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1. INTRODUCTION

- 1.1 The Jobs in the Environment Support Unit (JITESU) is a unit within Forward Scotland. Forward Scotland promotes sustainable development in Scotland through practical projects and influencing policy. The unit's focus is on social inclusion, environmental justice and environmental management.
- 1.2 JITESU was set up in July 2001. Its stated aim was to:
 - work to maximise progression into lasting jobs associated with the Environment Task Force option of the New Deal in Scotland and support the development of pathways into employment in environment related industries.
- 1.3 The formation of JITESU was an initiative of the Environment Task Force Working Group in Scotland (ETFWG) in partnership with Forward Scotland.
- 1.4 The Unit secured funding from BP for the first three years of its operations. JITESU also receives support, including office accommodation, from Forward Scotland.
- 1.5 A Steering Group oversees the Unit with membership drawn from the following sectors:
 - local authority lead providers
 - private sector providers
 - the Scottish Executive
 - Jobcentre Plus
 - BP
 - Forward Scotland.
- 1.6 JITESU commissioned **yellow book** to produce an overview of the transport and travel sector in Scotland, focusing on the employment potential of the sector and issues that are likely to have an impact on employment in the future.

THE BRIEF

- 1.7 The brief states that the paper should include:
 - a breakdown of current employment within the sector and the economic value of the sector to the Scottish economy
 - an overview of UK and EU legislation likely to impact upon the sector in relation to skills and employment
 - an assessment of the future demand for labour in the sector
 - career paths, skills gaps and training availability.
- 1.8 This report gives an overview of employment in the transport and travel sector as well as a commentary on future employment prospects in the sector.
- 1.9 The clients have requested that - within the framework of a broad overview of the sector labour market - we should highlight the employment implications of developments in sustainable transport.

WORK PROGRAMME

- 1.10 The work programme for the study included:

- desk research
- interviews.

REPORT STRUCTURE

1.11 The report is in 6 sections:

- Section 1 introduces the study
- Section 2 defines the transport and travel sector
- Section 3 set out an analysis of employment in the sector
- Section 4 reviews some drivers of change affecting the sector
- Section 5 outlines future employment prospects and associated skill requirements
- Section 6 contains our conclusions and recommendations
- Annex 1 lists sources of information.

2. TRANSPORT AND TRAVEL SECTOR DEFINED

- 2.1 Transport and travel are for the most part clearly defined in the official statistics, which makes fine-grained analysis (at least at the Scottish level) relatively straightforward.
- 2.2 The relevant activities are covered by Section I of the *UK Standard Industrial Classification of Economic Activities 1992* (SIC): Transport, Storage and Communication. For the purposes of this paper, we have based our analysis on the following 2/3-digit SIC codes:

SIC code	Activity
60	LAND TRANSPORT
60.1	Transport via railways
60.2	Other land transport
61	WATER TRANSPORT
61.1	Sea and coastal water transport
61.2	Inland water transport
62	AIR TRANSPORT
62.1	Scheduled air transport
62.2	Non-scheduled air transport
63	SUPPORTING & AUXILIARY TRANSPORT ACTIVITIES; ACTIVITIES OF TRAVEL AGENCIES
63.1	Cargo handling and storage
63.2	Other transport activities
63.3	Activities of travel agencies and tour operators
63.4	Activities of other transport agencies
64	POST AND TELECOMMUNICATIONS
64.1	Post and courier activities

- 2.3 In Section 3 we analyse employment trends in the sector based on these SIC codes. It should be noted that our definition is not the same as that adopted by the Mackinnon Partnership in their 2002 report to the Transport Skills Alliance and the Scottish Executive.¹ Mackinnon's report also covers the motor trades.

SUSTAINABLE TRANSPORT

- 2.4 The sustainable transport agenda at the EU, UK and Scottish level is discussed in more detail in Section 4. However, we can summarise the thrust of policy in the following terms:
- ▶ a shift in the movement of *people* from private cars and air services to public transport (road and rail) and water
 - ▶ a shift in the movement of *goods* from road to rail and water.
- 2.5 We have interrogated the published data for evidence of employment in sustainable modes of transport.

¹ The Mackinnon Partnership, *A review of the transport sector labour market in Scotland: A final report to the Transport Skills Alliance and the Scottish Executive* (November 2002)

3. EMPLOYMENT IN THE SECTOR

- 3.1 The transport and travel sector, as defined in Section 2, accounts for **112,746 jobs** in Scotland, or 4.9% of all employment. This is broadly in line with the national (GB) share (5.1%). The industry generates around £11 billion in sales and turnover.²
- 3.2 *Other land transport* (SIC 60.2) accounts for 45,735 jobs (40.6% of total employment in the sector). The largest categories are:
- *road freight* (24,467 jobs; 21.7%)
 - *other scheduled passenger transport*, including bus and coach (15,371; 13.6%).
- 3.3 The next largest category is *post and courier activities* (SIC 64.1) with 23,180 jobs (20.6%), of which national post activities account for 19,218 jobs (17.1%).
- 3.4 *Other supporting transport activities* (SIC 63.2) provide 10,583 jobs (9.4%) distributed between supporting water transport (4,303), air transport (3,707) and land transport (2,573).
- 3.5 *Travel agencies and tour operators* (SIC 63.3) provide 8,855 jobs (7.85%), while *cargo handling and storage* (SIC 63.1) is the other significant employer with 7,481 jobs (6.6%).

Figure 3-1: Employment in the travel and transport sector

Group	Activity	Class	Activity	Jobs	Share %
60.1	Rail transport			3623	3.2
60.2	Land transport			45735	40.6
		60.21	Scheduled	15731	13.6
		60.22	Taxi	3095	2.8
		60.23	Other passenger	2802	2.5
		60.24	Road freight	24467	21.7
61.1	Sea and coastal			1878	1.7
61.2	Inland water			760	0.7
62.1	Scheduled air			2667	2.37
62.2	Non-scheduled air			2698	2.39
63.1	Cargo/storage			7481	6.6
		63.11	Cargo handling	416	0.4
		63.12	Store/warehouse	7065	6.3
63.2	Supporting transp			10583	9.4
		63.21	Supp land trans	2573	2.3
		63.22	Supp water trans	4303	3.8
		63.23	Supp air trans	3707	3.3
63.3	Travel agencies			8855	7.9
63.4	Other agencies			5285	4.7
64.1	Post and courier			23180	20.6
		64.11	National post	19218	17.1
		64.22	Courier	3963	3.5
SECTOR TOTAL				112746	100.0

Source: Annual Business Inquiry, 2001

² Futureskills Scotland, *Sector Profile: Transport, Distribution and Communications* (www.futureskillsscotland.org.uk)

THE BUSINESS BASE

- 3.6 There were 7,393 business units in the sector in Scotland in 2001, of which 5,676 (77.9%) were micro-businesses employing 1-10 people; a further 17.3% were small firms employing 11-49 people. Only 5.8% of firms employed 50 employees or more, but these accounted for 58% of total employment in the sector.
- 3.7 Figure 3-2 shows that there are important differences in the business base at 4-digit level:
- ▶ employment in rail transport, inland water transport, air services and supporting transport activities is dominated by SMEs and large firms
 - ▶ by contrast, smaller firms play a much more significant role in land transport (especially road haulage and taxi services), travel agencies and other transport agencies.

Figure 3-2: Employment in the travel and transport sector (by company size)

Group	Activity/class	% of units (rounded)				% of employees (rounded)			
		1-10 employees	11-49 employees	50-199 employees	200+ employees	1-10 employees	11-49 employees	50-199 employees	200+ employees
60.1	Rail transport	54	15	15	15	0	1	7	92
60.2	Land transport	80	15	3	1	21	28	25	26
61.1	Sea and coastal	84	10	4	1	19	18	30	33
61.2	Inland water	83	4	9	4	8	4	42	47
62.1	Scheduled air	67	12	12	8	4	8	25	63
62.2	Non-scheduled air	44	28	17	11	2	11	29	58
63.1	Cargo/storage	72	19	7	2	13	24	28	35
63.2	Supporting transp	75	17	6	2	9	18	25	48
63.3	Travel agencies	81	17	2	0	41	39	20	0
63.4	Other agencies	67	25	7	1	16	32	33	19
64.1	Post and courier	67	23	9	1	8	28	43	20
	TOTAL	77	17	5	1	16	26	29	29

Source: Annual Business Inquiry, 2001

EMPLOYEES BY GENDER

- 3.8 The transport and travel sector is dominated by male employees, who account for 74.6% jobs. However, there are big variations within the industry:
- ▶ men account for more than 80% of jobs in rail transport and other land transport
 - ▶ women account for 67% of jobs in travel agencies, and 50% of jobs in scheduled air transport.

Figure 3-3: Employment by gender in the transport and travel sector, 2001

SIC	Activity	Male %	Female %
60.1	Rail transport	86.5	13.5
60.2	Land transport	82.9	17.1
61.1	Sea and coastal	75.7	24.3
61.2	Inland water	83.4	16.6
62.1	Scheduled air	50.4	49.6
62.2	Non-scheduled air	73.8	26.2
63.1	Cargo/storage	70.7	29.3
63.2	Supporting transport activities	76.6	23.4
63.3	Travel agencies	32.7	67.3
63.4	Other transport agencies	64.0	36.0
64.1	Post and courier activities	77.5	22.5
	Total	74.6	25.4

Source: Annual Business Inquiry, 2001

FULL-TIME AND PART-TIME WORK

- 3.9 The gender mix of the sector is reflected in the dominant role of full-time employment, which accounts for 85% of transport and travel jobs. There is more part-time working in industries where women are better represented, such as post and courier activities, scheduled air transport and travel agencies.

Figure 3-4: Full-time and part-time employment in the transport and travel sector, 2001

SIC	Activity	FT %	PT%
60.1	Rail transport	97.1	2.9
60.2	Other land transport	86.4	13.6
61.1	Sea and coastal transport	89.8	10.2
61.2	Inland water transport	89.1	10.9
62.1	Scheduled air transport	78.5	21.5
62.2	Non-scheduled air	90.5	9.5
63.1	Cargo/storage	91.1	8.9
63.2	Supporting transport activities	90.7	9.3
63.3	Travel agencies	82.4	17.6
63.4	Other transport agencies	88.7	11.3
64.1	Post and courier activities	75.4	24.6
	Total	85.0	15.0

Source: Annual Business Inquiry, 2001

EMPLOYMENT TRENDS

- 3.10 Employment in the sector in Scotland increased by 11,395 (+11.2%) between 1995 and 2001, a slightly slower rate of increase than in the GB sector (+14.8%) but above the average employment growth rate for Scotland (+9.8%).
- 3.11 Figure 3-5 shows the change in employment in the transport sectors for Scotland and GB from 1991 to 2001.

Figure 3-5: Employment change in the transport and travel sector, 1995-2001

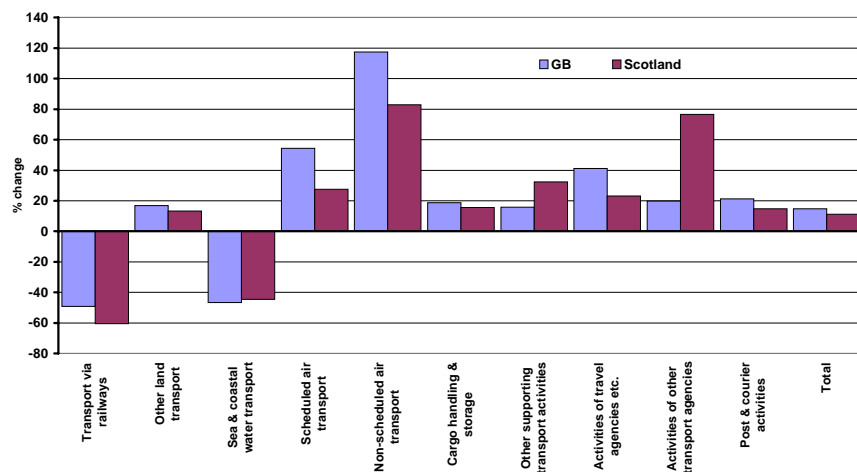
SIC	Activity	Change 95-01
60.1	Rail transport	-5553
60.2	Other land transport	+5365
61.1	Sea and coastal transport	-1504
61.2	Inland water transport	*
62.1	Scheduled air transport	+578
62.2	Non-scheduled air	+1223
63.1	Cargo/storage	+1011
63.2	Supporting transport activities	+2584
63.3	Travel agencies	+1662
63.4	Other transport agencies	+2291
64.1	Post and courier activities	+2998
	Total	+11395

Source: Annual Business Inquiry, 2001

* Suppressed data

3.12 Figure 3-6 shows the same stages, expressed in percentage terms.

Figure 3-6: Employment change (%) in the transport and travel sector, 1995-2001



3.13 An analysis of these data shows that between 1995 and 2001:

- employment in traditional forms of transport (water and rail) declined sharply in absolute and percentage terms
- in absolute terms, the principal growth activities were other land transport, post and courier activities, supporting transport activities, other transport agencies
- in percentage terms, the fastest growing sectors in Scotland were non-scheduled air transport and other transport agencies.

EMPLOYMENT BY OCCUPATION

3.14 It has not been possible to obtain information on the occupational distribution of jobs in Scotland. However, the Labour Force Survey provides an occupational breakdown for the UK which

should serve as a reliable proxy. Please note that *the Labour Force Survey includes estimates of self-employment.*

- 3.15 The most striking features of the data are:
- the relatively low share of managerial and professional jobs in the sector
 - the high proportion of semi-skilled jobs, especially drivers.
- 3.16 Driving jobs account for 62% of all UK employment in the sector, the principal occupations being HGV drivers (22%), taxi drivers and chauffeurs (18%) and bus and coach drivers (14%). The inclusion of the self-employed accounts for the dominant role of road transport, compared with the ABI data. In particular, a very high proportion of taxi drivers are self-employed.

Figure 3-7: Distribution of transport related occupations, Spring 2002 (UK)

SOC	Occupation	%
1161	Transport & distribution managers	7
4134	Transport & distribution clerks	3
1226 6212 6219	Travel agencies & service occupations	8
3511 3512 8218	Air traffic controllers, pilots, operatives, etc	4
3513 8217 9141	Ship officers, seafarers, stevedores, dock workers, etc	3
6214	Air travel assistants	4
6215 6216 3514	Rail travel assistants, operatives & train drivers	5
8213	Bus & coach drivers	14
8211	Heavy goods vehicle drivers	22
8212	Van drivers	8
8214	Taxi, cab drivers & chauffeurs	18
5231 5233	Motor mechanics	3

Source: Labour Force Survey, 2001
SOC: Standard Occupational Code

SUSTAINABLE TRANSPORT

- 3.17 What do these statistics tell us about the impact on employment of sustainable transport policies? Generally, the results are not encouraging; at the 3-digit level, they show:
- a sharp fall in employment in rail transport (-60% between 1995 and 2001)
 - a sharp fall in sea/coastal water transport (-44%)
 - steady growth in road transport (+13%)
 - strong growth in scheduled and non-scheduled air services (+28%/+83%).
- 3.18 Although the 4-digit data need to be treated with some caution, they show that the increase in employment in scheduled

passenger transport (mostly buses) was very modest (+4%) but that employment in freight road transport was up by 14%.

- 3.19 We will deal with future prospects in the following pages, but these figures suggest that, in the recent past, employment growth in sustainable transport modes has been outstripped by growth in less sustainable road and air transport.

CONCLUSIONS

- 3.20 The key messages from this review of Annual Business Inquiry and Labour Force Survey data are that:

- transport and travel is major employer, accounting for 113,000 jobs in Scotland, 4.9% of the total
- other land transport (almost all by road) accounts for 40% of jobs, and road freight contributes more than half that total
- transport employment easily exceeds employment in the travel industry
- much of the sector is dominated (in employment terms) by large firms but road transport and travel agency activities depend much more significantly on small firms
- the industry is dominated by male, full-time jobs, although there are some pockets of activity (scheduled air transport and travel agencies) that attract a high proportion of women
- there has been steady employment growth since 1995, faster than the Scottish average, but performance has varied: most activities have grown, but rail and water transport have been in decline
- the sector provides a large number of jobs in semi-skilled occupations, mostly driving; a significant number of drivers are self employed
- transport and travel is therefore an important source of entry-level jobs for people in Scotland with lower levels of skills or qualifications
- the sustainable transport agenda pursued by governments has not had a positive impact on employment to date.

- 3.21 It is not possible to draw any reliable conclusions on the impact of sustainable transport from these data. However, we can observe:

- the decline in employment in the railway industry, and a corresponding increase in road freight
- the dominant role of road freight in the transportation industry
- the very limited role of water transport.

4. DRIVERS OF CHANGE

- 4.1 This section reviews the policy aspirations and market trends that are shaping the future of the transport and travel sector.

SUSTAINABLE TRANSPORT POLICY

European Union

- 4.2 In the 2001 White Paper, *European Transport Policy for 2010: time to decide*³, the EU recognised that present transport trends point towards an uneven distribution of traffic growth, leading to pressure on the road system and increasing congestion.
- 4.3 The Gothenburg European Council meeting (2001) placed '*shifting balance between modes of transport*' at the heart of the EU's sustainable transport strategy. Essentially, this means reducing car dependency and promoting public transport; in order to achieve this shift, the European Commission has set 2 priority objectives to be attained by 2010, namely:
- regulated competition between transport modes, and
 - development of inter-modal linkages.
- 4.4 The Action Plan for *shifting the balance* proposes 5 measures:
- improving the quality of the road sector
 - revitalising the railways
 - controlling the growth in air transport
 - adapting the maritime and inland waterway transport system
 - linking up modes of transport.
- 4.5 The White Paper realises that to fully achieve the above within 10 years would be very ambitious, but the measures are nonetheless a first essential step towards a sustainable transport system that should be in place in 30 years' time.

UK Government

- 4.6 At the UK level the Government's plans for achieving a more sustainable transport system are set out in *Transport Ten Year Plan 2000*⁴. The aims of the plan are:
- tackling congestion
 - reducing the environmental impacts of transport
 - reducing social exclusion related to transport and accessibility
 - integrating land-use planning to produce more sustainable patterns of development, and
 - improving training and skills within the sector.
- 4.7 The Plan highlights the linkages between economic growth and transport. It also notes that there has been an imbalance in transport growth between the different modes, with negative effects on the wider environment.

³ European Commission, *White Paper - European Transport Policy for 2010: time to decide* (2001)

⁴ Department of Transport, *Transport Ten Year Plan 2000: delivering better transport* (2000)

- 4.8 The strategy therefore focuses on addressing these negative impacts by:
- improving the road system and its management
 - improving public transport and other alternatives to private cars, and raising awareness of these alternatives
 - promoting sustainable freight distribution by increasing the proportion of freight carried by rail, coastal shipping and inland waterways, and promoting interchange between modes
 - securing further reduction in polluting emissions and noise pollution
 - producing patterns of development which will improve access to services, especially for disabled people and the socially excluded.
- 4.9 A recent study by Iain Docherty and John Shaw⁵ suggests that the Plan has so far failed to deliver. Docherty and Shaw quote a critical report by the House of Commons Transport Committee (May 2002) which argued that:
- the Plan has failed to tackle the increasing costs of public transport and falling costs of car use
 - it focused on congestion at the expense of improving local access facilities, urban regeneration, safety, social exclusion, health and quality of life
 - the proposed action in the Plan had no time scale or measures against which delivery could be monitored.
- 4.10 However, Docherty and Shaw acknowledge that some initiatives are already under way including:
- measures to improve recruitment and skills in the rail industry
 - the Transport Planning Skills Initiative, to bring more people into the planning transport professions and enhance the existing skills
 - bursaries to fund new travel planner posts in local authorities
 - the Highway Agency's procurement strategy, which aims to tackle skill shortages by building longer-term relationships with suppliers.

Scottish Executive

- 4.11 The Scottish Executive's transport plans are set out *Scotland's Transport: Delivering Improvements*, which was published in 2002. The document has a two-fold purpose:
- to set out the Executive's transport vision for Scotland, and
 - to set out planned and committed improvements to the transport system.
- 4.12 Delivering "a transport system fit for the 21st century" will mean "focusing on congestion in and around major metropolitan areas,

⁵ Iain Docherty and John Shaw, *A New Deal for Transport? The UK's struggle with the sustainable transport agenda* (2003)

delivering greater integration and the completion of vital missing links in the transport network". The Executive's challenging target is to stabilise road traffic at 2001 levels by 2021, even though traffic is projected to grow by 27% in that period.

4.13 This will require an "integrated package of measures" to:

- modernise and improve public transport
- promote alternatives to the private car
- complete targeted motorway and trunk road improvements.

4.14 Among the Executive's priorities for delivery are:

- letting a new 15-year Scottish passenger rail franchise
- pursuing strategic improvements to the rail network
- delivering priority rail projects
- progressing the Central Borders rail link
- developing a 21st century public transport system for Edinburgh
- delivering public transport projects flowing from the A8, A80 and M74 corridor studies
- promoting through ticketing on local buses.

Conclusion

4.15 This short review of the policy context has shown a consistent thread of policy aspirations running from the EU level, through UK Government and Scottish Executive policy. At the heart of this policy agenda is the need to strike a better balance between, on the one hand, the private car and road freight and, on the other, more sustainable forms of passenger transport by road, rail and water.

4.16 Given the long-term - and accelerating - growth in car use and road freight, policy makers acknowledge that a huge effort will be needed to turn the tide, and create the conditions in which other modes of transport are deemed to offer an affordable, efficient and attractive alternative.

TRANSPORT TRENDS

4.17 The scale of the policy challenge is reflected in the long-term shifts in personal travel and freight movements in Scotland. The Executive's official statistics⁶ show that:

- the number of *motor vehicles licensed* in Scotland has almost trebled since 1962, and in 2002 stood at over 2.3 million; there was an increase of 27% between 1992 and 2002
- there were 259,000 *new vehicles registered* in 2002, the highest number ever recorded
- there were 441 million *passenger journeys on local bus services* in 2001-02, a 1% increase on the previous year, but 23% less than in 1991-92 and less than a quarter of the level of 40 years ago

⁶ Scottish Executive, *Scottish Transport Statistics*, No 22, 2003 Edition

- *freight lifted by road* in 2002 was 154 million tonnes, and has been close to an average of 157 million tonnes for a decade
- in terms of *tonnes lifted*, twice as much freight is carried by road than all other modes of transport together; in terms of *tonnes/distance carried*, coastwise shipping accounts for the largest amount of freight moved, followed by road
- the total *volume of road traffic* in Scotland in 2002 was 41.3 billion vehicle kilometres, 4% up on the previous year - and 18% higher than in 1993
- the number of *rail passenger journeys* originating in Scotland in 2002-03 was 62.2 million, 5% down on the previous year, but 3% more than a decade earlier: rail passengers journeys remain well below the 1964 peak (73 million) but have recovered strongly from their 1982 low (50 million)
- the volume of *rail freight traffic* has been steady at around 5 million tonnes since 1993; before that, there was a dramatic fall from 30 million tonnes in 1960
- there were about 19.8 million *air passengers* at Scottish airports in 2002 - the highest level ever, 9% more than in the previous year and 92% more than in 1992
- the volume of *air freight* in 2002 was 72,600 tonnes, down from its peak in 2000 (74,600 tonnes) but 77% above the 1992 level.
- the volume of *waterborne coastal freight* has been very variable, but was estimated to be 27 million tonnes in 2001
- *freight lifted by inland waterways* was 12 million tonnes in 2001, and has been at around that level for the past decade

4.18 These data confirm the overwhelming success of private road transport (for personal, business and freight) at the expense of other modes. Public transport has fared much less well: bus travel is only about a quarter of its historic high point, and has continued to decline in the last decade; rail travel is below its 1960s peak, but has recovered since the 1980s.

4.19 In the long term, road freight has also grown at the expense of other modes, although coastal shipping and (to a much lesser extent) rail are still important especially for long distance journeys. However, it is worth noting that - in terms of tonnage carried - the total volume of freight transport in Scotland has been more or less static for a decade.

4.20 In reviewing these data, we should also take account of the changing nature of freight transport in Scotland. A decline in manufacturing output has been offset by a sharp rise in personal consumption of goods and services and an associated increase in home deliveries. These developments lead to a much more fragmented pattern of freight journeys which is better suited to the flexibility of road than rail or water.

CONCLUSION

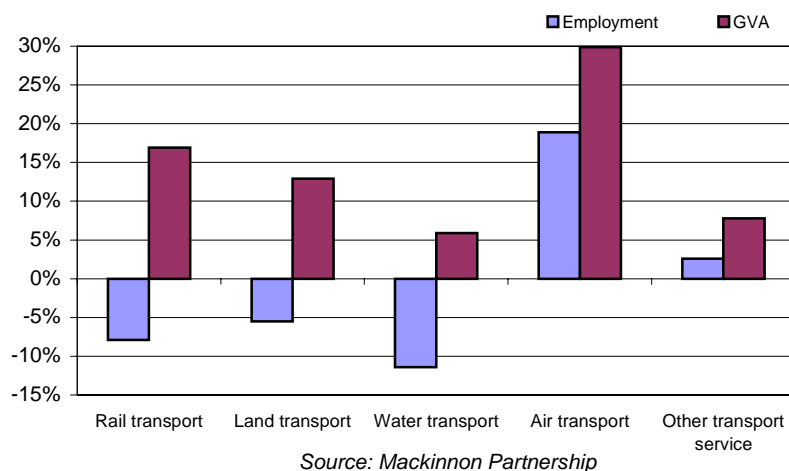
4.21 This review of the drivers of change in the transport and travel sector has revealed the tensions between policy aspirations and market trends. It is not for us to judge the prospects of success

for policies designed to engineer a shift in the balance towards more sustainable modes of transport, but there is general agreement that the number of vehicles on the road - and the distance travelled by those vehicles - will continue to grow at least in the medium term. In other words, road dependency will get worse before it gets better.

5. FUTURE EMPLOYMENT PROSPECTS

- 5.1 The November 2002 Mackinnon Partnership report to the Transport Skills Alliance and the Scottish Executive (see para 2.3 above) provides a comprehensive overview of labour market issues and prospects in the sector. Like the present study, the Mackinnon Partnership is based on existing published sources, in this case research carried out by the six former National Training Organisations (NTOs) in the transport sectors.
- 5.2 Because the Mackinnon Partnership report also covers the motor trade, their figures do not correspond to those presented in Section 3, but they are consistent with them. The headline messages from their study are that:
- ▶ the sector (including motor trades) accounts for 5.2% of Scottish output, and continuing growth is forecast - by about 13%
 - ▶ however, against the UK trend, *employment is forecast to fall across the sector*, by about 2.7% (see Figure 5-1)

Figure 5-1: Forecast change in employment and output in the transport sector in Scotland (2001-2006)



- 5.3 Air transport is the exception, with continuing employment growth forecast, but the industry accounts for only a small percentage of total employment in the sector. The key message is that the industry expects *productivity improvements* to result in a period of *jobless growth*. Efficiency savings and the adoption of new technology will contribute to this.
- 5.4 The Mackinnon Partnership report cites data produced by the SLIMS/Cambridge Econometrics model. By contrast, Futureskills Scotland predict a most annual increase in employment in the sector to 2006.
- 5.5 Subdued demand for labour in the industry may be reflected in the level of enrolments on transport related courses in further

and higher education in Scotland, which were down slightly (-2%) between 1997 and 2001, against a general increase of +15%.

- 5.6 Although the available forecasts do not agree, both point to a situation in which the aggregate demand for labour in the transport sector will change very little in the next 3-5 years. However, it remains a big industry and Futureskills Scotland forecast that labour turnover and retrials will create *a requirement for 26,000 new workers in Scotland (roughly 5,000 a year) between 2001 and 2006.*
- 5.7 Mackinnon report that “there are no indications that the workforce composition is likely to change” in the near future. If this is the case, and the distribution of occupations in the sector continues to be in line with those shown in Figure 3-7, then the 5 year demand for new entrants would be broadly as follows:

Occupation	5-year demand
Transport & distribution managers	1,820
Transport & distribution clerks	780
Travel agencies & service occupations	2,080
Air traffic controllers, pilots, operatives, etc	1,040
Ship officers, seafarers, stevedores, dock workers, etc	780
Air travel assistants	1,040
Rail travel assistants, operatives & train drivers	1,300
Bus & coach drivers	3,640
Heavy goods vehicle drivers	5,720
Van drivers	2,080
Taxi, cab drivers & chauffeurs	4,680
Motor mechanics	780
TOTAL (rounded)	26,000

- 5.8 Of course, such estimates must carry a significant health warning, but they offer a useful order of magnitude picture. In particular, they show the likely continued demand for drivers of various types (about 16,000 in total).
- 5.9 The Mackinnon Partnership reports that there are still some important *labour market* issues to be addressed. The consultants’ review identified *four key issues* that are having a serious impact on the efficiency and effectiveness of the sector:
- a “critical shortage” of large goods vehicle (LGV) and public service vehicle (PSV) drivers, which may be compounded by the effects of the EU Working Time Directive
 - the need to prepare the industry training structure for the introduction of the EU Compulsory Driver Training Directive for LGV and PSV drivers
 - potential future shortage of maintenance engineers, and a shortage of young people becoming technicians and fitters
 - difficulties in recruiting and retaining air traffic controllers in the Highlands and Islands.

SECTOR SKILLS COUNCILS

- 5.10 Under the direction of the Sector Skills Development Agency (SSDA) the Government is creating a raft of Sector Skills Councils (SSCs) to replace the former National Training Organisations (NTO).
- 5.11 The bulk of the transport sector will be covered by two SSCs, both of which are currently in the development phase:
- GoSkills will serve the passenger transport sector, and
 - Skills for Logistics will serve all forms of freight transport, distribution and logistics.
- 5.12 Both organisations have submitted *expressions of interest* which provide a useful insight into the respective skills agendas.

GOSKILLS

- 5.13 GoSkills focuses its expression of interest (EOI)⁷ on road passenger transport. The EOI highlights the problem of recruiting and retaining *bus drivers*, which will be addressed by a six point plan:
- a quality training framework for young drivers
 - pre-service training
 - exemplar recruitment, training and development projects
 - influencing the school curriculum
 - communicating about opportunities in the industry
 - enhancing the image of bus drivers.
- 5.14 Other issues highlighted include:
- an ageing cohort of *coach drivers*, and barriers to recruiting young drivers
 - an estimated shortfall of 10,000 *private hire vehicle drivers*.
- 5.15 A more skilled workforce would contribute to productivity gains, generating benefits including:
- transport operators would run more buses if they could recruit and retain staff
 - skills would play a central role in the development of an integrated transport strategy
 - better driving skills would have environmental benefits
- 5.16 GoSkills argue that improved management and supervision will help the Government to achieve its 10-year plan as well as conferring benefits on transport operators, including:
- better targeting of services and increased passenger traffic
 - improved customer focus
 - less vehicle down-time and better presentation
 - greater service reliability
 - environmentally responsible services
 - improved health, safety and security systems.

⁷ GoSkills, *Driving people development in public transport* (2002)

SKILLS FOR LOGISTICS

- 5.17 In its EOI⁸, Skills for Logistics sets out the case for boosting performance through skills development. A more efficient logistics sector will contribute to the productivity of the wider economy by:
- reducing stock levels and working capital requirements
 - reducing delivery times to factories, shops and end-users - and improving customer satisfaction
 - reducing waste (empty space on wagons/lorries; unnecessary packaging; mistakes in deliveries).
- 5.18 Skills for Logistics notes that productivity levels vary across the sector. Fresh food delivery, for example, is particularly efficient - but (in general) 'own account' operators are less efficient than firms in the 'hire and reward' sector.
- 5.19 But there are "real and pressing skills problems" stemming from growth in demand, and the increasingly sophisticated skills required from the workforce. Concerns about security, public safety and road safety all require changes in the way transport workers are trained. These pressures are compounded by the effects of legislation such as the EU Working Hours Directive.
- 5.20 At the most senior level, logistics management has emerged as a discipline in its own right, and there is a "growing need for...highly qualified distribution and supply chain managers".
- 5.21 The "largest skills issue" relates to shortages of warehouse staff, drivers, materials handlers and specialist office-based staff. Skills for Logistics states that these problems can be overcome, with the right strategy and investment, to improve:
- investment in training
 - communication between industry and training providers
 - marketing of careers in the industry
 - information and understanding about the careers challenge.

MACKINNON PARTNERSHIP REPORT

- 5.22 These admittedly high messages from the emerging Sector Skills Councils are generally consistent with the earlier research findings summarised in the Mackinnon Partnership report. The latter provides more industry-specific analysis, the key points of which are summarised in the following paragraphs.

LAND TRANSPORT

Bus and coach drivers

- 5.23 We have already noted the problem of labour turnover, especially in large companies. Turnover among bus drivers is much higher than for coach drivers. The key factor is not considered to be pay - which is now much more competitive - but other aspects of the industry including:
- shift working and unsocial hours
 - violence and abuse

⁸ *Working together for Skills for Logistics* (2002)

- early leaving by new recruits.

5.24 Labour shortages are having a tangible effect on operators, including:

- using managers with PSV licences to cover for absences
- service cancellations
- constraints on expansion plans.

HGV engineers

5.25 Most bus companies in Scotland employ their own maintenance staff. A number recruit new mechanics/engineers through apprenticeship schemes, although turnover tends to be high.

Road haulage

5.26 A shortage of LGV drivers is the main concern for Scotland's road hauliers, with up to 65% reporting recruitment difficulties. There is a need to increase the supply of new entrants, but also to improve quality and retention by:

- improving literacy and numeracy levels
- setting out clear career paths
- improving management training
- enhancing training capacity
- tackling the poor image of the industry.

5.27 There are specific concerns in Scotland about the quality of training infrastructure and the "negligible" (according to an industry survey) take-up of SVQs and Modern Apprenticeships.

Rail industry

5.28 Despite the long-term decline in the number of people working in the rail industry, there are continuing recruitment needs in three broad occupational areas:

- technical
- operational
- customer-facing.

5.29 The RITC Workforce Development Plan (quoted by the Mackinnon Partnership) estimates that the industry needs to recruit 1,900 people a year in Scotland.

5.30 Changes in the industry are reflected in current skills requirements including:

- a rapid increase in demand for higher level IT and engineering skills
- improved project management skills
- enhanced commercial awareness skills for managers
- basic and core skills such as leadership, self-management, numeracy and literacy.

WATER TRANSPORT

Ports

5.31 Scotland's port employees work in three core occupations:

- cargo operations
- marine operations, and
- passenger operations

5.32 There are no reports of recruitment difficulties or skills shortages, although there is some concern that this is an ageing workforce.

Shipping

5.33 Employment in the industry is divided between seafarers and the shore-based workforce.

5.34 Despite the long-term decline in the number of UK seafarers, the present level of recruitment is failing to keep pace with retrials each year. Similarly, many shore-based jobs require seafaring experience, but the supply of labour is diminishing.

AIR TRANSPORT

Airport operators

5.35 Large airport operators report low staff turnover and few recruitment difficulties. Most recruit staff who meet basic entry requirements, and then provide in-house training. Key occupations include security staff, fire and rescue, engineers, airfield operators and office staff.

Airlines

5.36 Airlines report few difficulties in recruiting pilots or cabin crew. Individuals normally have to meet the whole cost of obtaining a commercial pilot's licence (estimated £45,000) before finding work.

Air traffic controllers

5.37 There is a shortage of ATCs in the UK, because:

- training is expensive and time-consuming and there is a high drop-out rate
- the job has a poor image and is failing to attract new entrants
- jobs are only available in a few locations
- the workforce is ageing.

5.38 Some of these problems are particularly acute in Scotland, especially in the Highlands & Islands which requires different skills and qualifications than the national system (NATS)

Maintenance, repair and overhaul

5.39 A 2001 Aviation Training Association (ATA) study found that there was a long-term shortage of avionics engineers and short-term shortage of mechanical engineers. There are only three FE/HE establishments in the UK recognised by the industry - mainly because of a shortage of equipment, lecturers and trainers.

5.40 Scotland has few experienced aviation engineers, but employers state that there is a supply of engineers from other backgrounds who can be retrained if required.

CONCLUSIONS

- 5.41 This survey confirms that the transport and travel industry continues to be a major employer, with a demand for around 5,000 new entrants a year in Scotland. For JITESU, its particular significance lies in:
- the high percentage of unskilled/semi-skilled jobs in the industry
 - the high percentage of manual occupations
 - the low entry threshold in terms of formal qualifications
 - the high level of demand for drivers, mechanics and other occupations.
- 5.42 The industry is therefore an important area of opportunity for people with few academic or vocational qualifications, especially men.
- 5.43 However, the emerging Sector Skills Councils and the Mackinnon Partnership both highlight the growing emphasis on skills, qualifications, training and development as the key to improving quality and productivity in the sector, achieving transport policy goals, and attracting and retaining a quality workforce.
- 5.44 The resulting productivity improvements will mean that the coming decade will be a period of near-jobless growth for the industry. However, it will also become more professional and customer focused, and staff will enjoy more effective career paths than previously; the sometimes negative image of the sector will improve as a result.

6. CONCLUSIONS AND RECOMMENDATIONS

SUMMARY

6.1 Our conclusions can be summarised as follows:

Employment

6.2 The key messages from the review of Annual Business Inquiry and Labour Force Survey data are that:

- transport and travel is major employer, accounting for 113,000 jobs in Scotland, 4.9% of the total
- other land transport (almost all by road) accounts for 40% of jobs, and road freight contributes more than half that total
- transport employment easily exceeds employment in the travel industry
- much of the sector is dominated (in employment terms) by large firms but road transport and travel agency activities depend much more significantly on small firms
- the industry is dominated by male, full-time jobs, although there are some pockets of activity (scheduled air transport and travel agencies) that attract a high proportion of women
- there has been steady employment growth since 1995, faster than the Scottish average, but performance has varied: most activities have grown, but rail and water transport have been in decline
- the sector provides a large number of jobs in semi-skilled occupations, mostly driving; a significant number of drivers are self employed
- transport and travel is therefore an important source of entry-level jobs for people in Scotland with lower levels of skills or qualifications
- the sustainable transport agenda pursued by governments has not had a positive impact on employment to date.

6.3 It is not possible to draw any reliable conclusions on the impact of sustainable transport from these data. However, we can observe:

- the decline in employment in the railway industry, and a corresponding increase in road freight
- the dominant role of road freight in the transportation industry
- the very limited role of water transport.

Drivers of change

6.4 Our review of the policy context showed a consistent thread of policy aspirations running from the EU level, through UK Government and Scottish Executive policy. At the heart of this policy agenda is the need to strike a better balance between, on the one hand, the private car and road freight and, on the other, more sustainable forms of passenger transport by road, rail and water.

6.5 Given the long-term - and accelerating - growth in car use and road freight, policy makers acknowledge that a huge effort will

be needed to turn the tide, and create the conditions in which other modes of transport are deemed to offer an affordable, efficient and attractive alternative.

- 6.6 It is not for us to judge the prospects of success for policies designed to engineer a shift in the balance towards more sustainable modes of transport, but there is general agreement that the number of vehicles on the road – and the distance travelled by those vehicles – will continue to grow at least in the medium term. In other words, road dependency will get worse before it gets better.

Future employment prospects

- 6.7 This survey confirms that the transport and travel industry continues to be a major employer, with a demand for around 5,000 new entrants a year in Scotland. For JITESU, its particular significance lies in:
- ▶ the high percentage of unskilled/semi-skilled jobs in the industry
 - ▶ the high percentage of manual occupations
 - ▶ the low entry threshold in terms of formal qualifications
 - ▶ the high level of demand for drivers, mechanics and other occupations.
- 6.8 The industry is therefore an important area of opportunity for people with few academic or vocational qualifications, especially men.
- 6.9 However, the emerging Sector Skills Councils and the Mackinnon Partnership both highlight the growing emphasis on skills, qualifications, training and development as the key to improving quality and productivity in the sector, achieving transport policy goals, and attracting and retaining a quality workforce.
- 6.10 The resulting productivity improvements will mean that the coming decade will be a period of near-jobless growth for the industry. However, it will also become more professional and customer focused, and staff will enjoy more effective career paths than previously; the sometimes negative image of the sector will improve as a result.

RECOMMENDATIONS

- 6.11 Transport continues to be a key employment sector in Scotland, and a valuable source of entry level employment for people with low levels of formal qualifications. However, although the available evidence is sketchy, it is clear that sustainable modes of transport make only a modest contribution to overall employment.
- 6.12 Through its network of contacts JITESU is in a position to develop links with sustainable transport initiatives and public transport operators. There is an opportunity to use bespoke New Deal/Welfare to Work interventions to raise the standard of vocational and customer service skills in the sustainable transport sector, and create a source of enduring competitive advantage that will encourage customers to switch from the private car.

ANNEX 1: BIBLIOGRAPHY

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