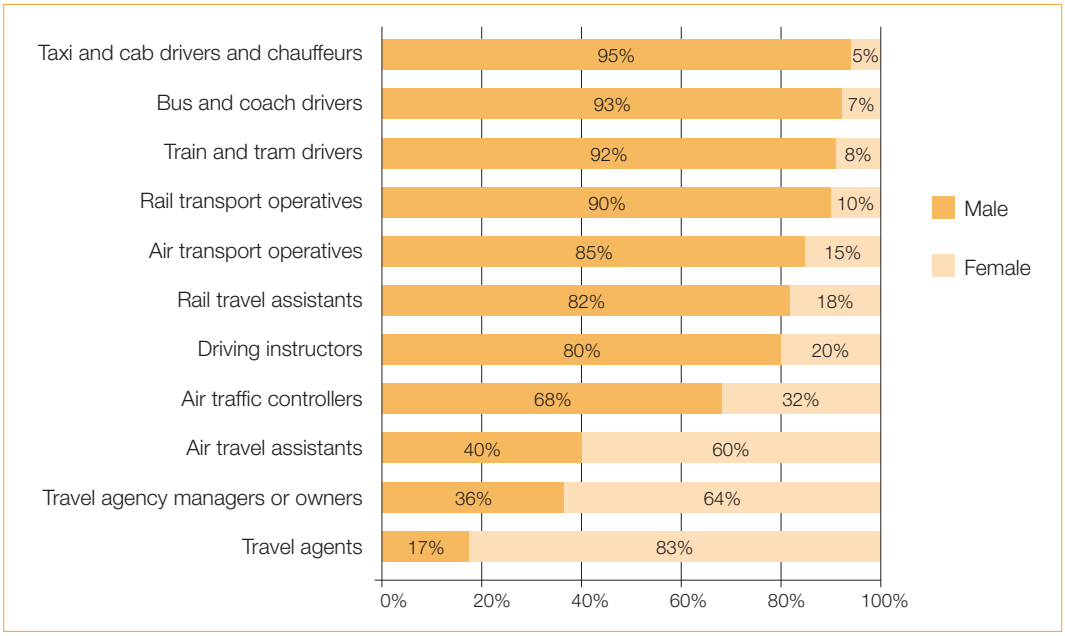
> **"We employ quite a few female drivers on both our minibus and bus operations, but nothing like 50 percent by any means. We employ a higher proportion of female drivers on the community bus services, possibly because the shift patterns better suit them."**
>
> ***Peter Maggs, Chief Executive, West Midlands Special Needs Transport Ltd***

Figure 11: Male and female employment by industry



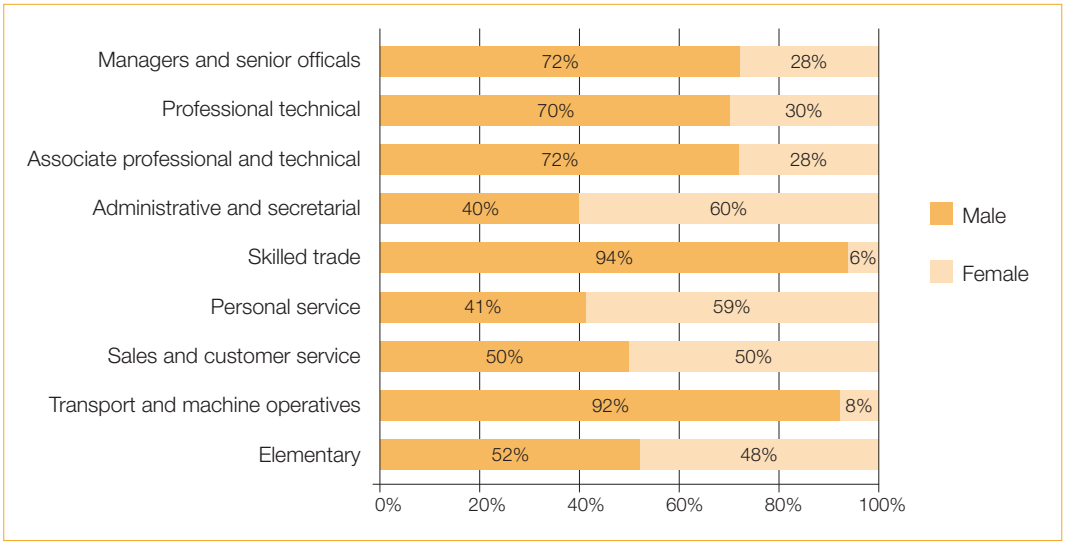
Source: People 1st analysis of the Labour Force Survey, 2011, Office for National Statistics
Note: Due to the unavailability of Standard Industry Classification (SIC) codes, community transport and transport planning are not included in the above. UK waterways is not included due to low sample sizes

Figure 12: Male and female employment, core sector occupations



Source: People 1st analysis of the Labour Force Survey, 2011, Office for National Statistics

Figure 13: Male and female employment by broad occupational groups, UK, 2011



Source: People 1st analysis of the Labour Force Survey, 2011, Office for National Statistics
Note: Due to the unavailability of Standard Industry Classification (SIC) codes, community transport and transport planning are not included in the above. UK waterways is not included due to low sample sizes

Table 13: Employment projections by occupational group and gender, passenger transport, 2010-2020

Occupation	2010		2020	
	Male	Female	Male	Female
Managers and senior officials	81%	19%	79%	21%
Professional occupations	52%	48%	51%	49%
Associate professional and technical	72%	28%	71%	29%
Administrative and secretarial	38%	62%	40%	60%
Skilled trades occupations	92%	8%	92%	8%
Personal service occupations	33%	67%	37%	63%
Sales and customer service occupations	48%	52%	50%	50%
Transport and machine operatives	96%	4%	96%	4%
Elementary occupations	79%	21%	76%	24%
Total	**78%**	**22%**	**77%**	**23%**

Source: Working Futures 2010-2020 (2008), UKCES/IER/CE, electronic resource

Very little change in female representation is expected in the future, with employers predicting an increase of just one percent by 2020, to form 23 percent of the workforce (table 13).

Unlike most of the economy's sectors, female representation at senior level – relative to the proportion of the workforce they make up in each industry – is high, with poorer representation more of an issue for operational roles.

> **"We've got a female director and several female managers. It's at operational level where we have far more male drivers and that's something we'd like to look at in the future."**
>
> ***Karl Ward, Training and Development Officer, Nottingham City Transport***

However, those industries with a greater share of female employment have a relatively small proportion of women in senior roles. In travel services, for example, 70 percent of the overall workforce is female, but this falls to 44 percent of those in senior management roles (table 14).

The 2012 People 1st Employer Survey asked businesses if they had any initiatives in place to help women progress in the business. Although 35 percent reported there were none, 61 percent said they offered flexible working and the sector is particularly suited to offering a range of shift and flexible working patterns (table 15).[19] Other initiatives such as leadership training and mentoring programmes were less common.

People 1st research has shown that the most effective way to support women into senior roles is a combination of these approaches and that more needs to be done to help employers put these into practice.[20] As part of the Women 1st campaign aimed at promoting female progression in the sector, a new book 'The Little Book of Diversity: A practical guide to supporting women in the workplace' has been published. This book provides businesses with practical advice on how to overcome barriers to female progression, including how to successfully implement initiatives that help women progress in the workplace.

[19] *Recent research found that 94 percent of UK organisations now offer staff some form of flexible working and that it is now standard practice in half of the companies surveyed (cf. Institute of Leadership and Management, 2013, http://www.i-l-m.com/downloads/Research_flexibleworking_march2013.pdf).*

[20] *State of the Nation report 2013 Hospitality and Tourism. People 1st.*

Table 14: Proportion of females in the workforce and senior management positions by industry

Industry	Female proportion of workforce	Female proportion of senior management roles	Disparity
Travel services	70%	44%	-26%
Aviation	40%	29%	-11%
Driver training	24%	28%	4%
Rail	20%	25%	5%
Bus and coach	18%	25%	7%
Light rail and metro	18%	15%	-3%
Taxi and private hire	10%	26%	16%
Transport planning	N/A	24%	N/A
Community transport	N/A	34%	N/A
UK waterways	N/A	33%	N/A

Source: 2012 People 1st Employer Survey, People 1st analysis of the Labour Force Survey 2011, Office for National Statistics

Table 15: Initiatives to help women progress

	Percentage of businesses
Flexible working	61%
None	35%
Women's leadership training	15%
Networking aimed at women	15%
Mentoring programmes for women	13%
Gender awareness training	13%

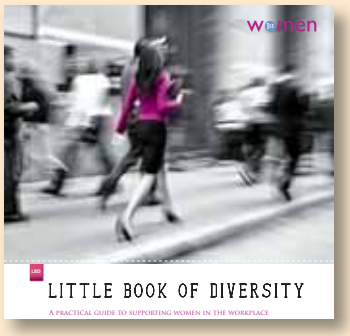
Source: People 1st Employer Survey 2012

'The Little Book of Diversity: A practical guide to supporting women in the workplace'

Over the past two years, Women 1st has been working on a practical guide to support women in the workplace. It provides advice and guidance to businesses in the service sector who are looking to increase the number of women in senior positions and to support talented female employees to achieve their career ambitions.

'The Little Book of Diversity' is packed with tips, practical ideas and case studies from companies including McDonald's, PepsiCo, Shell, and IBM – organisations that actively champion gender diversity within their management teams and reap the commercial benefits as a result.

The book builds the business case for having women in senior roles, getting the commitment of executive teams to do this, and putting together a plan to support women throughout an organisation.



For more information go to: www.women1st.co.uk

Focus on: Women in the aviation industry

Women are under-represented in critical roles in the aviation industry and this has an effect on businesses. Yet there are programmes and support available to tackle this problem and help women to enter the industry and progress in their chosen field.

This overview has been written with the help of Clare Walker, Chairman of the Royal Aeronautical Society's Women in Aviation and Aerospace Committee.

While many women are employed in the aviation industry, most undertake clerical, administration, and sales and ticketing roles. When it comes to higher skilled and higher paid jobs such as pilots, engineers, and senior management and director roles, there are very few women.

According to the Royal Aeronautical Society (RAeS), only four percent of commercial pilots are female, while less than five percent of aviation or aerospace engineers are female. However, 74 percent of cabin crew and 68 percent of ticketing staff are women.[21]

Women are better represented in NATS (formerly National Air Traffic Services), where approximately a quarter of air traffic controllers are female.[22]

Very few women make it to the most senior roles, and while there are a few currently occupying high-profile positions within leading airlines, a major problem is the lack of inspiring female role models to encourage more women into the sector.

Women 1st promotes female career progression and development in the passenger transport and travel sector. It includes training to help women progress their career, networking events, recognising women's achievements through awards, mentoring and addressing issues that affect female career progression.

The RAeS Women in Aviation and Aerospace Committee (WAAC) adopts a similar approach, providing support to women working in the industry and encouraging young women into the sector.

Its success and impact is already being seen in an increase in the percentage of women joining the Society and those seeking Fellowship.

Within the aviation industry, the top five things businesses can do to help women progress their careers include:

1) Consider undertaking gender pay audits to tackle the issue of unequal pay.
2) Produce audits on the opportunities they provide for part-time, job-sharing or other flexible posts.
3) Take action to make the work environment more female friendly.
4) Offer advice and encouragement to bosses and supervisors on how they can mentor women and encourage them to take the next step in their career.
5) Encourage women to have greater belief in themselves and their abilities/capabilities through mentors.

For more information about how Women 1st can help your business, visit www.women1st.co.uk

If you would like to learn more about the RAeS Women in Aviation and Aerospace Committee, please contact Clare Walker at waac@aerosociety.com

[21] *The Future for Women in Aviation and Aerospace (2009) RAeS.*

[22] *The Future for Women in Aviation and Aerospace (2009) RAeS.*

Table 16: Average age of those working in core sector occupations

Occupation	Age
Bus and coach drivers	49
Taxi and cab drivers and chauffeurs	48
Driving instructors	46
Train and tram drivers	44
Travel agency managers and proprietors	43
Rail travel assistants	42
Rail transport operatives	42
Air traffic controllers	41
Aircraft pilots and flight engineers	41
Air transport operatives	40
Rail construction and maintenance operatives	37
Travel agents	36
Air travel assistants	34

Source: People 1st analysis of the Labour Force Survey, 2011, Office for National Statistics

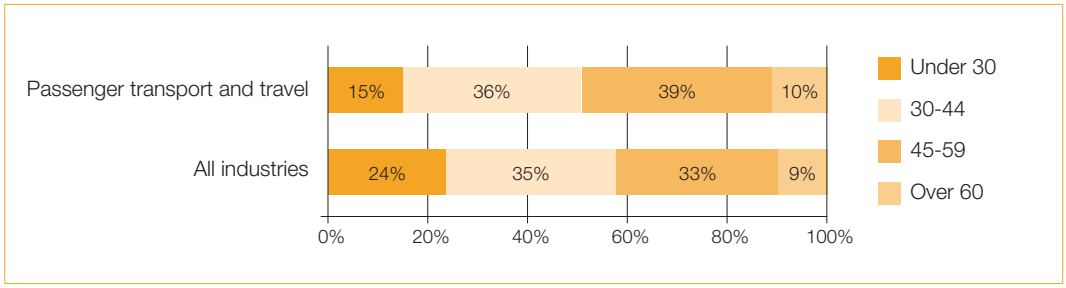
An ageing workforce

The passenger transport and travel sector has an older workforce profile than the economy as a whole; just 15 percent of the workforce is under 30 (compared to 24 percent across all industries) and 49 percent are aged over 45 (compared to 42 percent) (figure 14).

In the economy as a whole, the average age within the workforce is 41 and, with the exception of a few roles, for many of the sector's core occupations the average age is above this (table 16). Bus and coach drivers are the oldest on average (49 years), followed by taxi and cab drivers and chauffeurs (48).

The travel industry has a vastly different age profile to passenger transport industries, with the average age of travel agents being 36. This may be because there are more opportunities for young people to join this industry, either direct from college or through entry-level schemes such as apprenticeships.

Figure 14: Age breakdown



Source: People 1st analysis of the Labour Force Survey, 2011, Office for National Statistics
Note: Due to the unavailability of Standard Industry Classification (SIC) codes, community transport and transport planning are not included in the above. UK waterways is not included due to low sample sizes

There are a number of reasons the passenger transport industry employs an older workforce. All driving occupations require a licence and have minimum age restrictions. For example, bus drivers need to be 18 to pass their Passenger Carrying Vehicle (PCV) test and drive a bus. This means that employers are unable to recruit school leavers. Even at 18, those with a driving licence will have limited road experience compared to older drivers and the nature of shift work and weekend work will be less attractive for younger workers. As a result, bus drivers tend to be older.

"Being a bus driver is not a first time job for people. We don't tend to recruit young people as drivers because they don't have as much road experience and we also found they are less committed to working weekends and evenings. So it tends to be your fourth or fifth job."

Karl Ward, Training and Development Officer, Nottingham City Transport

Pilots and air traffic control officers are also subject to age restrictions, but many begin training after college because of the time and cost involved.

These factors, combined with low rates of labour turnover, mean that businesses need to think about how they will replace employees approaching retirement age. While the impact of changes to the retirement age is not clear, there is no doubt that the sector needs to look at ways to ensure they have a skilled workforce in the longer term. Businesses will need to create ways to bring people into the industry, create career pathways to develop them, look at alterative labour pools such as ex-armed forces personnel or people who need a job that can give them flexibility, and develop ways to transfer specialist and technical knowledge to the next generation of workers.

"It's an interesting demographic, there are a lot of older people in the industry, and as an industry we're not attracting as many younger people as we need to, so there's an age challenge building up there. There's also a challenge in the gender divide. How does our industry make it interesting to women and to younger people as a first career and not their second or third careers, as people and their expectations and employment change? Here at trentbarton we've had some success in addressing these imbalances, in helping to promote the idea that we can provide an interesting, worthwhile and secure career for people across the age and gender divides, putting people first."

Guy Gibson, Head of Training, Trent Barton

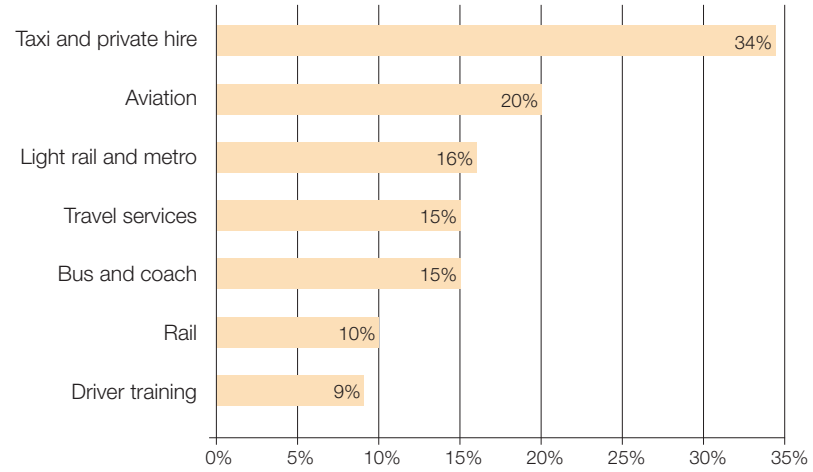
Apprenticeships are one way businesses can tackle this issue and, while not suitable for all occupations, they do offer opportunities to recruit and train people who are new to the sector. Industries could follow the lead of railway engineering, which has boosted apprenticeships over the last year after recognising that a large proportion of rail engineers are approaching retirement age.

Migrant workers

Across the passenger transport and travel sector, 20 percent of workers were born outside of the UK or Republic of Ireland. This is higher than the average seen across the economy (14 percent). The average is raised substantially by the high proportion (34 percent) of migrant workers based in its largest industry, taxi and private hire (figure 15).

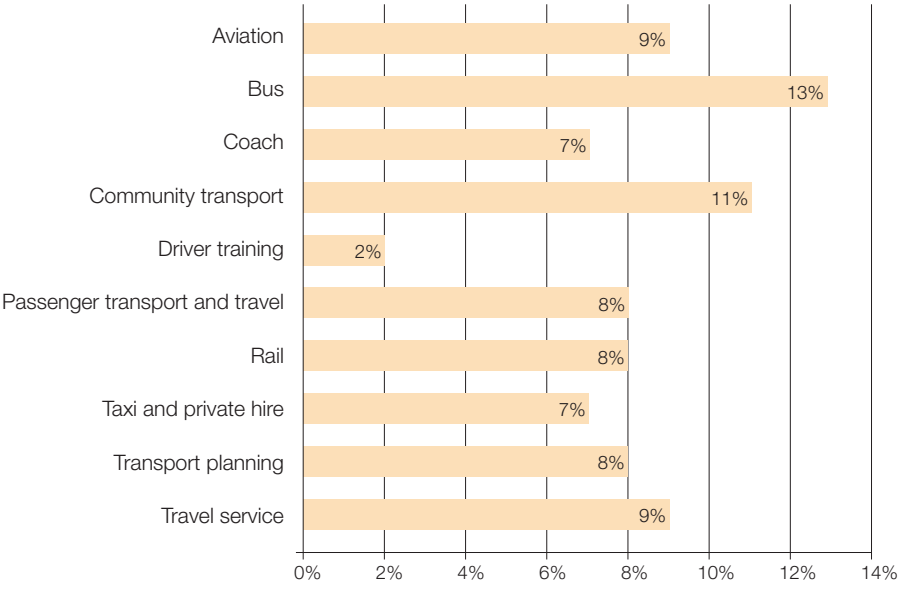
According to the 2012 People 1st Employer Survey, on average eight percent of businesses employed staff from outside the European Union (figure 16). This was highest in London (23 percent), which reflects the larger migrant population, but lowest in areas such as Wales and the North East of England (both one percent each). Employers in the bus industry were most likely to employ migrant staff from outside the EU (13 percent).

Figure 15: Proportion of migrant workers across sector industries, 2011



Source: People 1st analysis of the Labour Force Survey, 2011, Office for National Statistics
Note: Due to the unavailability of Standard Industry Classification (SIC) codes, community transport and transport planning are not included in the above. UK waterways is not included due to low sample sizes

Figure 16: Proportion of businesses employing staff from outside the EU



Source: 2012 People 1st Employer Survey
Note: Light rail and metro and UK waterways not included due to small sample sizes

Qualifications

Compared to the economy as a whole, passenger transport and travel staff generally have lower levels of qualifications, although there are differences depending on occupation and industry. Compared to all sectors of the economy, just 23 percent of the workforce is qualified to NVQ Level 4 or above (compared to 38 percent), while 22 percent is qualified to NVQ Level 1 (compared to 15 percent) (table 17).

To a certain extent this is because of the lower qualifications some of the occupations within the sector require, but could potentially also indicate difficulties in recruiting the right kind of staff and possible skills shortages (see chapters 3 and 4).

By core sector occupation (table 17) aircraft pilots and flight engineers (60 percent are qualified to Level 4 or above) and travel agency managers and owners (40 percent qualified to Level 4) are among the most highly qualified workers.

With 72 percent of bus and coach drivers qualified up to and including NVQ Level 2, they are among the least qualified of the sector's occupations. Taxi and cab drivers and chauffeurs have the largest proportion of employees with no recognised qualifications. They also represent the greatest proportion with entry level and level 1 qualifications (45 percent in total).

However, it is important to recognise that most statutory driver training, for example, is not included in the NVQ framework. Moreover, although qualification levels may be lower, these occupations still require an amount of professionalism and skill that is often undervalued.

To help improve the perception and the standard of training offered for these positions, People 1st has set up a number of Licence to Practise initiatives, which cover key occupations in taxi and private hire, PCV driver training, community transport, bus station staff and aviation. They ensure staff achieve industry standard qualifications and training to carry out their role and help them gain recognition for their professional status.

Table 17: Level of highest qualification by core sector occupations

	NVQ Level 4 and above	NVQ Level 3	NVQ Level 2	NVQ Level 1 and entry level	No qualifications
Aircraft pilots and flight engineers	60%	28%	9%	4%	0%
Travel agency managers and owners	40%	25%	23%	10%	2%
Air traffic controllers	39%	36%	11%	14%	0%
Air travel assistants	31%	23%	34%	12%	0%
Travel agents	25%	37%	22%	14%	2%
Driving instructors	24%	18%	27%	28%	3%
Rail travel assistants	22%	14%	22%	38%	4%
Air transport operatives	17%	23%	24%	29%	7%
Rail transport operatives	14%	28%	32%	20%	7%
Taxi and cab drivers and chauffeurs	13%	16%	25%	28%	17%
Train and tram drivers	11%	20%	36%	27%	7%
Rail construction and maintenance operatives	8%	23%	37%	21%	10%
Bus and coach drivers	6%	22%	40%	27%	5%
Passenger transport and travel	**23%**	**21%**	**26%**	**22%**	**7%**
All sectors	**38%**	**20%**	**21%**	**15%**	**6%**

Source: People 1st analysis of the Labour Force Survey, 2011, Office for National Statistics
Note: Due to the unavailability of Standard Industry Classification (SIC) codes, community transport and transport planning are not included in the above. UK waterways is not included due to low sample sizes

Raising professionalism: Licence to Practise for taxi and private hire drivers

Over the last year People 1st has been working closely with employers and industry partners in the taxi and private hire industry to develop a Licence to Practise scheme for drivers. The scheme aims to address the low levels of training in this industry, improve the uptake and quality of nationally recognised qualifications, and raise the professionalism of drivers.

Through the Licence to Practise scheme, drivers will complete a nationally recognised qualification that accredited colleges and training providers deliver. They will then be able to register and promote their professionalism through a National Register of Professional Taxi and Private Hire Drivers. The register is held on the www.careersthatmove.co.uk website.

The scheme will help provide a consistent approach, allowing authorities to be confident that the qualifications their drivers hold have been delivered to a high standard.

Addressing the lack of training culture

Historically there has been no culture of training in the taxi and private hire industry. Merseylearn and Unionlearn started to address this eight years ago by bringing together a network of training providers to deliver nationally recognised qualifications for the industry.

They also worked with licensing authorities to introduce this as a requirement to become a taxi or private hire driver.

Tony Norbury, learning support/project officer at Merseylearn, Merseytravel, has worked with the taxi and private hire industry in Merseyside for many years and was involved in the development of the Licence to Practise scheme.

"We wanted to change the perception and professionalism of the job and thought that by putting training in place, we would produce better quality drivers and a better quality trade overall," said Tony.

Raising the standards of training

While there were some fantastic training providers, the delivery methods of others were not suitable for the industry and the quality was variable. Tony was keen to work with People 1st to develop an accreditation scheme for training providers that would help raise the standard of training and ensure consistent high quality delivery.

"The industry has needed this accreditation scheme for a long time. It will give licensing authorities and operators reassurance about the quality of training and recognised training providers will be seen as the training providers of choice," he said.

Raising the professionalism of drivers

The national register gives drivers a professional identify, enabling them to register their qualifications, promote their professionalism and giving them access to a range of support and career advice.

For more information visit:
www.careersthatmove.co.uk/licence-to-practise

Average earnings

The average earnings across passenger transport and travel were £35,661 in 2012, which represents a four percent increase on 2011 and a higher increase than the UK economy average (which remained unchanged). However, different occupations and industries showed significant variations (table 18).

Highly skilled occupations such as pilots, air traffic control, and train and tram drivers are at the top end of the scale, while operational roles such as bus and coach and taxi and private hire drivers are at the lower end.

Travel agents are paid the lowest on average at £19,730 per year, and travel agent managers and proprietors have experienced significant decreases (20 percent in 2012), most likely due to consolidation and restructuring in the industry. Despite a mixed picture in the driver training industry (growth in business numbers but a contraction in workforce numbers), the average salary of a driving instructor increased by 15 percent.

Table 18: Average gross pay (full-time workers)

	2011	2012	Proportional change
UK economy average	32,691	32,708	0%
Aircraft pilots and flight engineers	70,738	79,471	12%
Air traffic controllers	61,200	65,871	8%
Train and tram drivers	41,595	44,503	7%
Rail transport operatives	35,488	39,361	11%
Rail construction and maintenance operatives	33,257	34,999	5%
Travel agency managers and proprietors	42,882	34,402	-20%
Rail travel assistants	31,306	31,730	1%
Driving instructors	27,478	31,544	15%
Air transport operatives	25,948	28,422	10%
Other drivers and transport operatives not elsewhere classified	27,192	27,411	1%
Leisure and travel service occupations not elsewhere classified	23,623	26,098	10%
Air travel assistants	26,320	26,080	-1%
Bus and coach drivers	23,441	23,889	2%
Taxi and cab drivers and chauffeurs	22,384	21,408	-4%
Travel agents	19,861	19,730	-1%
Passenger transport and travel average*	34,181	35,661	4%

Source: Annual Survey of Hours and Earning 2011-2012, Office for National Statistics
**An average of the listed occupations*

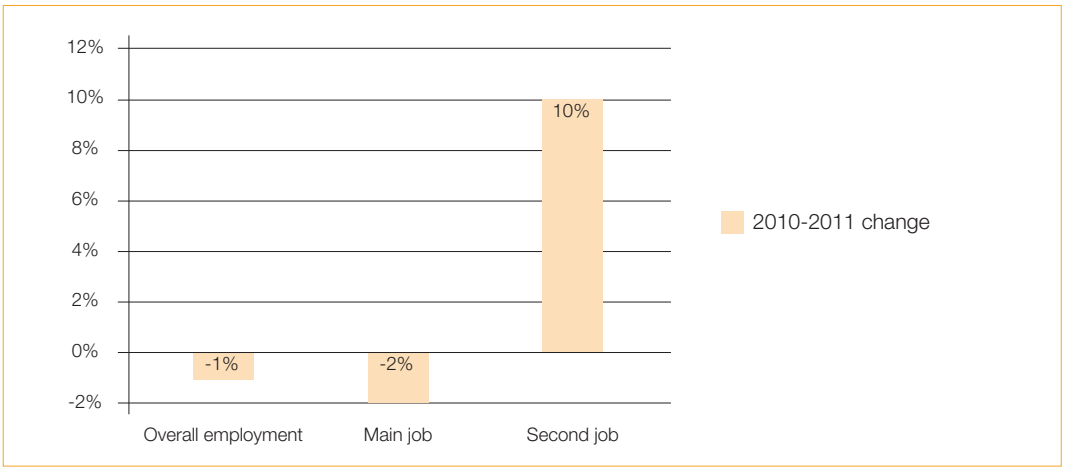
Second jobs

The analysis of the latest employment figures shows that there has been an increase in the number of people working in the sector as a second job, a trend driven by the economic downturn and rising living costs. While the overall sector workforce decreased by one percent between 2010 and 2011 and the proportion working in the sector as their main job fell by two percent, the proportion working in the sector as a second job increased by ten percent (figure 17).

This phenomenon is most pronounced in the taxi and private hire industry. In the same period the overall workforce grew by five percent. The proportion of those working in the industry as their main job increased by three percent, but the proportion of those in second jobs increased by 123 percent from the previous year.[23]

It is not clear which occupations people working in second jobs are undertaking, however the taxi and private hire industry offers good opportunities to work flexibly both as a driver and as a call handler. The relatively low barriers to entry can create the perception that working as a driver in the taxi and private hire industry is a quick and easy way to earn an additional income. However, this trend can impact on the level of professionalism in the industry, which is why the Licence to Practise initiative is looking to introduce formal qualification recognition for drivers.

Figure 17: Workforce by employment type, net change 2010-2011



Source: People 1st analysis of the Labour Force Survey, 2011, Office for National Statistics
Note: Due to the unavailability of Standard Industry Classification (SIC) codes, community transport and transport planning are not included in the above. UK waterways is not included due to low sample sizes

[23] *People 1st analysis of the Labour Force Survey, 2011, Office for National Statistics.*

Summary

The passenger transport and travel sector accounts for three percent of the UK's total workforce, or approximately 807,400 jobs. Its numbers have remained relatively stable between 2010 and 2011, but there have been significant variations across industries, due in part to their different workforce characteristics.

The sector has an older workforce profile than the economy as a whole; just 15 percent of staff are under 30 compared to 24 percent across the economy. The sector is also heavily male dominated and low levels of labour turnover and age restrictions in some industries contribute to limited opportunities and entry routes for new workers.

The sector workforce also has lower levels of qualifications on average, which impacts productivity and average earnings in certain industries and occupations. With 72 percent of bus and coach drivers qualified up to and including NVQ Level 2, they are among the least qualified of the sector's occupations, while taxi, cab drivers and chauffeurs have the largest proportion of employees with no recognised qualifications.

These factors can make the sector a less attractive career option. With an ageing workforce it is vitally important that the industry attracts new people and builds career pathways now to ensure a skilled and productive workforce in the future.

This is emphasised by the fact that projections estimate an additional 186,300 people will need to be recruited over the next seven years (2013-2020), most of which will be replacement demand (30 percent of the total current workforce).

Implications for employers

- Businesses need to act now to plan for the future workforce. Proper succession planning is needed to bring new people into the industry with the right skills
- Think about up-skilling existing staff and training new staff to replace people who will be retiring
- Consider alternative labour pools, including women and the unemployed, and how they could be encouraged to develop a career in the sector
- Recognise training outside of the NVQ framework to provide skills, training and development opportunities for employees with lower qualifications
- Consider recruiting unemployed people who have successfully completed sector-specific pre-employment programmes
- Employers need to consider the career pathways they offer into their business and then how employees are able to progress to ensure they attract the right staff and develop them to industry standards.

3 Recruitment and Retention

Introduction

Since our previous report in 2012 the economic outlook has remained largely unchanged. Recruitment levels in the passenger transport and travel sector have remained low and are in line with the rest of the economy.

Overall, vacancies have become easier to fill due to the competitive job market and availability of applicants, but there are still concerns about skills shortages in certain occupations and particular areas, such as technical roles and customer service, and how these may impact the sector's future growth and competitiveness.

The challenge remains to address these skills shortages and to recruit and retain the right staff with the right skills. Labour turnover is relatively low, which could be due to a number of factors, such as the specialised training required for certain roles, the economic climate that encourages people to remain in their existing role, and the flexible working conditions and benefits offered in some parts the sector. However, with an ageing workforce adequate succession planning is needed if employers are to address possible skills shortages and hard-to-fill vacancies in the future. Some industry and occupational characteristics demonstrate that it is not sufficient just to retain staff; there is also a need to engage and train them where qualification, training and productivity levels are lower.

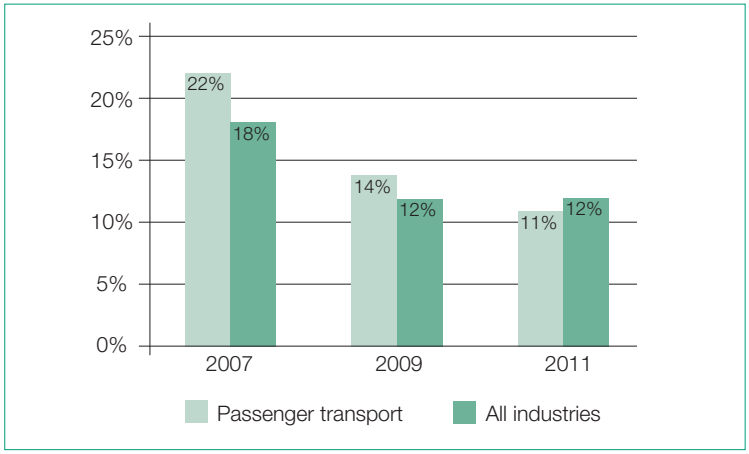
As the economy takes its first tentative steps towards growth, it will also be important to tackle barriers to recruitment in the sector in ways that engage younger people. Negative perceptions of the sector based on some of its workforce characteristics, lack of clear entry routes, barriers to entry, and the absence of career development pathways mean that fewer school, college and university leavers are being recruited. Planning for the future and building career pathways to attract and recruit the next generation will be a key challenge.

This chapter examines these factors, looking at recruitment activity, vacancy levels, hard-to-fill vacancies and skills shortages, and the recruitment challenges specific industries face. It then looks at entry routes into the sector, perceptions of work readiness among recruits, and labour turnover.

Vacancy levels

The passenger transport and travel sector continues to experience low levels of recruitment activity. According to the Employer Skills Survey 2011, 11 percent of passenger transport businesses in the UK had at least one vacancy at the time of the survey, which is comparable with the all-industry average (12 percent) (figure 18). Although no directly comparable historical data is available, previous skills surveys suggest that the proportion of employers with vacancies has fallen considerably in recent years.

Figure 18: Businesses with vacancies, 2007-2011



Sources: National Employer Skills Survey, 2007, Learning and Skills Council; National Employer Skills Survey 2009, UK Commission for Employment and Skills; People 1st analysis of the Employer Skills Survey, 2011, UK Commission for Employment and Skills

In 2007, for example, 22 percent of businesses reported vacancies,[24] although this had fallen to 14 percent in 2009.[25]

> **"Recruitment activity has been much lower because people aren't moving about as much and we have had better retention of drivers and therefore fewer vacancies."**
>
> ***Karl Ward, Training and Development Officer, Nottingham City Transport***

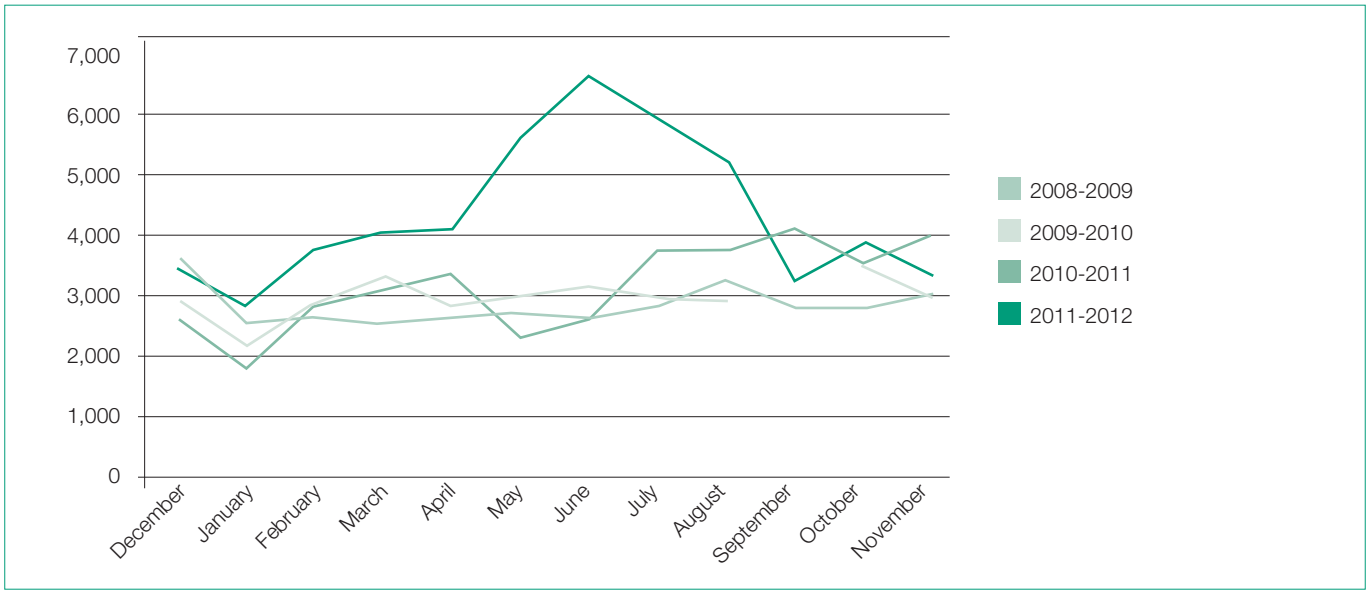
This lower level of recruitment activity may have reflected the reduction in workforce numbers experienced up to 2011 in industries such as travel services and bus and coach.[26] The trend in vacancies coincides with the economic downturn, which may have helped staff retention and reduced the need to recruit replacement staff. However, employers should use this as an opportunity to engage and train staff to prepare for the eventual upturn in the economy and plan for the replacement of an ageing workforce.

Figure 19 provides a further indication of the job market and illustrates the number of sector-related roles advertised in Jobcentres in recent years. The latest figures are more positive and suggest that the number of sector-related jobs advertised has risen in 2011-2012.

Throughout May, June, July and August 2012 there was a considerable peak in advertisements, which coincided with key public events such as the London 2012 Olympic and Paralympic Games and the Queen's Diamond Jubilee celebrations.

These vacancies can mostly be attributed to a large rise in recruitment for travel agents and bus and coach drivers, following the reported decreases in the workforce in these industries in 2011 (chapter 2). The number of travel agents jobs advertised increased from 927 in May-August 2011 to 6,645 in May-August 2012, and the trend is consistent with the growth previously reported in the number of travel service businesses. Jobs advertised for bus and coach drivers rose from 4,796 to 8,241 during the same period, partly due to an increase in recruitment particularly of temporary drivers before and during the Olympics.

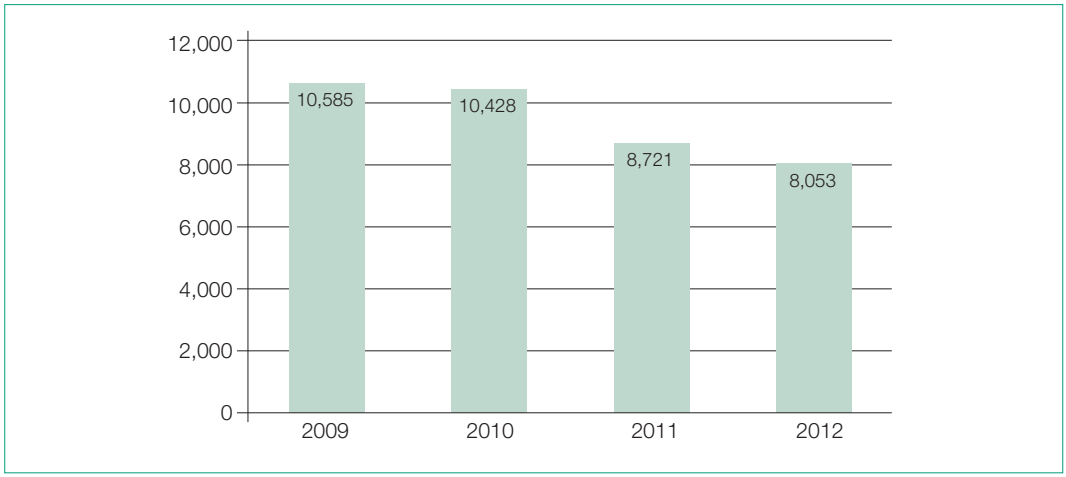
Figure 19: Unfilled passenger transport and travel vacancies advertised by Jobcentre Plus, Great Britain



Source: Jobcentre Plus, 2008-09 – 2011-12, Office for National Statistics

[24] *National Employer Skills Survey, 2007, Learning and Skills Council. Please note that this refers to passenger transport in England only.*
[25] *National Employer Skills Survey 2009, UK Commission for Employment and Skills. Please note that this refers to passenger transport in England only.*
[26] *People 1st analysis of the Labour Force Survey, 2011, Office for National Statistics.*

Figure 20: Number of jobseekers looking for work in the sector, monthly average 2009-2012, UK



Source: Jobcentre Plus, 2009-2012, Office for National Statistics[27]

Figure 20 shows that the number of registered unemployed people that have been looking for work in the sector through Jobcentre Plus has fallen in recent years, from a monthly average of 10,585 in 2009 to 8,053 in 2012. Despite the drop, unemployed people still represent a significant pool of workers who could fill vacancies and, as we discuss later, sector employers are actively recruiting them.

Three quarters (74 percent) of those looking for work in the sector are looking for one of four jobs:

- Bus and coach drivers (monthly average of 2,216)
- Taxi and cab drivers and chauffeurs (1,569)
- Rail construction and maintenance operatives (1,127)
- Travel agents (1,037)

It is notable that the first two industries tend to employ a workforce with lower formal qualification levels (see chapter 2) and there are lower barriers to entry to these industries. Many drivers enter late in their career and are recruited for their driving experience.

Addressing training needs for unemployed people in these industries will be important to make sure that recruitment issues are not compounded. Given the reliance on unemployed candidates for new recruits, making sure they are provided with basic pre-employment training to prepare them for work in the sector could help ensure they already have some of the right skills for the job.

Hard-to-fill vacancies

The Employer Skills Survey 2011 shows the passenger transport and travel sector's recruitment profile has fared slightly better than the economy as a whole. This profile includes the proportion of vacancies, hard-to-fill vacancies and skills shortages.

Four percent of employers have hard-to-fill vacancies (the same as the economy as a whole), while just two percent have vacancies that are due to a lack of skills, qualifications or experience among applicants (i.e. skills shortage vacancies). This is slightly lower than the three percent reported in the overall economy.

20 percent of all vacancies were hard-to-fill, while 11 percent were attributed to skills shortages – both figures are lower than the overall economy averages (table 19). This is more positive than previous years and reflects lower recruitment levels and the more competitive job market.

[27] *Based on the following SOC (2000) codes: 1226 Travel agency managers, 3511 Air traffic controllers, 3512 Aircraft pilots and flight engineers, 3514 Train drivers, 6212 Travel agents, 6214 Air travel assistants, 6215 Rail travel assistants, 8143 Rail construction and maintenance operatives, 8213 Bus and coach drivers, 8214 Taxi, cab drivers and chauffeurs, 8215 Driving instructors, 8216 Rail transport operatives, 8218 Air transport operatives.*

Table 19: Recruitment profile, UK

	Passenger transport and travel	Whole economy
Employers with vacancies	11%	12%
Employers with hard-to-fill vacancies	4%	4%
Employers with skills shortage vacancies	2%	3%
Hard-to-fill vacancies as a proportion of vacancies	20%	23%
Proportion of vacancies that are skills shortage vacancies	11%	16%

Source: People 1st analysis of the Employer Skills Survey, 2011, UK Commission for Employment and Skills

Using a slightly different measure, the latest 2012 People 1st Employer Survey found that eight percent of passenger transport and travel businesses reported hard-to-fill vacancies in the previous 12 months.[28] This has dropped from 14 percent in the previous year as employers find it easier to recruit.[29]

Across the nations, eight percent of employers in both England and Scotland reported hard-to-fill vacancies in the last 12 months. Although based on smaller samples, this rose to 12 percent in Northern Ireland and 16 percent in Wales. In the English regions, the North West (20 percent) and London (15 percent) had above sector average rates.

Reasons for hard-to-fill vacancies

There are a number of reasons a vacancy may be hard-to-fill. Our research shows that the most commonly cited reason was the low number of applicants with the skills needed to do the job, indicative of skills shortages in the sector, which was mentioned by 30 percent of businesses with hard-to-fill vacancies.

21 percent of employers found that applicants did not have the right attitude, motivation or personality, which suggests it is difficult to attract the 'right people' with the necessary personal attributes for the job (table 20). A similar proportion reported that applicants lacked relevant work experience, or the relevant qualifications (both 19 percent). Encouragingly, just two percent of employers felt that negative perceptions of the industry were contributing to hard-to-fill vacancies.

Table 20: Main reasons for having hard-to-fill vacancies

Reason for hard-to-fill vacancies	
Low number of applicants with the required skills	30%
Low number of applicants with the required attitude, motivation or personality	21%
Lack of relevant work experience	19%
Lack of relevant qualifications	19%
Not enough people interested in doing this type of job	9%
Job entails shift work or unsociable hours	9%
Low number of applicants generally	6%
Poor terms and conditions (e.g. pay) offered for post	5%
Too much competition from other employers	4%
Remote location or poor public transport	3%
Negative perceptions of working in this industry	2%
Seasonal work	2%
Lack of awareness of career opportunities in the industry	1%

Source: 2012 People 1st Employer Survey

[28] *Respondents were asked if they had a hard-to-fill vacancy in the previous 12 months, rather than just at the time of interview.*

[29] *The previous result excludes travel employers.*

Hard-to-fill vacancies by occupation and industry

Occupations

Hard-to-fill vacancies in passenger transport and travel are centred on a number of very specific occupations.

Table 21 shows that taxi and cab drivers and chauffeurs are the most difficult occupation to recruit for in the sector; 34 percent of businesses with hard-to-fill vacancies had struggled to recruit for this role. Among employers with hard-to-fill vacancies in the bus and coach industries, one in ten had experienced difficulties recruiting bus and coach drivers. To a lesser extent, travel agents (eight percent) and travel agency manager/ proprietor occupations (four percent) were also difficult to recruit. Some of the reasons for these difficulties are explored below.

Table 21: Hard-to-fill vacancies by occupations

Occupation	
Taxi and cab drivers and chauffeurs	34%
Bus and coach drivers	10%
Travel agents	8%
Travel agency managers and proprietors	4%
Rail construction and maintenance operatives	2%
Drivers and transport operatives	2%
Driving instructors	2%

Source: 2012 People 1st Employer Survey

Industries

Coach industry employers were most likely to report hard-to-fill vacancies, followed by taxi and private hire employers (table 22).

Table 22: Proportion of employers with hard-to-fill vacancies in previous 12 months

Industry	Employer with hard-to-fill vacancies
Coach	14%
Taxi and private hire	12%
Bus	8%
Light rail and metro	8%
Aviation	7%
Travel services	6%
Transport planning	6%
Rail	5%
Driver training	3%
Passenger transport and travel (sector)	8%

Source: 2012 People 1st Employer Survey
Note: UK waterways and community transport are not reported due to small sample sizes

Taxi and private hire

The taxi and private hire industry is finding it marginally easier to fill vacancies, with 12 percent of businesses reporting hard-to-fill vacancies compared to 14 percent in 2011. The main reason for hard-to-fill vacancies was related to attitude, personality and motivation (29 percent), suggesting that the industry struggles to find the right people for the job.

While there are many people looking for work in this industry, which offers some flexibility and the prospect of self employment, employers have previously reported difficulties related to the cost of licences and insurance. They also noted issues with English language skills, which is perhaps unsurprising given the high proportion of migrant workers in the industry (see chapter 2).

Unsociable hours and shift work were also reported by 15 percent of employers as a reason for hard-to-fill vacancies, although the recent increase in the number of people working in this industry as a second job may help meet employers' needs.

Employers in this industry were twice as likely to cite competition from other employers as a factor in hard-to-fill vacancies (eight percent compared to four percent for the sector).

Coach

The coach industry suffers from the highest rate of hard-to-fill vacancies across the sector, with 14 percent of employers reporting difficulties, which remains static from last year. The main reason vacancies are proving hard-to-fill is a lack of applicants with the required personal attributes (attitude, motivation or personality), which 30 percent of employers reported. Compared to other industries coach employers were more likely to point to a lack of relevant qualifications among applicants (29 percent), which may reflect new legislation and requirements for driver training in this industry (e.g. Driver CPC).

With its links to tourism and hospitality, the coach industry understandably emphasises customer service and personal attributes along with driving ability when recruiting staff, particularly for drivers operating coach holiday tours. A personable coach driver will often be central to the holiday experience and many double as tour guides.

This can represent a difficult blend of skills for employers to find in applicants. Where in the past coach drivers were typically recruited from the bus industry, qualification requirements have since changed and some employers now find it easier to recruit externally on the basis of the right personality, attributes and approach to customer service, and train new staff in the other aspects of the job.

Bus

In contrast, recruitment has become much easier for the bus industry, with the number of employers with hard-to-fill vacancies falling from 17 percent in 2011 to eight percent in 2012. The main reason vacancies are hard-to-fill is that potential staff do not have the right attitude, motivation and personality (42 percent), which was the highest reported figure across all sector industries. As a customer facing industry, these attributes will clearly be important as passengers have come to expect increasingly high levels of customer service.

20 percent of bus employers also reported a lack of experience, followed by a lack of qualifications (18 percent), both of which were close to the sector average. Bus employers were more likely to cite poor terms and conditions (including pay) as reasons for hard-to-fill vacancies. In recent years interviews with employers also suggest difficulties filling engineering vacancies and finding staff such as depot managers with bus industry experience.

Other industries

The light rail and metro industry experiences the same level of hard-to-fill vacancies as the sector as a whole (eight percent). Difficulties in recruitment tend to be around a lack of relevant experience due to the somewhat small, albeit growing, nature of the industry; however there is generally no shortage of applicants.

For the rail industry, just five percent of employers report hard-to-fill vacancies, which is lower than reported last year (10 percent). These are most likely to be specialist engineering roles and front-facing operatives where customer service and communication skills are not at the level required.

Rail, and light rail and metro have the lowest rates of labour turnover across the sector and have high rates of internal recruitment, making it much easier to fill vacancies.

The aviation industry is also finding it easier to recruit, with seven percent reporting vacancies compared to 11 percent in 2011. A lack of applicants with the required skills is the main cause of difficulties (61 percent) and employers have reported problems finding applicants with the required combination of technical and customer service skills. This industry tends to be perceived better overall, but it needs clearer career pathways for existing and new recruits.

Skills lacking among applicants

Although only a relatively small proportion of businesses have skills shortage vacancies (two percent), more than half (57 percent) of hard-to-fill vacancies within passenger transport are due to skills shortages among applicants (table 23). This is lower than the rest of the economy and suggests that the high number of applicants is making it easier to find people with the skills businesses need. However, as we look to the future and consider how the sector will address these shortages in light of an ageing workforce, which will accelerate the need to replace staff in the coming years, it remains a concern.

As might be expected, the most difficult skills to find among applicants are those specific to the job (reported by 55 percent of those with skills shortage vacancies), with customer handling the next most difficult skill to find (52 percent) (figure 21).

As a service industry, many roles across passenger transport and travel are customer facing, so it is unsurprising that customer service is a skill that applicants need. As we reported last year, the sector needs to become increasingly customer-focused to address changing customer values, behaviours and rising expectations.

Interviews with employers suggest that some struggle to find applicants with both customer care and the technical or job-specific skills required. As suggested earlier, it may be better to recruit on the basis of one skill (customer focus or personal attributes) and train for the other (technical or operational skills).

The required customer service skills also vary by occupation and industry; for example, aviation security officers will need to provide a different type of customer service to those working in check-in operations or to community transport drivers, who require a more caring, person-centred approach.

Customer service and the need to provide a personalised experience is also becoming more important in the travel services industry. Many businesses in this industry recognise that customers want not only a high-tech, but also a high-touch approach to customer service.[30] This will involve travel professionals combining a more personal and tailored service with the ability to access information and make bookings conveniently online. Travel agencies in particular are recognising the importance of this multi-channel approach and many are adapting their operations accordingly.

There are further examples of the sector becoming more customer-focused, such as the increasing use of social media to engage with passengers, and provide information and updates. A further example is the introduction of changes to service shift patterns to ensure staffing levels are responsive to customer demands at all times.

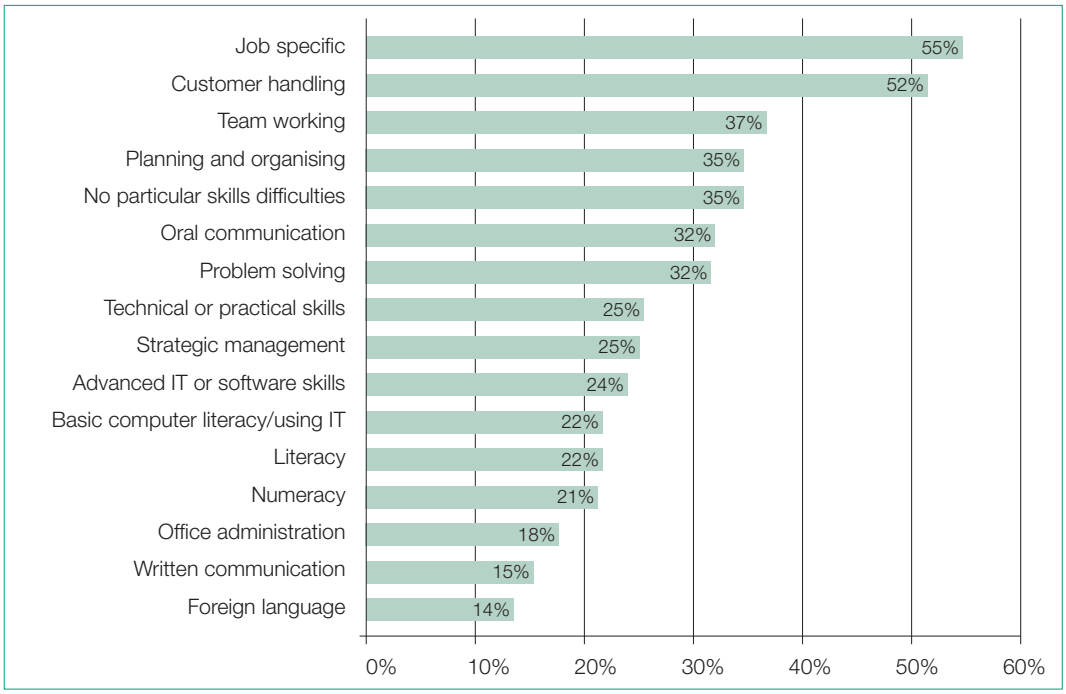
Table 23: Skills shortage vacancies

	Passenger transport and travel	Whole economy
Number of skills shortage vacancies	1,300	103,500
Skills shortage vacancies as a proportion of all vacancies	11%	16%
Skills shortage vacancies as a proportion of hard-to-fill vacancies	57%	72%
Proportion of establishments with skills shortage vacancies	2%	3%

Source: People 1st analysis of the Employer Skills Survey, 2011, UK Commission for Employment and Skills

[30] *The Independent, http://www.independent.co.uk/travel/news-and-advice/thomas-cook-promises-hitech-focus-on-city-breaks-after-news-of-agency-closures-and-redundancies-8532153.html Accessed 26 March 2013.*

Figure 21: Skills lacking or difficult to find among applicants



Source: People 1st analysis of the Employer Skills Survey, 2011, UK Commission for Employment and Skills

Some sources suggest there is still considerable room for improvement in customer service in certain parts of the sector, while others suggest a steady improvement. A recent report from consumer group Which? found that more than half of train companies have a customer satisfaction score of 50 percent or lower.[31] Research from the RAC Foundation suggests that price may be a factor.[32] While overall customer satisfaction has increased steadily in the last decade (from just under 70 percent in 2001 to 83 percent in 2012), satisfaction with price has remained largely unchanged over the same period (42 percent). This suggests that customer expectations are rising as fare prices increase, but that passengers believe there has not been a corresponding improvement in customer service standards (or other measures) to provide value for money.

Elsewhere, independent research commissioned by Stagecoach reported overall customer satisfaction levels of 84 percent among bus and coach passengers who use a number of different operators.[33] Satisfaction with value for money was lower, between 48 percent and 56 percent, depending on the bus operator.

Entering the workforce

The sector draws on a range of different recruitment methods and labour pools, which vary by industry and type of occupation. The 2012 People 1st Employer Survey asked what kind of applicants businesses recruited during the last 12 months. Employers most often reported that they had recruited the previously unemployed (15 percent), which sits well with the fact that many unemployed people are looking for work in the sector according to the Jobcentre Plus data in figure 20.

Employers in the community transport and bus and coach industries were significantly more likely to have recruited the unemployed, some of whom may require pre-employment training (for example, new entrants to the sector or the long-term unemployed) (table 24).

Only a small proportion of employers recruited school leavers (six percent), college leavers (seven percent) or university leavers (seven percent), although there is some variation by industry. Overall, these figures highlight the limited extent to which young people are entering the workforce.

[31] *http://www.bbc.co.uk/news/uk-21494270 Accessed 26 March 2013.*

[32] *National Rail Passenger Survey Data Analysis, RAC Foundation, December 2012.*

[33] *http://www.stagecoach.com/media/news-releases/2013/2013-04-01.aspx Accessed 21 May 2013.*

Employment 1st for passenger transport

While passenger transport employers have reported that it has been easier to recruit, the shortage of work-ready applicants remains a concern. To fill this gap, the sector needs to find fresh talent with the right attitude, skills and qualifications to meet employers' needs.

Employment 1st for passenger transport was developed by People 1st with full backing and input from employers to meet the sector's request for a consistent standard of pre-employment training across the UK.

Individuals undertaking the Employment 1st for passenger transport programme receive the preparation the sector requires before they start working in their role. The programme also helps businesses identify staff members that demonstrate a great attitude to finding a job.

The programme consists of 60 hours training, which provides an introduction to passenger transport. It can be delivered over two weeks full-time or four weeks at 15 hours per week.

The training covers the four main passenger transport industries where recruitment issues have been identified:

- Aviation
- Bus and coach
- Rail
- Taxi and private hire

Employers that want to recruit talented and trained indivuduals that have the right skills and attitude to be successful in their role can embed Employment 1st in their company's own recruitment and training programmes. Employers can do this by making use of the extensive Employment 1st training delivery material available from People 1st.

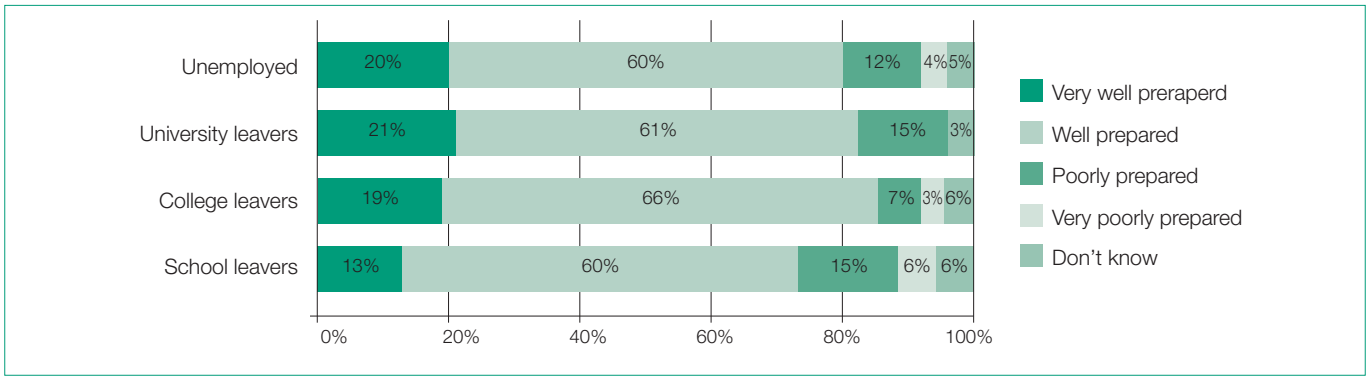
The passenger transport sector's careers guidance site, Careers that Move, also provides a portal for employers to find great candidates in their area that have completed the Employment 1st programme. For more information, visit www.careersthatmove.co.uk/employment1st

Table 24: Recruitment of young people and the unemployed in the last 12 months, by industry

Industry	School leavers	College leavers	University leavers	Unemployed
Aviation	7%	3%	10%	20%
Bus	5%	6%	9%	30%
Coach	11%	10%	3%	24%
Community transport	2%	9%	9%	40%
Driver training	1%	2%	2%	10%
Rail	11%	12%	8%	16%
Taxi and private hire	2%	1%	3%	13%
Transport planning	0%	5%	5%	6%
Travel services	8%	10%	10%	12%
UK waterways	0%	19%	0%	29%
Light rail and metro	*	*	*	*
Passenger transport and travel total	**6%**	**7%**	**7%**	**15%**

Source: 2012 People 1st Employer Survey
** Low base size*

Figure 22: Work readiness



Source: 2012 People 1st Employer Survey

Table 25: Reasons applicants were poorly prepared

	School leavers	College leavers	University leavers	Unemployed
Lack of life experience or maturity (including general knowledge)	76%	41%	67%	27%
Poor attitude/personality or lack of motivation (e.g. poor work ethic, punctuality, appearance, manners)	44%	58%	32%	41%
Lack general soft skills (e.g. team working, communication, problem solving skills)	19%	2%	21%	22%
Lack of literacy/numeracy skills	19%	12%	10%	8%
Lack of common sense	13%	32%	2%	2%
Poor education	10%	N/A	10%	2%
Lack the technical, practical or job specific skills or competencies	9%	23%	14%	27%

Source: 2012 People 1st Employer Survey

Work readiness

When looking at the work-readiness of unemployed people in particular, 80 percent of employers described them as either very well prepared or well prepared (figure 22). This is slightly less than both college leavers (85 percent) and university leavers (82 percent), but higher than school leavers (73 percent).

As table 25 shows, employers often found that poor attitude, personality or lack of motivation were the reasons applicants were not work ready (school leavers 44 percent, college leavers 58 percent, university leavers 32 percent and unemployed 41 percent). Once again this highlights the fact that the sector often finds it difficult to recruit people with the right attitude. School leavers were thought to be lacking most in work or life experience (76 percent), as were university leavers (67 percent), although expectation levels differ.

Compared to other groups, the unemployed and college leavers were more likely to lack the necessary technical, practical or job specific skills to carry out their role (27 percent and 23 percent respectively), highlighting the need for training once in the role.

Given the older age profile of the workforce, it is critical that the sector builds career development pathways to attract the next generation into the sector now to avoid considerable skills gaps. Employers could also face significant recruitment issues as people retire and take valuable skills and experience with them. People 1st has been working with industry to address this and has recently launched a new website, Careers that Move, aimed at addressing this particular need.

Careers that Move

The passenger transport and travel sector offers some of the most dynamic and challenging career opportunities available, from airline pilots to tour operations managers. The launch of the Careers that Move website marks the first time that these careers have been showcased in one place for employers, training providers and job seekers throughout the UK.

Careers that Move was launched in April 2013 and involved sector skills council, People 1st, the award-winning careers website UKSP, and leading industry businesses and associations from across passenger transport and travel.

The website promotes the fantastic career opportunities available in the sector and provides a range of interactive tools and information; from a career map outlining the job roles, progression paths and training required to move up in a profession, to an interactive personality test that matches candidates with their ideal job role.

The content on Careers that Move draws from the knowledge and experience of employers including Servisair and Shearings Group, who have been involved at every stage of development. By working closely with employers, People 1st and UKSP have been able to ensure the website meets the sector's recruitment and training needs.

Businesses committed to training and developing their staff can register as 'Good Employers' on Careers that Move to begin promoting vacancies and access a targeted database of job seekers who have uploaded their CVs to apply for vacancies and be scouted by employers.

The website also offers an overview of the training requirements for specific roles and tells people where they can access this training.

For more information visit www.careersthatmove.co.uk or email info@careersthatmove.co.uk

CAREERS THAT MOVE
in passenger transport and travel

in association with UKSP

Impact of recruitment difficulties

Having outlined the extent of recruitment difficulties across the sector, the implications of an ageing workforce and the limited recruitment of young people, how is this impacting employers in the sector and what are the implications?

88 percent of employers indicated that hard-to-fill vacancies had led to an increased workload for other staff (table 26), with 72 percent adding that they had lost business or orders to competitors as a result. Many also experience increased operating costs (40 percent). These factors clearly impact productivity, profitability and growth, with the workforce effectively working harder to generate less profit.

Table 26: Impact of hard-to-fill vacancies

Increase workload for other staff	88%
Lose business or orders to competitors	72%
Have difficulties meeting customer services objectives	60%
Have difficulties meeting quality standards	55%
Experience increased operating costs	40%
Have difficulties introducing new working practices	29%
Delay developing new products or services	28%
Outsource work	27%
Withdraw from offering certain products or services altogether	24%
Have difficulties introducing technological change	20%

Source: People 1st analysis of the Employer Skills Survey, 2011, UK Commission for Employment and Skills

Table 27: Action taken to overcome hard-to-fill vacancies

Increasing advertising and recruitment spend	49%
Using new recruitment methods or channels	10%
Redefining existing jobs	7%
Increasing or expanding trainee programmes	6%
Being prepared to offer training to less well-qualified recruits	5%
Increasing the training given to existing workforce	5%
Recruiting workers who are non-UK nationals	2%

Source: People 1st analysis of the Employer Skills Survey, 2011, UK Commission for Employment and Skills

Almost two-thirds of employers reported that hard-to-fill vacancies make it difficult to meet customer service objectives (60 percent) and quality standards (55 percent). This is a concern at a time when customer expectations are rising.

The most common action taken to overcome hard-to-fill vacancies is to increase the amount spent on advertising and recruitment (49 percent) or to use new recruitment methods or channels (ten percent) such as social media, but this activity will have limited impact where vacancies are linked to skill shortages in the working population (table 27).

Very few employers take any other type of action and it is a concern that only five percent of employers are prepared to offer training to less qualified recruits as a way of potentially tackling skills shortages.

Labour turnover

The labour turnover rate for passenger transport and travel currently stands at seven percent (table 28). This is a slight drop from eight percent in 2011[34] and is a further indication that recruitment and retention in the sector is relatively static. Compared to other sections of the service economy, such as hospitality and tourism (20 percent labour turnover), the rate is relatively low and is more than half the labour turnover rate across the whole economy (16 percent across the UK).[35] The coach industry has the highest labour turnover rate (14 percent), followed by travel services (11 percent), driver training and the bus industry (both ten percent). The lowest labour turnover levels are in rail (three percent) and light rail and metro (two percent).

Given the workforce profile, the fact that many older workers are approaching retirement age and many are staying in jobs because of the economic outlook, the picture could quickly change as people retire and the economy picks up.

Only five percent of sector employers stated they have jobs in which they have had difficulties retaining staff (in line with the five percent across the economy as a whole). Of these employers, 63 percent had difficulty retaining machine operatives, such as drivers, while 20 percent had difficulties retaining associate professionals (such as air traffic controllers, aircraft pilots and train drivers).[36]

Problems with retention may point to low employee engagement, for example a lack of training and opportunities for development in the job, poor terms and conditions in some driving occupations, or increased competition for these skills in the labour market, such as that seen in the taxi and private hire industry.

Table 28: Labour turnover by industry 2011-2012

Industry	Labour turnover rate
Coach	14%
Travel services	11%
Driver training	10%
Bus	10%
Aviation	9%
Transport planning	7%
Community transport	5%
Taxi and private hire	3%
Rail	3%
Light rail and metro	2%
Passenger transport and travel total	**7%**

Source: 2012 People 1st Employer Survey
Note: UK waterways excluded due to low sample size

[34] *The labour turnover rate for 2011 did not include travel services.*

[35] *http://www.thehrdirector.com/legal_updates/legal-updates-2012/august-12/average-labour-turnover-rate-of-15.6/ Accessed 16 April 2013.*

[36] *People 1st analysis of the Employer Skills Survey, 2011, UK Commission for Employment and Skills.*

Summary

Recruitment levels in the passenger transport and travel sector have remained low and are comparable to the rest of the economy. In a more competitive job market the relatively small numbers of vacancies have become easier to fill.

Just four percent of employers have hard-to-fill vacancies and two percent report skills shortage vacancies. However, the fact that many older workers are approaching retirement age and that many are staying in jobs because of the economic outlook, means that the picture could quickly change as people retire and the economy picks up. The low levels of labour demand currently experienced disguise the urgent need to recruit and replace staff in the future.

Hard-to-fill vacancies in the sector are centred on a number of very specific occupations, with taxi and cab drivers and chauffeurs being the most difficult occupations to recruit. Coach and taxi and private hire employers are most likely to report hard-to-fill vacancies compared to the sector average. More than half of hard-to-fill vacancies are due to skills shortages among applicants.

For those with skills shortage vacancies, the most difficult skills to find among applicants are those specific to the job, followed by customer handling skills. It is a concern that almost two-thirds of employers said that hard-to-fill vacancies make it difficult to meet customer service objectives and quality standards at a time when customer expectations are rising.

Although it appears that sector employers are actively recruiting from the ranks of the unemployed, the future recruitment challenge will be to engage younger people, including school, college and university leavers, and to tackle barriers to their recruitment. Negative perceptions of the sector based on some of its workforce characteristics, a lack of clear entry routes, barriers to entry, and the absence of career development pathways mean fewer people from these groups are being recruited.

Implications for employers

- The current trend in vacancies coincides with the economic downturn, which may have helped increase staff retention and reduce the need to recruit replacement staff. However, employers should use this as an opportunity to engage and train staff to prepare for the eventual upturn in the economy and plan for the replacement of an ageing workforce
- The economic downturn is making it easier to recruit, but businesses need to consider how to retain and engage staff when the economy picks up
- Businesses should consider recruiting unemployed people who have successfully completed sector-specific pre-employment programmes
- Employers might wish to consider offering English-language training for non-native speakers
- Employers that are investing in making sure their staff have a broader skill baseare seeing greater customer satisfaction, so business should consider developing softer skills to complete job-specific skills
- With the need to attract people into the workforce, employers should consider how they can promote career opportunities to college and school leavers.

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4 Workforce Skills and Development

Introduction

The latest research suggests that employers believe skills gaps are decreasing in the passenger transport and travel sector. Low levels of recruitment activity and better staff retention mean that people are likely to be more proficient in their job, if only because they stay in roles longer as a result of the uncertain job market.

However, employers' approaches to training and how they engage staff and monitor their performance will also have an effect on staff proficiency. In a rapidly changing business environment, training represents an important way to update and bring new skills to the business. A workforce that lacks the required skills will have an adverse impact on productivity in the sector.

This chapter examines the extent and nature of these skills gaps, the impact they are having on businesses and how employers are tackling them, including their approach to training.

Skills gaps

Skills gaps exist within businesses where employers identify that one or more of their staff are not fully proficient in their roles. Across the passenger transport and travel sector, just nine percent of businesses reported skills gaps, which is lower than the rate in the economy as a whole (13 percent) (table 29). This represents five percent of the passenger transport and travel workforce.

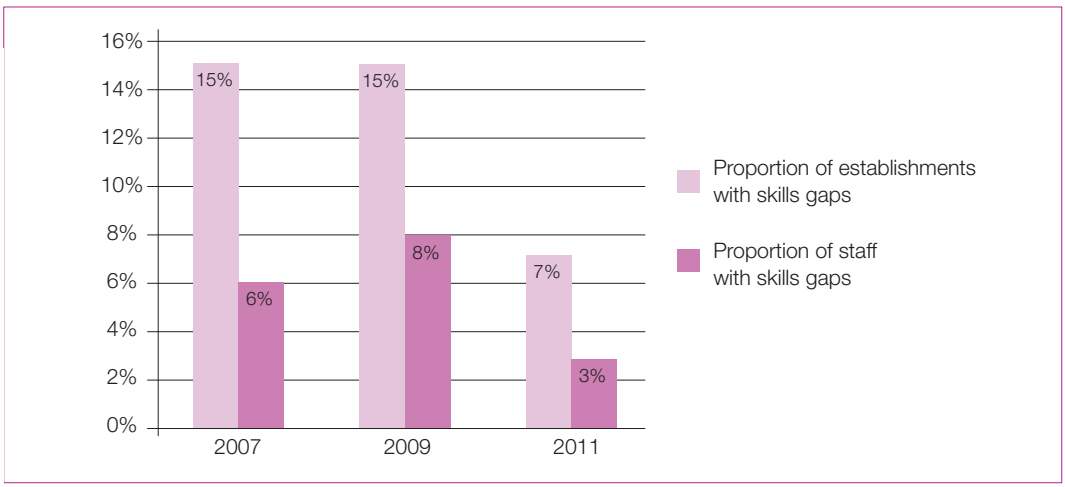
While historical data from other surveys is not strictly comparable due to changes in methodology, it appears that both the number of sector establishments and staff with skills gaps has fallen in the past six years (figure 23). For example, 15 percent of businesses reported skills gaps in both 2007 and 2009, however this fell to seven percent in 2011.

Table 29: Incidence of skills gaps, 2011

	Passenger transport and travel	Whole economy
Number of employees with skills gaps	23,400	1,489,500
Percentage of establishments with skills gaps	9%	13%
Percentage of staff with skills gaps	5%	5%

Source: People 1st analysis of the Employer Skills Survey, 2011, UK Commission for Employment and Skills

Figure 23: Proportion of establishments and staff with skills gaps (passenger transport only)



Sources: People 1st analysis of the Employer Skills Survey, 2011, UK Commission for Employment and Skills; National Employer Skills Survey, 2009, UK Commission for Employment and Skills; National Employer Skills Survey, 2007, Learning and Skills Council
Note: Due to unavailability of historical data for the travel service industry, the graph above only represents the passenger transport sector

Reasons staff lack skills

Skills gaps occur for a number of different reasons, but the most common is that staff are new to the role (mentioned by 62 percent of employers reporting skills gaps) or that staff training is only partially completed (51 percent) (table 30). These also rank as the main reasons for skills gaps in the economy as a whole. This is interesting given the low rates of labour turnover, but could suggest staff movement within businesses.

Lack of staff motivation was reported by 43 percent of businesses as the main reason for skills gaps, which is higher than the average reported across all industries (32 percent). However, if we look at the passenger transport and travel industries separately, lack of motivation is less of an issue within the travel industry (21 percent compared to 53 percent for passenger transport). Low employee engagement levels, lack of career development opportunities, and even the uncertainty of change can play a part in poor staff motivation. As managers play a key role in engaging staff, this finding may be linked to low levels of management training offered (discussed later in this chapter).

The introduction of new working practices (42 percent) and new technology (37 percent) is also contributing to skills gaps across the sector, more so than in the economy as a whole (24 percent and 19 percent respectively). For example, these factors are increasing the need for staff training in the use of in-vehicle technologies and ticketless payment systems.

Given this need, it is a concern that 31 percent of businesses reported that their staff have not received the appropriate training for their role. This hampers proficiency and can undermine levels of employee engagement and motivation.

A similar proportion (27 percent) indicated that staff have been trainined but their performance has not improved sufficiently. There may be a number of reasons for this, including motivation or the fact that the training may be viewed as irrelevant to personal development needs.

Table 30: Main reasons for skills gaps

	Passenger transport and travel	Whole economy
New to the role	62%	55%
Training is currently only partially completed	51%	56%
Lack of staff motivation	43%	32%
The introduction of new working practices	42%	24%
The introduction of new technology	37%	19%
They have not received the appropriate training	31%	27%
Unable to recruit staff with the required skills	29%	18%
The development of new products and service	28%	18%
They have been on training but their performance has not improved sufficiently	27%	29%
Problems retaining staff	9%	8%

Source: People 1st analysis of the Employer Skills Survey, 2011, UK Commission for Employment and Skills

Skills lacking in the workforce

Employers in the passenger transport and travel sector report that customer handling skills (54 percent) need improving the most, which is higher than the economy as a whole (45 percent) (table 31). In passenger transport this rises to 65 percent compared to 31 percent in travel services, highlighting the need to improve customer handling skills in passenger transport in particular.

On average, 48 percent of all sector employers mentioned that job-specific skills need to be improved, which is lower than the average for all industries (61 percent). However, travel services (59 percent) were more likely to report a lack of proficiency in job-specific skills than passenger transport employers (43 percent).

In the past, many passenger transport industries have been primarily concerned with providing the safe and reliable transportation of customers with increasing efficiency. While this remains a priority, 65 percent of employers now accept the need to become more customer-focused.

“We’ve always wanted customer-focused drivers but the job was traditionally seen as a bus driver and that was it; all they wanted to do was drive around and not interact with the passengers. We’ve worked hard to change that and to get more customer interaction.”

Karl Ward, Training and Development Officer, Nottingham City Transport

Around half of employers with skills gaps said that staff needed to improve planning and organisation (51 percent), oral communication (50 percent) and team working (49 percent). These gaps will have an impact on operation management and customer handling.

Table 31: Skills that need improving across the workforce

Skills	Passenger transport and travel	Whole economy
Customer handling	54%	45%
Planning and organisation	51%	52%
Oral communication	50%	38%
Team working	49%	42%
Job specific	48%	61%
Office admininstration	43%	27%
Problem solving	40%	43%
Written communication	39%	29%
Technical or practical	35%	38%
Advanced IT or software	34%	22%
Strategic management	30%	26%
Literacy	28%	19%
Basic computer literacy/using IT	22%	21%
Numeracy	14%	17%
Foreign language	14%	10%

Source: People 1st analysis of the Employer Skills Survey, 2011, UK Commission for Employment and Skills

Employers also mentioned a need for improved strategic management skills (30 percent), which will be important to business owners and managers in view of changing customer, technology and market trends. Employers were also more likely to report a need for advanced IT or software skills (34 percent) compared to the average for all industries (22 percent), which underlines the growing influence of technology in the sector.

The need for improved written communication skills (39 percent) and literacy (28 percent) was greater in the passenger transport and travel sector than across the whole economy (29 percent and 19 percent respectively) and is evidence of the low qualifications levels among staff in some industries and occupations (see chapter 2).

Skills gaps by occupational group

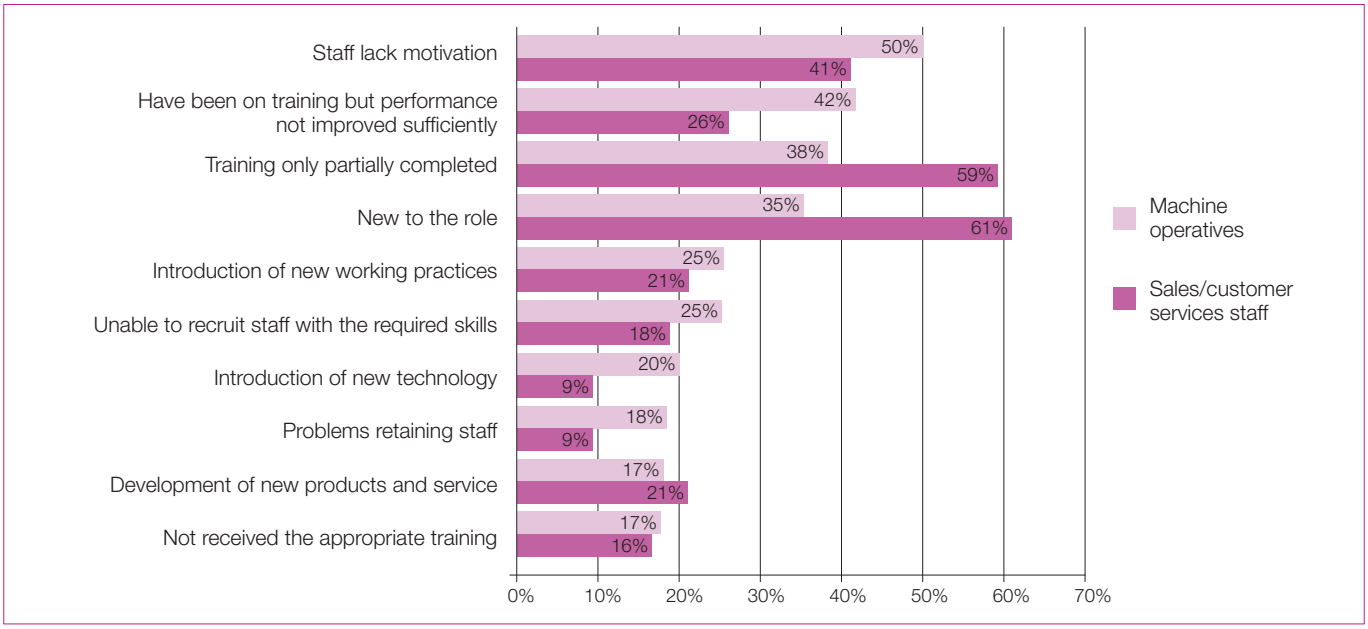
According to the Employer Skills Survey 2011, the largest occupational groups within passenger transport and travel are machine operatives and managers, which make up 57 percent of the workforce.[37] Skills gaps were more prevalent among staff in machine operatives and sales and customer service occupations.

Employers said the main reason machine operatives have skills gaps is because they lack motivation (50 percent) or their performance has not improved sufficiently following training (42 percent) (figure 24). This latter point could once again be due to motivation or poorly targeted training.

We see a very different trend among customer service staff, where the reasons for skills gaps are most often attributed to staff being new to the role (61 percent) and the partial completion of training (59 percent). Both of these may be a result of higher labour turnover in customer service roles and the introductory nature of the training (entry-level or induction).

Comparing the two occupations, 60 percent of machine operatives need to improve customer handling skills, compared to 42 percent of sales and customer service staff (figure 25). The needs among this latter group are more focused on oral communication (52 percent), planning and organisation (50 percent), problem solving (47 percent) and team working (46 percent), all of which help provide good customer service.

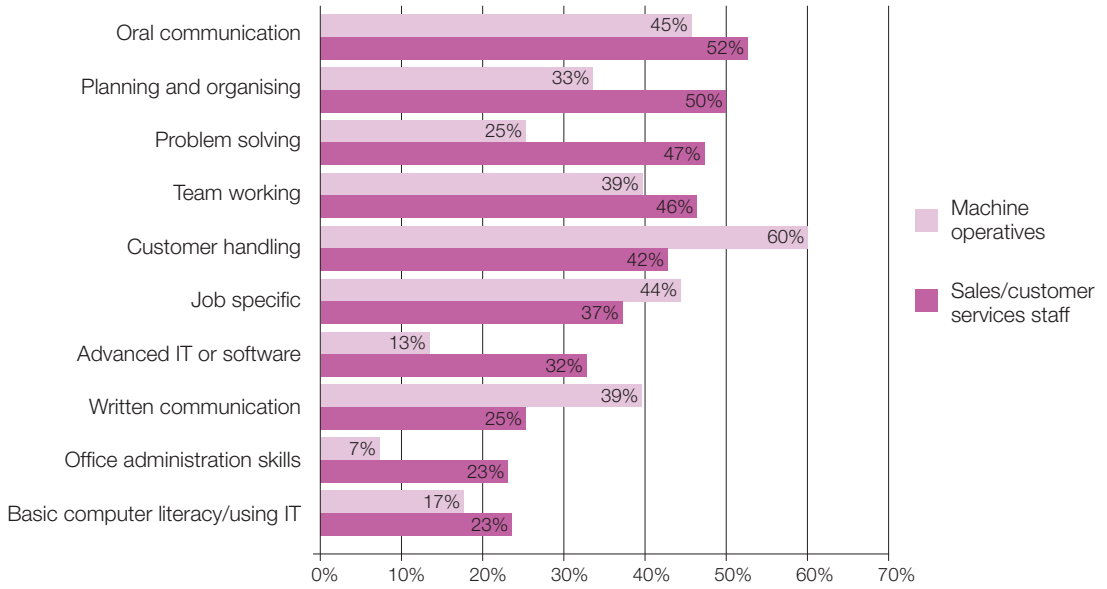
Figure 24: Main causes for lack of proficiency among staff



Source: People 1st analysis of the Employer Skills Survey, 2011, UK Commission for Employment and Skills

[37] *People 1st analysis of the Employer Skills Survey, 2011, UK Commission for Employment and Skills.*

Figure 25: Comparison of skills that need improving



Source: People 1st analysis of the Employer Skills Survey, 2011, UK Commission for Employment and Skills

The type of customer service skills required across the sector vary by occupation and industry. For example, security and customs staff in the aviation industry need to consider that some passengers are nervous when flying. Internal customer service is also important to ensure that airline, operations and airport staff all work together effectively. For example, baggage handlers need to be aware of the impact delays can have on customers and their overall experience.

In the bus and coach industry a friendly and polite driver who greets the passenger is a key requirement. In community transport, this may mean developing care skills for customers, as these will include those in greater need in the community such as the elderly, disabled or other vulnerable groups. As highlighted in our interviews, some employers recruit based on customer service skills first and on driving ability second.

"We will always look to recruit people who have a caring instinct who we can train to drive, rather than the other way around because it's much easier to teach somebody to drive. You can't teach someone to have a caring instinct; if they haven't got it, they haven't got it."

Peter Maggs, Chief Executive, West Midlands Special Needs Transport Ltd

Customer service case study: Bristol Airport uses WorldHost customer service training

In 2012, Bristol Airport employed WorldHost customer service training to improve customer service among staff members. This programme, which has already been used to train nearly one million people worldwide, including tens of thousands of staff and volunteers at the London 2012 Olympic and Paralympic Games, has created a significant improvement in customer service within the airport. For more information on WorldHost, visit www.worldhost.uk.com

Bristol Airport

Bristol Airport is the largest airport in the South West and Wales, and the fifth busiest outside of London. It has been one of the country's fastest growing airports in recent years and in 2012 handled more than 5.9 million passengers. Around 3,000 people are employed by 45 different organisations on the airport site.

Bristol Airport recognises its role in giving visitors a positive first impression of the South West and has demonstrated its commitment by becoming the first airport in Britain to gain WorldHost Recognised Business status.

Robert Sinclair, chief executive officer at Bristol Airport, said:

"Bristol Airport is an important gateway to the South West and Wales for overseas visitors and we have a vital role to play in creating a positive first impression. Our brand promises that 'Amazing Journeys Start Here', and this initiative will help us to deliver on this pledge for inbound passengers arriving in the UK."

WorldHost was chosen because it is a programme that delivers industry-specific skills to help deliver world class customer care and has been successful in environments similar to an airport. The skills are applicable to both passengers departing on leisure or business, and help provide a warm welcome to international visitors.

WorldHost Recognised Business status is awarded to businesses that have trained 50 percent or more of their front line staff using any of the WorldHost training programmes. Recognised businesses also sign a commitment to deliver excellent customer service.

Bristol achieved that target after hundreds of staff working in customer services, security and ground transportation roles completed the training. The ultimate aim is for all customer-facing employees to undergo WorldHost training.

Debbie Hastings, quality assurance manager at Bristol Airport, said that the training has delivered some positive results so far.

"While it is too early to measure impacts, early indications are positive, with clear benefits already visible in the motivation levels of customer service teams as staff recognise and appreciate the investment made in their own personal development and training.

"WorldHost gave teams the opportunity to share ideas and experiences with colleagues in different roles and challenged them to work on solutions that 'put the customer first'. This has resulted in an improved understanding of each other's roles and their impact on the customer. We are confident that this will translate into improved customer satisfaction and a higher level of repeat business. Not only is this good for Bristol Airport, it also benefits the tourism economy in this region."

Looking in more detail at some of the specific skills staff would benefit from more training in, ensuring compliance with regulation (30 percent) is considered most important (table 32). Of almost equal importance is a positive attitude and commitment (29 percent) and the ability to monitor and resolve customer service issues (28 percent).

Breaking this down further by industry we can see that employers in rail, for example, were less likely to identify further training needs among their staff; only 19 percent suggested safety management and management and leadership skills. This could indicate lower overall skills needs or an under-reporting of those needs.

Table 32: Generic skills that staff would benefit from further training in

	Aviation	Bus	Coach	Community transport	Driver training	Light rail and metro	Rail	Taxi and private hire	Transport planning	Travel services	UK waterways	Total passenger transport and travel
Ability to coach and motivate others	37%	21%	20%	27%	21%	31%	13%	20%	44%	29%	29%	25%
Ability to monitor and solve customer service problems	36%	32%	28%	28%	16%	23%	16%	26%	17%	30%	29%	28%
Basic literacy	9%	17%	12%	17%	8%	23%	1%	18%	10%	13%	10%	14%
Basic numeracy	10%	13%	10%	12%	6%	31%	1%	16%	11%	13%	0%	13%
Capability to help customers with disabilities or particular requirements	28%	33%	33%	45%	27%	54%	16%	27%	23%	26%	29%	27%
Ensuring compliance or regulation	39%	36%	40%	42%	18%	31%	7%	30%	43%	30%	39%	30%
Finance and budgetary control	13%	17%	14%	25%	18%	0%	2%	17%	16%	19%	29%	17%
Intercultural sensitivity	25%	18%	13%	22%	14%	54%	13%	21%	14%	15%	10%	18%
Management and leadership	30%	21%	18%	25%	16%	31%	19%	17%	36%	32%	19%	25%
Positive attitude and commitment	35%	33%	39%	20%	17%	54%	15%	32%	25%	26%	29%	29%
Professional communication skills	33%	31%	23%	33%	20%	46%	7%	23%	39%	29%	19%	27%
Professional looking appearance	24%	34%	20%	13%	16%	23%	3%	23%	14%	15%	10%	19%
Safety management	39%	34%	32%	50%	17%	77%	19%	24%	38%	20%	42%	25%
Team working	33%	21%	26%	29%	9%	31%	18%	23%	26%	26%	29%	24%

Source: 2012 People 1st Employer Survey

The impact of skills gaps

While the rate of skills gaps across the sector is low, 71 percent of businesses with a skills gap recognise that they have an adverse impact on their businesses. This is higher than the 61 percent reported across the overall economy.[38]

Skills gaps can have a number of different impacts on businesses, with 50 percent of employers reporting that they increase the workload for other staff and can increase operating costs (45 percent) (table 33). For example, poor driving skills in the bus and coach or taxi and private hire industries can increase fuel costs.

Skills gaps can also result in loss of business (40 percent) or difficulty in meeting quality standards (40 percent), which is of great concern given increasing customer expectations and the level of competition in industries such as taxi and private hire.

Overall, the impact of skills gaps is similar to that of hard-to-fill vacancies reported earlier (see chapter 3) and both have negative repercussions on productivity and growth.

Encouragingly, 79 percent of employers with skills gaps reported they have already taken steps to improve staff proficiency, while a further ten percent have plans to do so in the future.[39] Readiness to address skills gaps is higher among travel services employers (89 percent) than passenger transport (73 percent). The most common response to address the presence of skills gaps in the workforce is to increase training activity (69 percent) and the supervision of staff (61 percent) (table 34), both of which were higher than the average for all industries (62 percent and 46 percent respectively).

Table 33: Impact of skills gaps

	Passenger transport and travel	Whole economy
Increase workload for other staff	50%	48%
Increase operating costs	45%	28%
Lose business or orders to competitors	40%	20%
Have difficulties meeting quality standards	40%	25%
Delay developing new products or services	27%	16%
Have difficulties introducing new working practices	26%	23%
Outsource work	8%	9%

Source: People 1st analysis of the Employer Skills Survey, 2011, UK Commission for Employment and Skills

[38] *People 1st analysis of the Employer Skills Survey, 2011, UK Commission for Employment and Skills.*

[39] *People 1st analysis of the Employer Skills Survey, 2011, UK Commission for Employment and Skills.*

Table 34: Action taken to overcome skills gaps

	Passenger transport and travel	Whole economy
Increase training activity/spend or increase/ expand trainee programmes	69%	62%
More supervision of staff	61%	46%
Implement mentoring/buddying scheme	45%	38%
Change working practices	41%	23%
Reallocate work	30%	25%
More staff appraisals/performance reviews	29%	41%
Increase recruitment activity/spend	10%	11%
Recruit non-UK nationals	6%	7%

Source: People 1st analysis of the Employer Skills Survey, 2011, UK Commission for Employment and Skills

Employer approaches to training

A commitment to staff training and development is often apparent in a number of different ways; a business' approach to strategic planning and growth, whether there are training plans in place to specify the level and type of training staff will need in the future, and a process for identifying these needs.

Across passenger transport and travel, 49 percent of businesses reported that they had a business plan or engaged in business planning. However, there are considerable variations across the sector (table 35).

The taxi and private hire (30 percent) and driver training (36 percent) industries are the least likely to undertake business planning. This is perhaps because there are high rates of self employment in both of these industries; many self-employed people and small businesses underestimate the need for business planning, which tends to increase according to the size of the business.

Table 35: Proportion of businesses that engage in annual business planning/ have a business plan

Industry	Have a business plan or plan annually
UK waterways	81%
Community transport	70%
Travel services	63%
Aviation	58%
Transport planning	52%
Coach	45%
Rail	43%
Bus	41%
Driver training	36%
Taxi and private hire	30%
Passenger transport and travel	49%

Source: 2012 People 1st Employer Survey
Note: Light rail and metro excluded due to low sample size

Research suggests that 29 percent of passenger transport and travel businesses have a training plan that specifies in advance the level and type of training that employees will need in the coming year, which is less than the average of 38 percent for all industries. At 27 percent, passenger transport businesses drop below the all industry average, but travel services are the same as the sector average (at 38 percent). In terms of businesses that have a training budget, the sector (20 percent) lags behind the economy as a whole (29 percent) when it comes to planning training. Passenger transport is once again lower (18 percent), while travel businesses are more likely to have a training budget (29 percent).[40]

Training activity

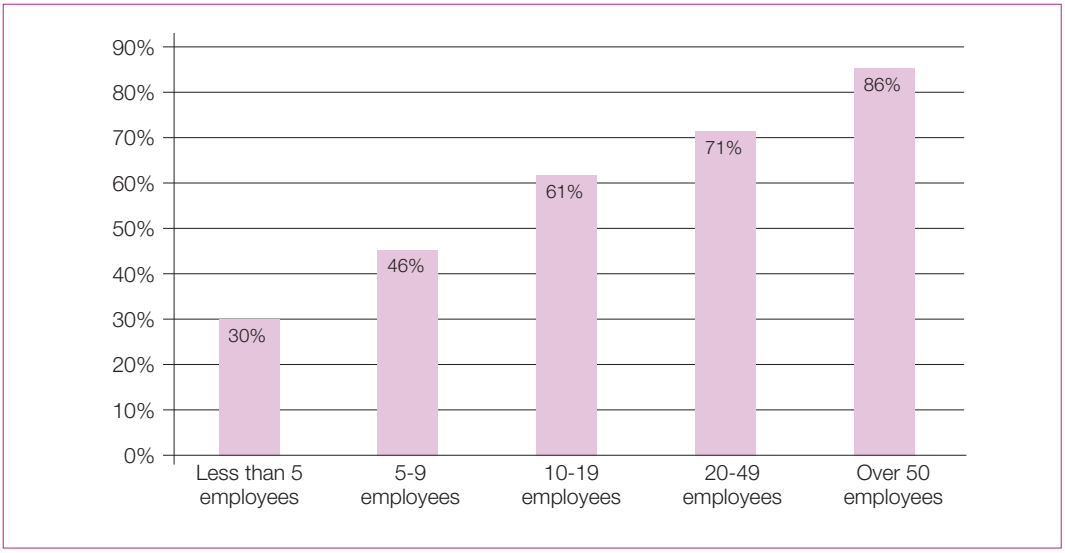
In total, 42 percent of employers told us that they had arranged or funded staff training or development in the last 12 months, which represents little change from the previous year (40 percent).[41] As figure 26 shows, business size has a significant impact on training; the larger the business, the more likely it is to train.

Although 42 percent of passenger transport and travel businesses train, most individual industries are above this average. However, as one of the largest employers in the sector, taxi and private hire businesses were least likely to have provided training (21 percent), which reduces the sector average. Training is low in this industry due to the high rates of self employment, where taking time for training is a barrier because of the potential loss of business.

Community transport (74 percent), coach (61 percent) and bus employers (60 percent) were significantly more likely to have trained staff in the last twelve months, with legal requirements such as the Driver Certificate of Professional Competence (CPC) increasing training in the bus and coach industry.

While there is little change in the sector average from 2011 to 2012, training rates have fallen across most industries with the exception of transport planning (figure 27). This may be due to the economic climate or a reduced perception of the need to train given the reported fall in skills gaps and reduced recruitment activity. The decrease in training in the rail industry is more dramatic, with a drop from 89 percent to 44 percent in 2012. By way of comparison, this is considerably lower than the 59 percent of employers who provide training across the whole economy.[42]

Figure 26: Arranged or funded staff training or development in last 12 months by business size



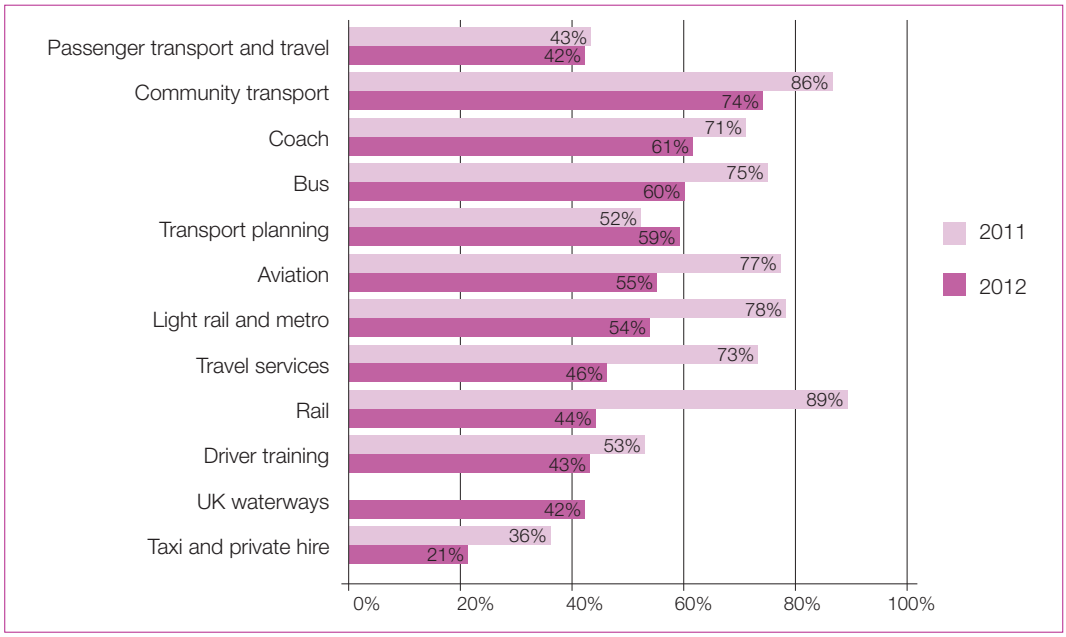
Source: 2012 People 1st Employer Survey

[40] *People 1st analysis of the Employer Skills Survey, 2011, UK Commission for Employment and Skills.*

[41] *2011 People 1st Employer Survey.*

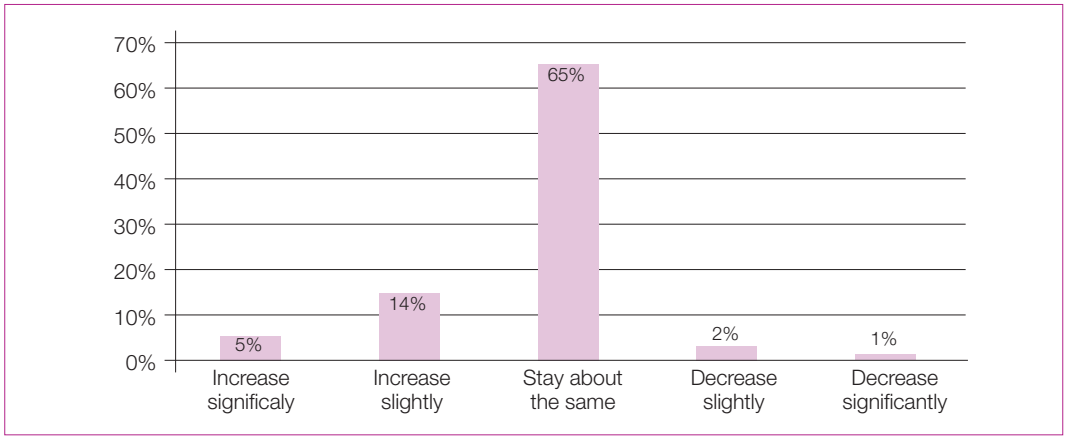
[42] *People 1st analysis of the Employer Skills Survey, 2011, UK Commission for Employment and Skills.*

Figure 27: Funded or arranged staff training or development in the last 12 months by industry, 2011-2012



Sources: 2011 People 1st Employer Survey, 2012 People 1st Employer Survey
Note: There is no data for UK Waterways for 2011

Figure 28: Expectation of investment in training in the next 12 months



Source: 2012 People 1st Employer Survey

Investment in training

The 2012 People 1st Employer Survey asked employers about their investment in training in the coming year and how this might change. While 65 percent expected training investment to remain the same, 19 percent envisaged increased investment in the next 12 months compared to only three percent who expected it to decrease (figure 28).

The most likely industry to expect an increase in training investment was transport planning (38 percent), although 24 percent of bus and coach businesses expected future investment to increase. Among rail companies, 93 percent reported that they expect levels of training investment to stay the same.

Training delivery

On-the-job training was most commonly offered (as stated by 72 percent of all respondents), with 41 percent providing training towards formal or recognised qualifications (table 36). Only 35 percent provided training based on personal development needs.

When looking at the types of training provided, most (84 percent) focused on job-specific training (84 percent), followed by health and safety training (66 percent) and training in new technology (42 percent). Overall, employers in the sector were less likely to provide these different types of training compared to the average for all industries (see table 37).

The passenger transport sector is heavily regulated, so it is unsurprising that a high percentage of employers (66 percent) also provide health and safety and first aid training.

Training in new technology (42 percent) reflects some of the new developments within the sector, for example vehicle technology, social media use and online booking (discussed further in chapter 5). Less than one in four employers have provided supervisory (23 percent) and management training (22 percent), which is much lower than across the economy (34 percent).

Training is most commonly delivered by external providers (63 percent), although in-house training grew markedly in 2012 (now 60 percent compared to 46 percent in 2011) (figure 29). In-house training is set to overtake external training as the mode of delivery in the future, while e-learning (31 percent) is also a growth area.

By occupation, associate professionals (such as air traffic controllers, pilots and train drivers) are the most likely to have received training (83 percent) (table 38). Given managerial positions drive much of an organisation's processes and direction, it is of some concern that only 34 percent of managers received training in the last 12 months.

Table 36: Training formats used

Format of training	
On-the-job training	72%
Training towards formal or recognised qualifications	41%
Training based on personal development needs	35%
Company-wide training programmes	33%
Short courses or 'bite-sized' learning	32%
Continuing professional development (CPD)	29%
Accredited or 'kite-marked' training	20%
None of these	17%

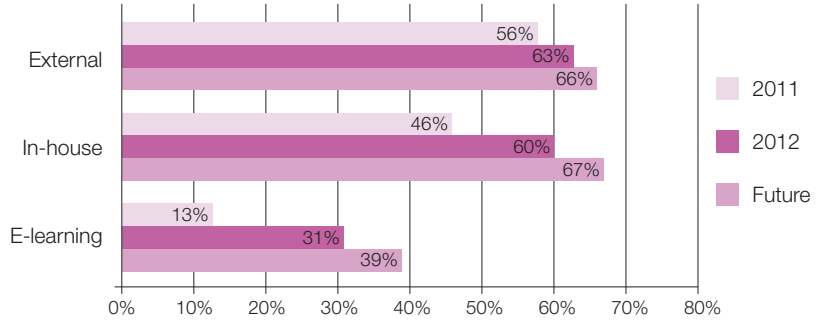
Source: 2012 People 1st Employer Survey

Table 37: Types of training provided

	Passenger transport and travel	Whole economy
Job specific training	84%	84%
Health and safety/first aid training	66%	71%
Training in new technology	42%	47%
Induction training	40%	52%
Supervisory training	23%	32%
Management training	22%	34%
Personal development training	4%	3%
None of these	1%	1%

Source: People 1st analysis of the Employer Skills Survey, 2011, UK Commission for Employment and Skills

Figure 29: Modes of training delivery, past, present and future



Source: 2011 People 1st Employer Survey, 2012 People 1st Employer Survey

Table 38: Training provision by occupational grouping, passenger transport and travel

Occupation type	Proportion of staff trained
Associate professional and technical	83%
Personal service	75%
Elementary	55%
Professional	54%
Skilled trades	53%
Sales and customer service	45%
Transport and machine operatives	43%
Administrative, clerical and secretarial	40%
Managers and senior officials	34%

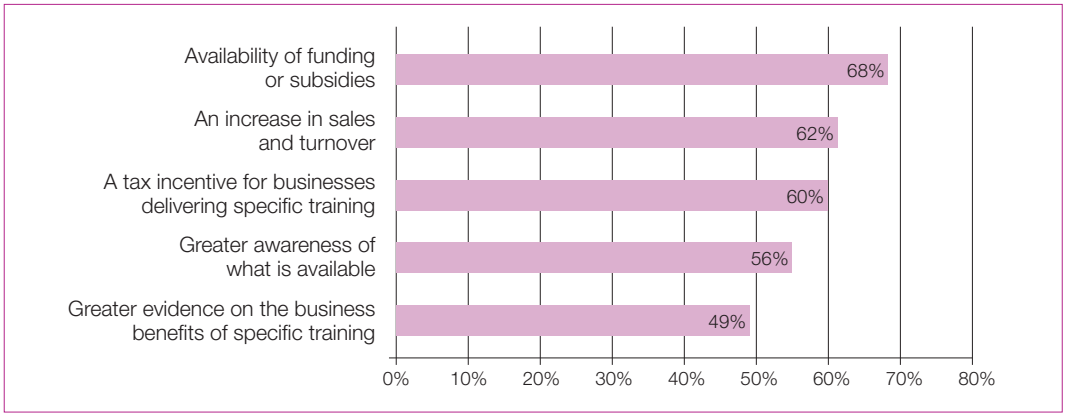
Source: People 1st analysis of the Employer Skills Survey, 2011, UK Commission for Employment and Skills

Incentives to train

Certain incentives can encourage employers to invest more in training. Our research indicates that most employers favoured funding or subsidies (68 percent), followed by an upturn in sales and turnover (62 percent), and a tax incentive for businesses (60 percent) (figure 30).

However, greater awareness of what training is available was very important for a high proportion of businesses (56 percent), which suggests a need for more effective signposting. Greater evidence of the return on investment was also important (49 percent).

Figure 30: Factors that would encourage an increase in investment in training



Source: 2012 People 1st Employer Survey

Apprenticeships

People 1st research has shown that for passenger transport and travel as a whole, seven percent of businesses currently employ at least one staff member on a government approved apprenticeship programme (compared to six percent in 2011) (figure 31).

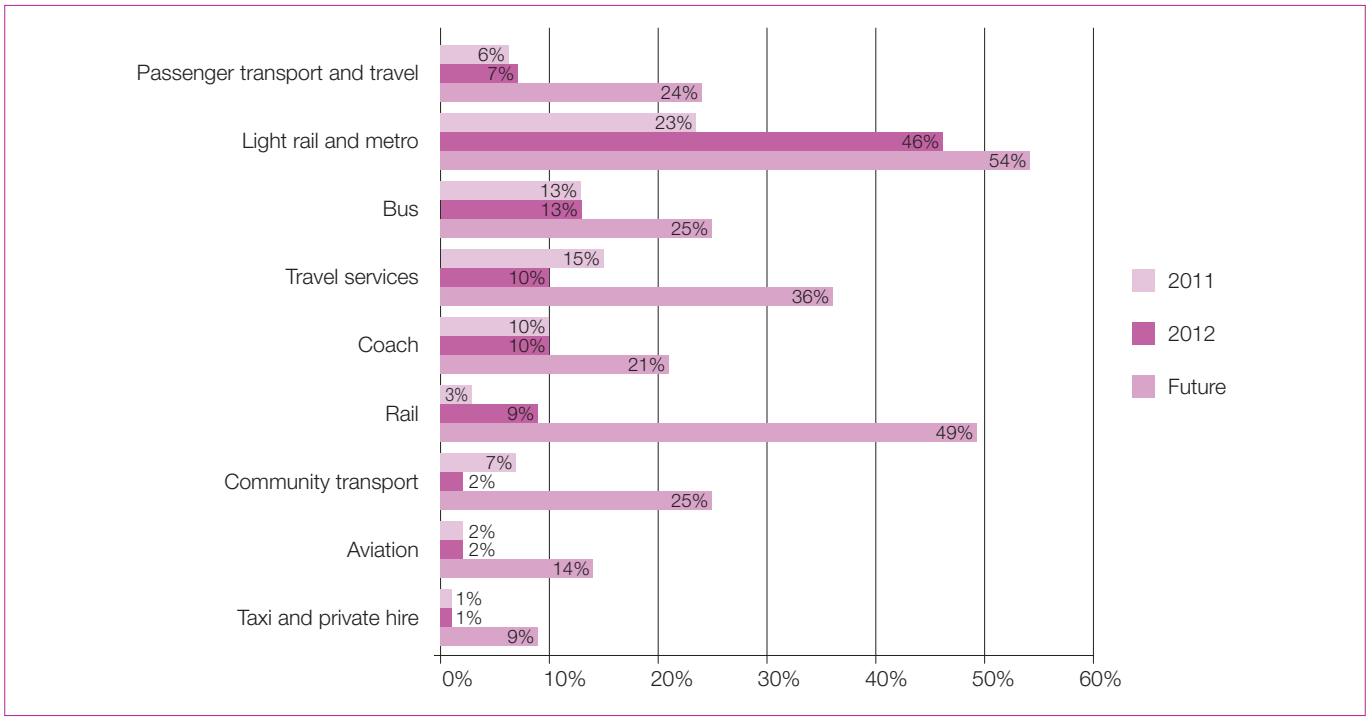
Rail and light rail and metro businesses saw an increase in the number of apprentices employed, while travel services has decreased.

The likelihood of employing an apprentice increases with the size of a business; for example, 54 percent of businesses with 250 or more staff employed an apprentice. When we look at industries that are dominated by small numbers of larger operators, such as bus and coach, we can see the rate is higher than the sector average. Aviation is an exception, as this industry traditionally has not employed apprentices. However a higher level apprenticeship is now available for pilots.

The increases in rail and light rail and metro are set to continue in the future.

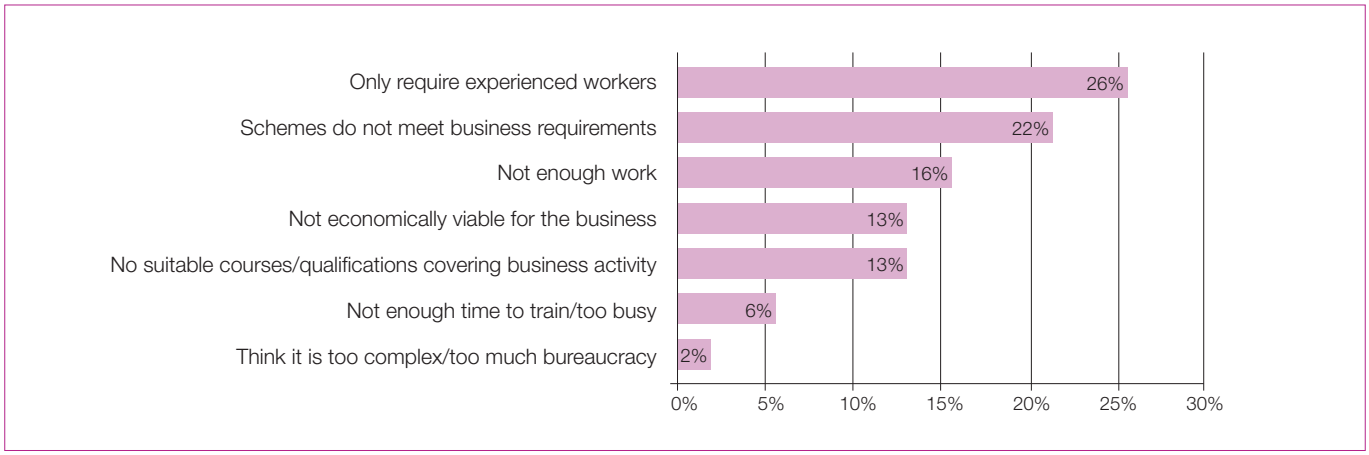
The most common reason given for not taking on apprentices in the future is that the business only requires experienced workers (26 percent), followed by a perception that the apprenticeships do not meet the business' requirements (22 percent) (figure 32). This presents an opportunity to put in place robust apprenticeship frameworks that meet employers' needs and clearly defined career pathways for staff. Work is now being done within the industry in response to the Richard Review on the future of apprenticeships to ensure employers have access to apprenticeship delivery methods that meet their needs.

Figure 31: Employment of apprentices by industry



Sources: 2012 People 1st Employer Survey and 2011 People 1st Employer Survey

Figure 32: Reasons for not employing an apprentice



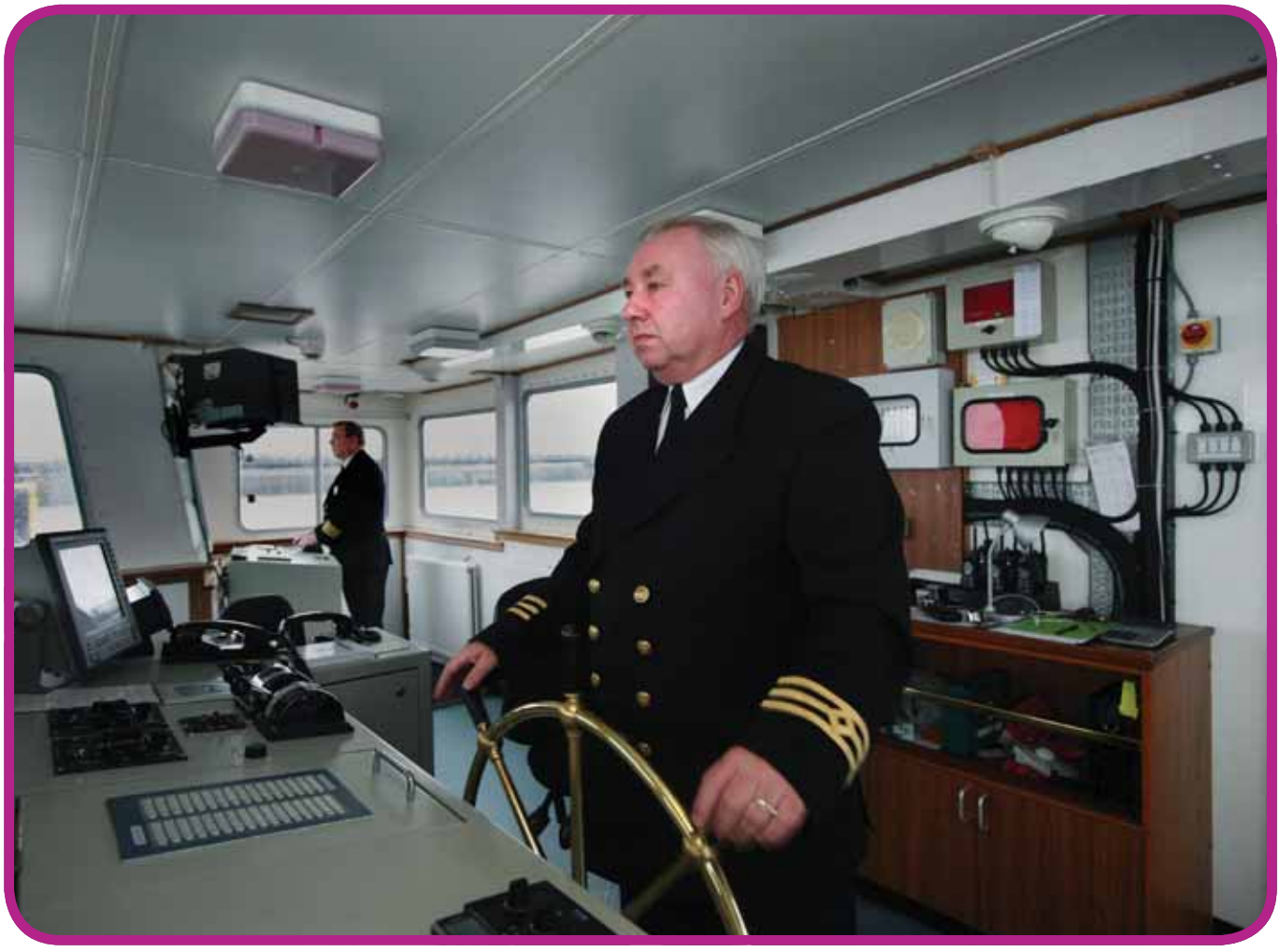
Source: 2012 People 1st Employer Survey

In 2011/12, around 3,000 people completed an apprenticeship in sector-related areas (table 39). People 1st is working with colleges, training providers and employers to increase these levels where possible.

Table 39: Apprenticeship completions in sector-related areas

Apprenticeship framework	Completions
Rail transport engineering	1,320
Road passenger transport – bus and coach	780
Travel and tourism services, leisure and business	590
Transport engineering and maintenance	130
Cabin crew	100
Rail transport operations	20
All passenger transport and travel related	**2,940**

Source: The Data Service, 2013



Summary

Employers believe that skills gaps are falling in the passenger transport and travel sector, with just nine percent of businesses reporting them; this is lower than the average rate in the economy. Low levels of recruitment activity and better staff retention also mean that people are likely to be more proficient in their job, if only because they are remaining in roles longer as a result of the uncertain job market.

Employer approaches to training and how they engage staff and monitor their performance will also have an impact on staff proficiency. In a rapidly changing business environment, training represents an important way to update and bring new skills into the business. This is particularly important in the passenger transport and travel sector because the introduction of new working practices and new technology are contributing to skills gaps.

However, only 42 percent of employers reported that they had arranged or funded staff training or development in the last 12 months. This has changed little in the past year and only 35 percent of employers provided training based on personal development needs.

Customer handling skills were the most common skills that need to be improved, especially in the passenger transport industries. Around half of those employers with skills gaps also said that staff need to improve planning and organisation, oral communication, and team working where such skills gaps are likely to have an impact on operation management and customer handling.

The need for improved strategic management skills will be particularly important to business owners and managers in view of changing customer, technology and market trends, while a greater need for advanced IT or software skills among staff underlines the growing influence of technology in the sector.

While the rate of skills gaps across the sector is low, 71 percent of businesses with a skills gap recognise that they have an adverse impact on their businesses. Like hard-to-fill vacancies, skills gaps have a negative impact on productivity and growth in the sector, so it will be important to tackle these as the economy and recruitment levels pick up.

Seven percent of businesses currently employ at least one member of staff on a Government approved apprenticeship programme, with employers in certain industries being more likely to report an increase in their employment since 2011. With the ageing workforce and the increasing need to recruit young people into the workforce, apprenticeships will grow in importance, even though uptake is currently low.

Implications for employers

- Businesses should look at how they engage your staff, how motivated staff are and whether they are taking responsibility for their own development
- Look at the latent skills in the business and whether new skills are needed due to increasing expectations or requirements. Technology developments and increasing customer expectations means that often it is too late by the time employers realise that their staff do not have the necessary skills
- Consider whether existing customer service training addresses the different needs of customers, such as those with disabilities or foreign visitors
- Put a training plan in place and embed in into performance management processes
- With the move towards more in-house training, ensure that you have the necessary skills to train your staff and consider implementing specific train the trainer courses.

5 Future Trends

Introduction

This chapter discusses the key trends that employers and industry commentators believe will impact the sector in the future. It also considers the implications of these trends for the workforce, projected growth in the main occupations, and how these will drive the future demand for skills.

Our findings are based primarily on consultation with employers and commentators in the passenger transport and travel sector, and the 2012 People 1st Employer Survey.

Future trends in passenger transport

A number of issues are likely to impact employers in the future. Some will be evident from within the business, such as trends in customer behaviour, while others will affect businesses from without, such as market forces, regulatory change, and sustainability.

These trends can be regarded either as potential drivers, presenting opportunities for growth, or barriers that may even represent a threat to businesses. The extent to which any given trend represents an opportunity or threat will depend on how well employers feel they are able to deal with it, so strong leadership, good management skills, and access to the appropriate intelligence and training will be factors.

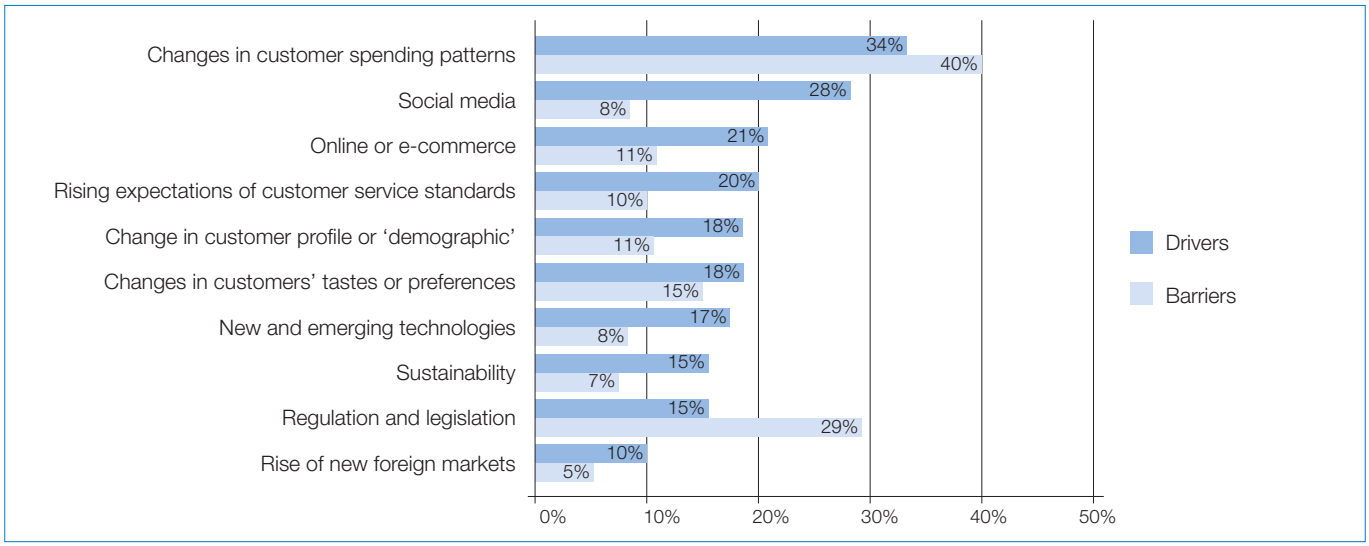
From a list of key trends identified in our research, the 2012 People 1st Employer Survey asked employers (a) which trends they felt would be a driver of growth in their business in the next 3-5 years, and (b) which had the potential to prevent growth (figure 33).

Changing customer behaviours and attitudes

Overall, changes in customer spending habits was ranked highest as both a driver (34 percent) and barrier (40 percent) to growth, suggesting that while this trend was primarily perceived as a threat, many employers were seeing opportunities in these changes (figure 33). This is perhaps because of differing perceptions, levels of planning, or the underlying factors within particular industries or markets.

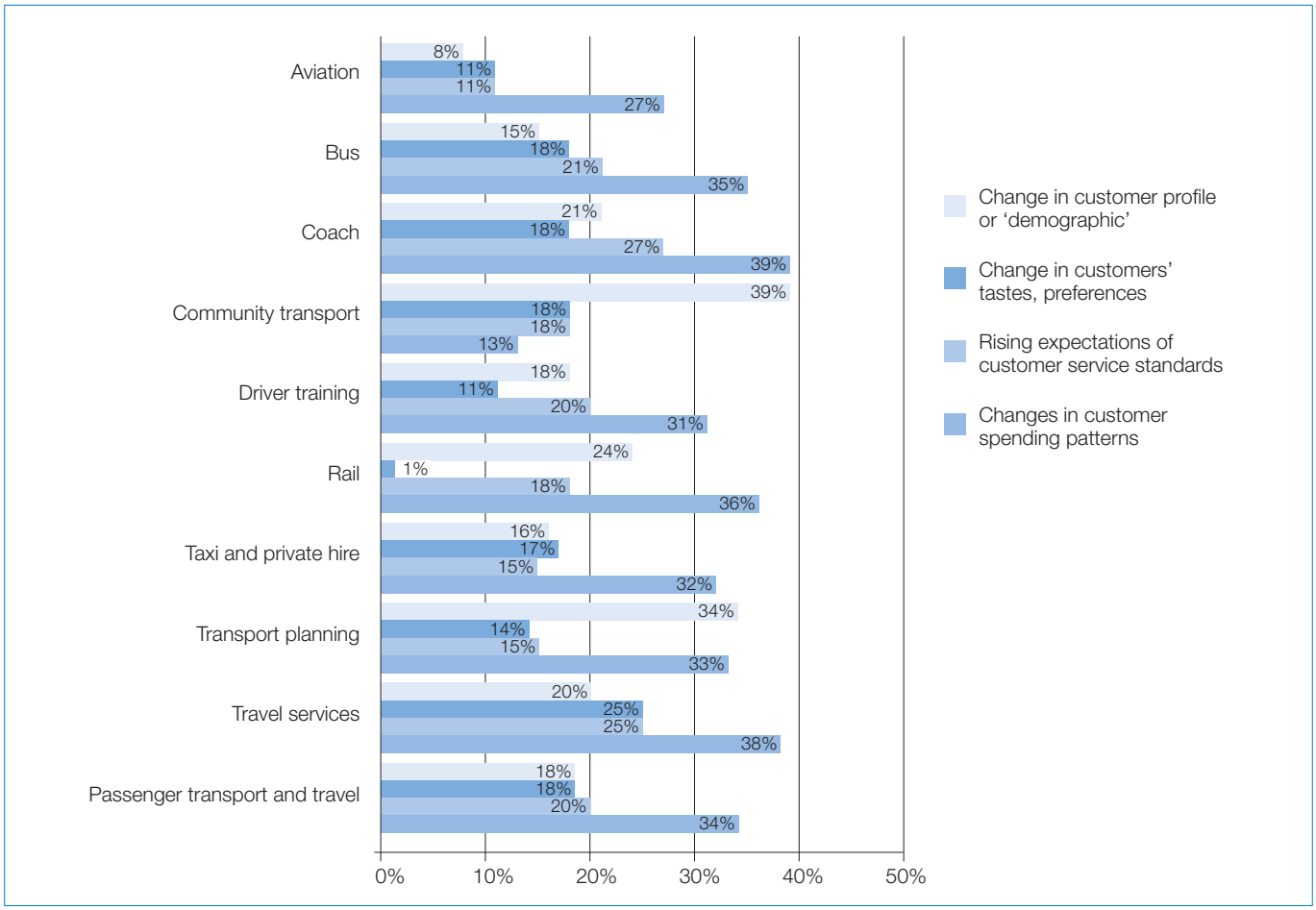
Around one in five employers thought that similar customer-related trends would be important in the future, such as rising expectations of customer service standards (20 percent), changes in the customer profile or demographic (18 percent), and changes in customers tastes and preferences (18 percent).

Figure 33: Future trends in passenger transport and travel – drivers and barriers to growth



Source: 2012 People 1st Employer Survey

Figure 34: Drivers of growth – customer trends by industry



Source: 2012 People 1st Employer Survey
Note: Light rail and metro and UK waterways not included due to low sample sizes

Rising expectations of customer service can increase competition, both in terms of value and quality, especially where the standard of customer service is a differentiator. The emergence of potential new markets, such as the young and the elderly, means that there are new opportunities to tailor products and services to these groups. We can increasingly expect to see customers' tastes and preferences changing, both in terms of what services they use and how they choose to access them.

The impact of these customer trends differs across industries (figure 34). Community transport employers were significantly more likely to see demographic changes in their customer profile as a driver for growth (39 percent compared to 18 percent average for the sector), although to a lesser extent these employers were also most likely to see it as a barrier (23 percent compared to 11 percent sector average). This suggest that although the future prospect of an ageing population represents opportunities for business growth, there are some concerns about funding cuts from local authorities and local health services, for example, as many businesses are closely associated with community and voluntary enterprises, which are at least partly dependent on this funding.

Travel services employers were significantly more likely to see rising customer expectations and changing customer tastes and preferences as drivers of growth (both 25 percent) compared to the sector averages (20 percent and 18 percent respectively). Travel services (38 percent) and coach (39 percent) employers most often saw changing customer spending patterns as an opportunity for growth compared to the sector average (34 percent).

Social media, e-commerce and new technology

Technology's influence in the future is apparent from the high levels of endorsement social media (28 percent) and online or e-commerce (21 percent) received, which ranked as the second and third highest drivers of growth (figure 35). The welcome prospect of new and emerging technologies in the future was mentioned by 17 percent of passenger transport and travel employers.

Compared to the average for the sector, transport planners (36 percent) and aviation (29 percent) employers were most receptive to new and emerging technologies as a future driver of growth, with the increasing need for innovation in these industries driving this enthusiasm.

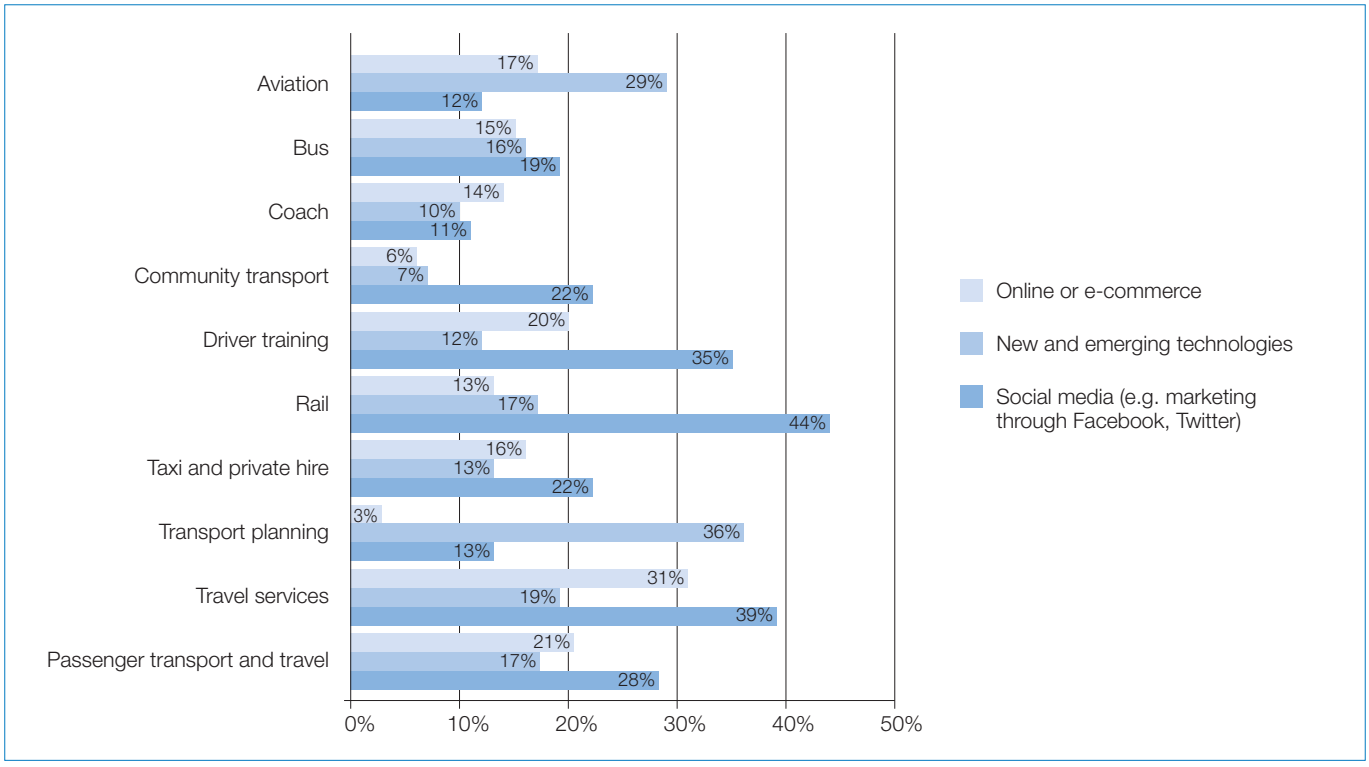
Coach (11 percent), bus (19 percent) and aviation (12 percent) were significantly below the sector average (28 percent) in seeing social media as a driver of growth. Conversely, rail (44 percent) and driver training (35 percent) employers had a more positive view of social media use in the future.

Travel services is interesting as it presents a mixed picture (figure 37), perhaps due to the rationalisation we have seen among operators in this industry, which the economy has partly driven, along with the need to consolidate operations to reflect the increasing role of online customer behaviours in the travel market.

Travel services employers reported that social media (39 percent) and online or e-commerce (31 percent) would be significant drivers of growth in the future compared to the sector averages (28 percent and 21 percent respectively) (figure 35).

However, travel services employers were significantly more likely to see online or e-commerce (22 percent) and new and emerging technologies (14 percent) as barriers to growth compared to the sector averages of 11 percent and eight percent respectively. To counter this, travel services employers are increasingly looking at multi-channel approaches (online and in-store) to market their services.[43]

Figure 35: Drivers of growth – technology trends by industry



Source: 2012 People 1st Employer Survey

[43] *The Independent, http://www.independent.co.uk/travel/news-and-advice/thomas-cook-promises-hitech-focus-on-city-breaks-after-news-of-agency-closures-and-redundancies-8532153.html Accessed 26 March 2013.*

Looking at the differences between key sub-groups of employers shows that those who had undertaken business planning or training in the last 12 months were more likely to rate social media and online or e-commerce as future drivers of growth than those who had not. This may highlight the importance of strategic planning and training in realising the potential and increasing the uptake of these technologies.

Regulation and legislation

The only other significant barrier that 29 percent of sector employers mentioned was regulation and legislation and related issues of compliance, which are important to ensure the safe and efficient transportation of passengers in many of the sector's industries. Elsewhere, future changes in immigration policy could impact taxi and private hire businesses given the high proportion of migrant workers in this industry (see chapter 2).

Regulation and legislation was identified as a barrier by 43 percent of employers in the community transport and coach industries, which is significantly higher than the sector average (29 percent). This is interesting given community transport drivers are currently exempt from many of the legal requirements demanded of their counterparts in the coach industry (e.g. Driver CPC), although this could change in the future.

Future perspectives: Customer trends

Future trends and their implications for skills needed in the sector were explored in greater depth in consultation with sector employers and industry experts. The results suggest that the main developments in the coming years would be changing customer or passenger trends and the growing influence of technology in its many different forms, and how these link to environmental concerns.

We explore each of these in turn, although in practice these factors will interact with each other. For example, social media and e-commerce facilitate customer trends, while conditions in the wider economy provide the context and reinforce behaviours such as the quest for value and quality in the services provided.

An ageing population

Population statistics have shown that the UK population is ageing and will continue to do so during the next few decades, with the fastest increase in the number of people aged 85 and over. By 2035 it is estimated that 3.5 million people will be aged 85 and over, accounting for five percent of the total UK population.[44] This is a 2.5 times increase from 2010.

This will inevitably increase demand at a time when key public services such as transport and health are expected to see local cutbacks. Greater numbers of elderly people will be more reliant on passenger transport for social and health-related trips. Access to transport plays an important role in older people's independence, social mobility, and prevents them from becoming socially isolated.

[44] *Population Ageing in the United Kingdom, its Constituent Countries and the European Union, Office for National Statistics, March 2012.*

This ageing workforce presents opportunities for community transport and taxi and private hire businesses to compete and fill gaps in local provision, offering a more responsive, on-demand service with flexible scheduling and customer pick-ups. For example, community transport companies are integral in getting the elderly to and from day care services, given their links to local service providers (generally community and voluntary groups).

"The UK has a growing elderly population. For many older people, the need to walk to a distant bus stop where there is no weather protection is seen as a deterrent to using buses while using a taxi can be seen as an expensive option. There does seem to be a gap in the market for more adventurous public transport operators to consider introducing demand responsive services on a commercial basis to serve a growing segment of the population that is currently poorly served."

Keith Mitchell, Chairman, Peter Brett Associates

This changing demographic will influence the times of day when people are travelling and the need to revise timetables and schedules.

"You've got the peak period where people are going to and from work, but the rest of the day it's transporting the 'half nine 'til four o'clock' people, the old age pensioners."

Karl Ward, Training and Development Officer, Nottingham City Transport

This will also mean innovation and changes to existing services and vehicles such as step free access at stations and low-floor buses.

In terms of the workforce and skills implications, some drivers, particularly those in community transport, will not only need customer service skills, but possibly also first aid. In some cases caring skills and qualifications to assist those with specific health needs, for example those with disabilities or dementia, will also be required.

The youth market

Changes in attitude towards car ownership among younger people presents an opportunity to encourage this generation to use public transport, both now and in the future. Although it is not clear whether this is an economic or longer-term trend, car use has levelled off, particularly among younger men, and passenger transport businesses are now looking at how they can appeal to young people, who are a potential captive market. Businesses will need to use e-marketing and social media in particular to engage younger people and understand their needs.

"If you start trying to understand why it is, for instance, that younger travellers are less reliant on cars, it's not completely obvious. You would think that the increased cost of motoring and insurance is the most serious barrier for young motorists, but perhaps another influence is the ability of younger people to take advantage of online ticket booking to get cheap prices – and perhaps they see the ability to use the internet on public transport as an attraction. A greater understanding of these issues is necessary in order to retain this group of people on public transport as they grow older."

Keith Mitchell, Chairman, Peter Brett Associates

Rising customer service expectations

Customers are becoming more knowledgeable and well informed, driven in part by their use of social media and technology. This is leading them to have increasingly high expectations of customer service, but this differs across industries.

A number of factors influence customer satisfaction in passenger transport, such as service schedules, comfort and security, and price. The key priority for service providers has traditionally been punctuality and reliability, with customer service being a secondary consideration. However, the latter is often the easier to control if not to measure, and is closely related to perceptions of value for money. This is important given the upward pressure on fares and above inflation increases in industries such as rail.

Many passenger transport employers have focused on improving reliability, but with more services likely to run on time, the focus is switching to improving the customer experience and the service provided. Many employers are working hard to improve customer service and create a culture-shift to reposition the sector as being more customer responsive.

"Our customers tell us the top priority is reliability, the one thing we cannot guarantee because that's in the hands of thousands of random events every day. Luckily, their second priority is a friendly driver and a clean bus, and we're able to control that. If we deliver all these things and they get better value for money, then price is further down their list."

Guy Gibson, Head of Training, Trent Barton

In some cases employers are reporting fewer customer interaction opportunities due to technology and innovation, for example automated ticket machines. It will be interesting to see whether services will become increasingly impersonal or if the human touch is retained.

"We deliberately took away the two door vehicles so that people did get on and off by the driver because it kind of finishes off the transaction when somebody says "cheerio" and makes you feel wanted."

Guy Gibson, Head of Training, Trent Barton

The implications of this and other trends on the skills of the workforce show that customer service is a clear priority. Some employers suggest that recruitment should give greater consideration to customer service, interpersonal and communication skills than, for example, operational or driving skills, which can be developed or enhanced once in post.

"We won Bus Operator of the Year in 2012 for our customer service. We train all our new drivers in customer service and we do a customer service course on top of their Driver CPC training each year. We also recruit on customer service skills, not just driving ability now, which takes slightly longer to train people. You can get drivers two to a penny, but we recruit a customer-focused driver in the first place and then train them to drive and we're seeing the benefits in customer feedback."

Karl Ward, Training and Development Officer, Nottingham City Transport

Many customer facing roles in the sector require multiple skills to provide a safe and responsive service, for example, the ability to use a range of IT, along with job-specific and customer service skills.

"In the future I think we will need a more customer focused and more flexible workforce; flexible in terms of the ability to multi-task and the ability to manage situations and provide customer service while maintaining the high level of safety focus."

Mark Sellis, Head of Training and Development, South West Trains

Need for greater understanding and development of customer relationships

As a way of understanding customer behaviours and developing more tailored experiences, industry commentators have looked enviably towards the business model some retailers use, in particular loyalty cards, as a way of developing relationships and understanding what customers want.

Technology can provide a way to recognise and map these behaviours, and anticipate needs. Within Transport for London, information gained from Oyster card use could help understand customer behaviours and needs, and create better service across rail and bus networks.[45]

[45] *http://www.transportxtra.com/magazines/new_transit/news/?ID=32458. Accessed 3 April 2013.*

Case study: Driver Certificate of Professional Competence (CPC)

The deadline for the Driver Certificate of Professional Competence (CPC) is fast approaching. From 9 September 2013, an EU directive requires all passenger carrying (bus and coach) drivers to have a minimum of seven hours approved training per year, or 35 hours over five years. Anyone that operates a passenger carrying vehicle (PCV) will need this certificate if they wish to continue working as a driver.

While gaining the Driver CPC is a legal requirement, it does provide drivers with the opportunity to develop their skills and gain further training. The Joint Approvals Unit for Periodic Training (JAUPT), which is responsible for recognising and approving training programmes that meet the Driver CPC requirements, has approved more than 3,000 courses that drivers can attend.

The WorldHost customer service courses are approved and count towards this. Kieran Goddard, director at Kielin, a training organisation that has delivered WorldHost to bus and coach employers, said:

"Bus and coach operators are increasingly becoming aware of the need to meet customer demands, however with the older age profile in the sector there can be a gap between initial training and delivery of customer service. Some drivers may have had no training since they passed their driving test 25 or 30 years ago – or even longer – so training and retraining in customer service is vital.

"WorldHost is a world-class customer service programme that has already been used to train nearly one million people worldwide, including tens of thousands of staff and volunteers at the London 2012 Olympic and Paralympic Games. With Driver CPC being compulsory, this is an ideal opportunity to improve the customer service skills of drivers."

Technology skills will be important to sector employers in the future to help them to understand the 'what, how and when', although a more detailed appreciation of passenger and customer behaviour will require softer skills to help identify the 'why'.

"Behavioural issues have become more important in the planning of transport systems. We now need more people with softer skills in our business, such as behavioural psychology, as well as those people with planning, forecasting, assessment and transport engineering skills."

Keith Mitchell, Chairman, Peter Brett Associates

For example, bus companies are starting to look at customer travelling behaviours and comparing traditional, often meandering local bus routes to how passengers would travel in a car. As a result some have introduced routes and services to match where there are clear patterns of behaviour, often resulting in fast, direct services alongside more traditional routes.

Technology trends

Travel and passenger information

As we have seen above, technology is shaping how passengers access information, plan journeys and purchase services.

Technology is increasingly providing innovations such as:

- Real time travel information through GPRS and ITS (Intelligent Transportation Systems) in fare collection and electronic ticketing systems for public transportation
- Apps that use GPS to show you where your bus or train is and any delays
- Timetables and travel information accessible on the move, available electronically and through smartphones and apps. Traditional posters can now contain QR codes to access information.

> **"The buses are now all equipped with GPS, the ticket machines and the telematics. It's bringing it all together and that's the way things are going. If you can look on your phone and see where your bus is, on a cold morning you may not have to come out as early as you would have done without that information."**
>
> ***Guy Gibson, Head of Training, Trent Barton***

Ticketing and payment technology is set to change the way we travel in the next few years. The Government has pledged that seamless travel (via multiple travel operators) will be available to customers throughout the UK using 'smartcard' technology. The Government has promised significant funding for this project and recently invested £2.5 million in a three-year pilot scheme in Norfolk.

The Oyster card, a forerunner in this area, recently announced its future ticketing project[46] and similar flexible payment system developments outside London (South East Fares and Ticketing (SEFT) initiative) are expected in the next few years.

Such technologies increasingly drive the need for advanced IT and software development skills in the sector. On an operational level, training to use these systems will become an integral part of people's jobs.

Social media

Passenger transport and travel businesses are using social media to interact with customers and to inform them of service updates, new offers and promotions. It is also seen as a way of engaging the youth market and raising awareness of targeted products and services (for example, discounted youth travel schemes). All age groups are increasingly using social media, travel blogs, and forums to plan, research and discuss transport and travel. In difficult circumstances, it is another way for people to stay connected and informed about service disruptions.

> **"Through the bad weather we did keep our service going and we just kept Tweeting to say 'the bus is on route and running to the timetable'."**
>
> ***Peter Maggs, Chief Executive, West Midlands Special Needs Transport Ltd***

Sector employers will need people in skilled roles, often with marketing or PR skills, to monitor, update and respond using this interactive medium. However, some employers may fear this level of exposure to their customers and the possibility of negative feedback in particular.

Where employers have successfully embraced social media they have invested time and resources and where there have been negative reviews, they have been addressed as part of a managed process. The suggestion from employers is that this has had an impact on the types of jobs being created, switching resource away from telephone-based customer service to staff working online.

[46] *TfL Future Ticketing Programme http://www.transportxtra.com/magazines/new_transit/news/?ID=32458 Accessed 3 April 2013*

Telematics

Telematics are used in the bus, coach and community transport industries to improve driver skill and increase fuel efficiency, with positive benefits for the environment, reduced carbon footprint and more sustainable travel. Increasing fuel costs have driven a need for innovation to enable efficient and economical vehicle use, including the development of electric and hybrid vehicles.

Drivers are being trained in the required practices and more advanced driving skills, together with the use of in-car technologies, for example, those linked to engine management systems that are responsive to real-time driving behaviours. We can expect that as these in-vehicle technologies increase, businesses will need the skills and diagnostic equipment to service and maintain them.

"Telematics are GPS-linked systems that tell you how the buses are being driven, how long it's idling, how long it's waiting, whether it's being braked and accelerated smoothly, all of those things, and you can use that to show your drivers how they're driving. Most people actually want to do a good job and improve [their performance]."

Guy Gibson, Head of Training, Trent Barton

Future focus: The future of transport

The Future of Transport[47] identifies a number of social, economic and technological trends and how these might influence passengers' use of transport and travel in the future:

- A growing and ageing population – there will be a greater demand for passenger transport among older passengers, who will need more accessibility e.g. low-level floors, step-free access at stations and staff to assist them
- The search for value – the economy impacts consumer lifestyle and choice, and the cost of living. These financial pressures have meant fewer young people are getting a driving licence. The development and use of fuel calculators will allow drivers to make informed choices and assess the cost of making a journey in a car compared to other kinds of transport to ensure best value
- The growth of the single-person lifestyle – this may result in more trips for socialising. Bus and rail will continue to play a key role if they can provide flexible services at suitable times
- How we work – the growth of flexible working means variable start/finish times, reducing demand around peak hours and the need for expensive capacity enhancement schemes. A blurring of peak and off-peak services will mean operators need to look at service frequency and fare structures
- A 24/7 world – as we move towards seamless 24/7 lives the internet will play a key part in connectivity and the need to ensure around-the-clock customer service
- Customised information and increasingly participative consumers – there is a trend towards an increasing customer desire to filter and customise information, driven by mobile and app use. More interaction with consumers may increase the demand for customer service across businesses.

[47] *http://www.passengerfocus.org.uk/research/publications/the-future-of-transport-overview Accessed 9 April 2013*

Future skills needs

Given the key issues likely to impact the sector in the future, what are the implications for the workforce and the key skills the sector's industries will demand? In the 2012 People 1st Employer Survey we asked employers to identify which skills they thought would be important to their business in the next 3-5 years.

Overall, 81 percent of employers identified customer service skills as the most important for their business in the next 3-5 years, followed by management and leadership (57 percent) (figure 36).

Customer service skills were a high priority for all industries, especially travel services, where the result (86 percent) was higher than the sector average (81 percent). This will reflect the customer-facing nature of many of its key occupations, including managers and customer service staff, many of whom will deal directly with customers.

The need for management and leadership skills within travel services (64 percent) was also significantly higher than the sector average (57 percent). Managers and proprietors in this industry will oversee widespread changes in how businesses engage with customers, particularly with the trends toward online or e-marketing, and will need to respond to changing consumer behaviours.

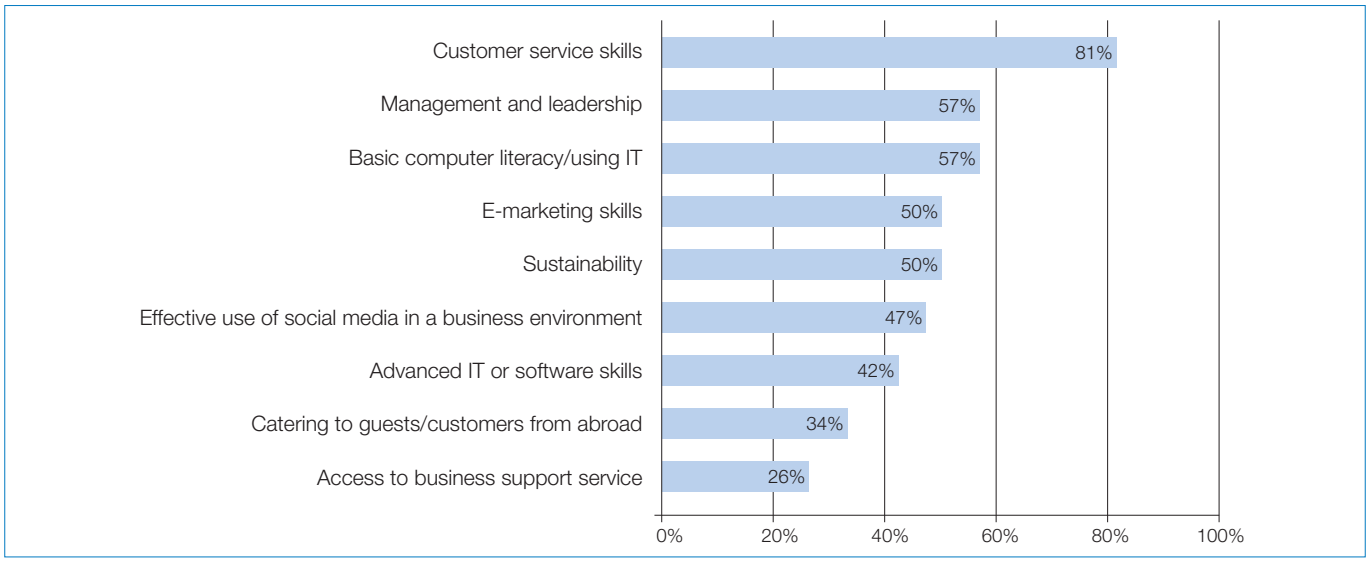
Management and leadership was most often found to be an important future skill among community transport employers (67 percent). As discussed earlier, these businesses face challenges in the future around changes in funding and will require strong leadership and management to identify and capitalise on new revenue opportunities if they are to grow and diversify their operations.

Basic computer literacy and IT skills (57 percent) were the joint second-highest future skill need for the passenger transport and travel industries, while 42 percent of employers needed advanced IT or software skills.

E-marketing skills (67 percent) and basic computer literacy and IT skills (61 percent) were important future skills needs for rail employers. We are increasingly seeing rail operators use e-marketing campaigns. Ticketing and payment technologies and information systems that reflect how passengers access information, plan journeys and purchase tickets on the move are also driving the need for basic computer literacy and IT skills.

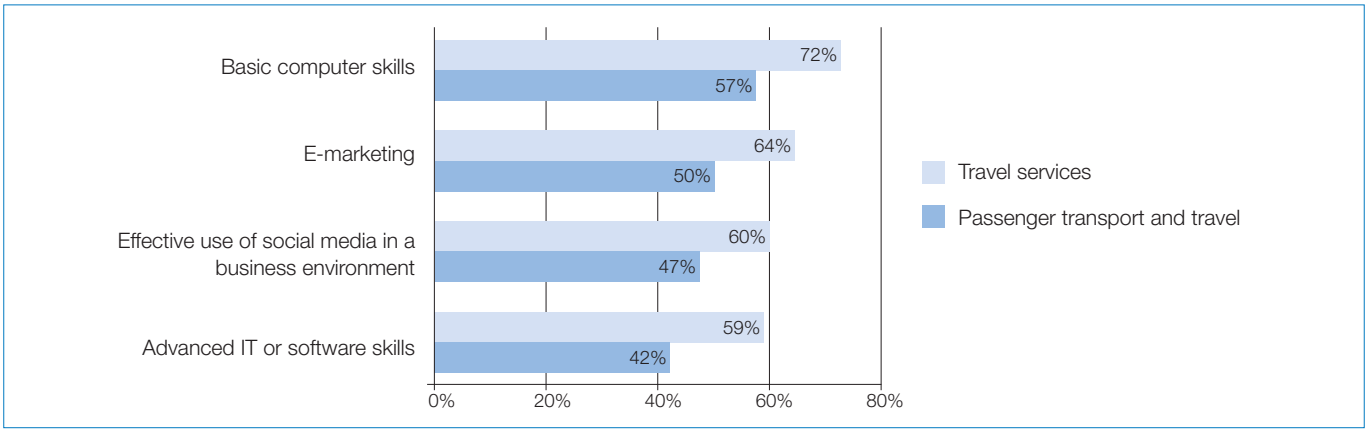
Half of employers believe that sustainability skills will become more important. While all industries have been placing increased importance on becoming more sustainable, there is a growing focus on what has been dubbed 'travelism' to make the case to both policy makers and consumers about the important role that the travel industry is playing – and can play – in green growth strategies.

Figure 36: Skills important to the business in the next 3-5 years



Source: 2012 People 1st Employer Survey

Figure 37: Skills important to the business in the next 3-5 years – technology related, travel services



Source: 2012 People 1st Employer Survey

Skills in IT at both basic and advanced levels will underpin many business areas and will be vital in exploiting online sales, e-marketing and social media in the future. Accordingly, around half of the sector's employers pointed to the future need for e-marketing skills (50 percent), and skills in social media and its effective use within the business (47 percent).

The travel services industry shows a significantly higher need in all these areas; basic computer skills (72 percent), e-marketing skills (64 percent), social media skills (60 percent) and advanced IT skills (59 percent) when compared to the averages for the sector (figure 37). This underlines the importance of technology-related trends as the industry begins to recover and shows a clear and consistent skills need in the workforce.

Sustainability was also an important future skills need (among 50 percent of employers) and links to issues around more environmentally friendly business practices and the use of technology to achieve these objectives within passenger transport industries.

Transport planners also had a relatively high need for both basic IT (75 percent) and advanced IT skills (53 percent), while driver training businesses were significantly more likely to identify the effective use of social media as an important future skills need (57 percent). Many of these will be self-employed and social media would allow this group to engage customers, often younger people, in an industry where personal recommendation can play a key role in new business.

Future workforce and occupational trends

As we reported in chapter 2, projections show that the passenger transport sector's workforce is expecting growth of one percent (compared to an average of four percent across the economy as a whole) in the coming years.[48] However, with the prospect of an ageing workforce in many industries, the challenge will be to focus on replacing staff. Although the sector will need to recruit 31 percent of its current staff levels by 2020, staff replacement is driving almost all of this activity (30 percent is replacement demand). Assuming only modest employment growth on top of the need for replacement, this equates to an additional 186,300 people who will need to be recruited over the next seven years (table 40).

[48] *Source: Working Futures 2010-2020 (2008), UKCES/IER/CE, electronic resource.*

Table 40: 2013-2020 employment projections, passenger transport

	2013	2020	Expansion demand	Replacement demand	Total demand	Proportional 2013-2020 increase
1. Managers and senior officials	36,500	40,100	3,600	10,400	14,000	38%
2. Professional occupations	58,900	67,600	8,700	15,700	24,400	41%
3. Associate professional and technical occupations	51,000	56,600	5,700	12,600	18,300	36%
4. Administrative, clerical and secretarial occupations	45,600	41,800	-3,800	14,300	10,500	23%
5. Skilled trades occupations	36,700	33,700	-3,000	10,000	7,000	19%
6. Personal service occupations	42,000	46,800	4,800	11,900	16,700	40%
7. Sales and customer service occupations	13,400	15,100	1,800	2,800	4,600	34%
8. Transport and machine operatives	290,600	277,400	-13,200	97,200	84,000	29%
9. Elementary occupations	29,600	28,900	-700	7,500	6,800	23%
Total	**604,100**	**608,000**	**3,900**	**182,500**	**186,300**	**31%**

Source: Working Futures 2010-2020 (2012), UKCES/IER/CE, electronic resource

Professional occupations (for example transport planners, maintenance engineers, IT professionals) will increase by the greatest proportion (41 percent overall) and compared to other occupations a higher proportion is attributed to employment growth or expansion (15 percent). These occupations will need highly skilled and qualified workers who will add value to their respective industries. The anticipated investment in infrastructure and major projects such as HS2 will mean that many rail professionals will be required in the future.

Personal service occupations (for example, air and rail travel assistants) are set to increase overall by 40 percent, of which 12 percent is forecast to be employment growth. These workers will need higher level customer service skills and technology skills in view of the anticipated trends and future skills needs previously discussed.

However, the largest number of replacement staff will be required in roles relating to transport and machine operatives, with 97,200 new recruits required. Our interviews with employers suggest this requirement will be mainly in driver occupations, for example bus and coach drivers. A significant increase in these occupations will escalate the need for customer service and technology skills (and multi-skilling) and job-specific training, often to meet legal requirements.

Though smaller in number, the need for managers and senior officials (ten percent employment growth) will drive the need for management and leadership skills and business development and marketing skills, for example to meet the future challenges customer behaviours and technology change will bring.

For smaller businesses there may be the need to outsource staff to meet the skills demands, particularly in technical or IT roles supporting social media, e-commerce or software development; marketing and market research roles to understand their markets and engage customers effectively; specialist maintenance and diagnostic work; and professional roles, such as managers focused on human resource or quality issues.

Clearly, many small businesses will need initial support to access these skills or resources, perhaps through partnerships and networks, access to business leaders, or free or subsidised business support in key areas such as business planning and finance.

Summary

The view from employers is that the main developments in the coming years will be changing customer or passenger trends, the growing influence of technology, such as in-vehicle technologies, social media and e-commerce, and how these link to environmental concerns and sustainability.

Employers who had undertaken business planning or training in the last 12 months rated social media and online or e-commerce more highly as future drivers of growth, highlighting the importance of planning and training in realising the potential and increasing uptake of these technologies.

Employers identified customer service skills as the most important future skills need in the next 3 to 5 years, followed by management and leadership, basic computer literacy and IT skills and, to a lesser extent, advanced IT or software skills. IT skills at both basic and advanced levels will be vital to exploit the possibilities of online sales, e-marketing and social media.

Employment projections to 2020 suggest that professional occupations (for example transport planners, maintenance engineers, IT professionals) will increase by the greatest proportion and these occupations will need highly skilled and qualified workers who will add value to their respective industries. Personal service occupations (for example air and rail travel assistants) are also set to increase and these workers will need higher levels of customer service and technology skills.

The future need for managers and senior officials will increase the demand for management and leadership skills, and business development and marketing skills, for example, to meet the future challenges customer behaviours and technologies will bring.

The largest number of replacement staff will be required in roles relating to transport and machine operatives, for example driver occupations, with 97,200 new recruits needed to replace an ageing workforce. Any increase in recruitment to replace staff in these occupations will escalate the need for customer service and technology skills (and multi-skilling), and job-specific training.

As the economy and recruitment picks-up, the sector will need to be prepared to meet the demand for skills if recruitment difficulties, skills gaps and skills shortages are to be minimised in the future.

Afterword

What these future skills and labour needs mean to us today

As with many future predictions, the trends and probable future skill needs outlined in this final chapter are firmly rooted in the present and are largely an escalation or a refinement of today's environment. This puts into sharp relief the importance of addressing the current skills gaps and shortages facing many industries.

In essence we need to be looking at a broader range of skills, not just the traditional technical skills, but also softer skills such as customer service. We also need to be addressing the fact that the majority of existing staff with the right technical skills are beginning to retire. Where is the next generation going to come from? Finally, we need to address the management skills to ensure that businesses can take advantage of the changing and increasingly competitive environment.

Low staff turnover rates – combined with the impending retirement age for many individuals working within the passenger transport and travel sector – will perhaps present the sector with its greatest challenge. Attracting new staff members into the sector will be difficult without the development of strong career pathways and promoting the sector as a career destination. It will be down to employers to form far closer links with training providers and educators than many of them currently enjoy if they are to address the relatively low level of younger people entering the sector. While some industries are viewed as attractive career options, the high rates of skills gaps in the workforce – and high staff turnover rates – are impeding their success. Ensuring that secondary and tertiary educators are providing both realistic and the full breadth of options – along with the necessary skills to work in these industries – will be an ongoing challenge for the industry, especially as the economy improves and competition from other sectors increases.

The rising use of technology within the sector is also going to cause ongoing concerns as organisations struggle to keep up to date with and implement new systems. While many businesses in industries such as rail are realising the potential of the rise of social media, other businesses see the potential threats associated with the use of such tools, so they will need to engage new skills to maximise the opportunities social media can bring. Likewise, the increase in automation and demand for personalised services from an increasingly well informed audience will also create issues for businesses without the technological knowledge needed to both implement and utilise such systems. In cases where businesses have been able to embrace technological innovations, for instance the travel industry through its use of online and multi-channel retailing, the results have been extremely positive with significant increases in businesses. It remains to be seen if other industries will be able to follow this travel services' example and enhance the customer experience.

Customer service remains a critical skill gap in the current workforce, yet 40 percent believe changes to customer spending could present a barrier to growth in the future. With increasing customer expectations paired with the advent of new markets and changes in customer preferences, it is clear that passenger transport and travel businesses will need to place customer choice and customer service at the very heart of their business if they are to remain competitive. Yet it is difficult to see how this will be possible when more than half of employers believe that customer handling skills need to be improved within their business and that many employers feel that staff motivation levels are principally responsible for skills gaps.

Similarly, if front-line staff lack fundamental job-specific skills, it is unlikely that customer expectations will be met. Given the rising challenges and opportunities facing businesses, it is not surprising that a quarter of employers believe management and leadership skills will become more important. With low recruitment and staff turnover levels and the reduction in training many businesses have experienced during the past few years, improving current practices and introducing new ones will be difficult without a concerted effort on behalf of employers.

Martin-Christian Kent
Product Development Director, People 1st

About People 1st

People 1st is the sector skills council for the hospitality, passenger transport, travel and tourism industries, and focuses on transforming skills in the sector through the development of world class qualifications in management and leadership, customer service and craft skills. The similarities across these industries mean People 1st can address the skills requirements of passenger transport, travel and tourism, and closely align this activity to hospitality and leisure.

Our solutions for the passenger transport and travel sector include:

Careers that Move
A brand new website that brings together information and advice on careers, jobs, qualifications and training in the passenger transport and travel sector through a number of interactive online tools. For more information visit www.careersthatmove.co.uk

Employment 1st
A sector-specific pre-employment programme that prepares people for roles in the aviation, bus and coach, rail and taxi and private hire industries. For more information visit www.careersthatmove.co.uk/employment1st

Univ8
Univ8 is an online skills and learning platform that has been designed specifically for passenger transport and travel to provide a system for professionalising the sector and make learning flexible, transparent and transferrable. For more information visit www.careersthatmove.co.uk/univ8

Licence to Practise
A scheme for taxi and private hire drivers and passenger carrying vehicle (PCV) driver trainers to addresses low levels of training, improve the uptake of nationally recognised qualifications, and raise the professionalism of the workforce through two national registers. For more information visit www.careersthatmove.co.uk/licence-to-practise

My Business 1st
An online hub for SMEs in the hospitality, passenger transport, travel and tourism industries that supplies online articles, downloadable tools, training materials, and signposting to useful information to help businesses start, manage or grow their organisation. For more information visit www.mybusiness1st.co.uk

Women 1st
The thought leadership, training and mentoring programme designed specfically to support the development of women in the hospitality, passenger transport, travel and tourism. For more information visit www.women1st.co.uk

WorldHost
WorldHost offers four programmes designed to help staff deliver excellent customer service – Principles of Customer Service, Service Across Culture, Customers with Disabilities and an Ambassador workshop for those welcoming visitors. For more information, visit www.worldhost.uk.com. For more information about the programme in Northern Ireland, visit www.worldhostni.com

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