

Distribution
West of England Local Sector
Skills Statement 2017



Working together to develop the current and future skills of the sector.

Distribution Local Sector Overview

The logistics sector directly employs 2.54 million people in the UK ⁽⁷⁾, along with 2.35 million people employed in related occupations, making up 7.6% of the workforce in the UK⁽³⁾.

Distribution represents a major part of business in the West of England, and is home to many dynamic distribution companies. It has a great potential for further growth particularly in the Enterprise Areas that adjoin the road network. Expansions to Bristol Airport and Bristol Port, as well as improvements planned to both road and rail networks will ensure the West of England has a unique advantage in delivering to key UK and overseas markets.

In the UK, the logistics sector is worth £55bn to the economy, making up 5% of the UK's total GDP. Turnover in the sector increased by 29% between 2009 and 2014, this was greater than the whole economy average⁽¹⁾.

In the West of England, the logistics sector directly employs 15,000 people, along with 14,000 people in broader occupations, making up 5% of the workforce of the local economy⁽¹⁰⁾. This equates to 2.6% less than those employed in the logistics sector nationally.

In general terms, the logistics sector involves the commercial activity of transporting goods to customers. Everyone in the UK is influenced by the logistics sector in some way whether this is directly or indirectly.

The sector comprises of many different areas including; freight logistics, supply chain management, passenger transport,

Employment Areas



All data represents the West of England

vehicle manufacturing and retail, transport planning and traffic management. Due to the wide range of different areas the job opportunities within the sector are vast.

The challenges of attracting, recruiting and retaining drivers and other skilled workers at all levels in the industry, particularly young people, is a continuing problem and could pose a threat to an organisation's growth potential in the future⁽⁶⁾.

Some parts of the West of England such as the Avonmouth and Severnside Enterprise Areas, present high employment levels. The result is that low skills jobs in the logistics sector are particularly hard to fill⁽¹⁰⁾.

Some of the UK's biggest logistics employers have branches located within the West of England, including DHL, Kuehne + Nagel, XPO logistics, Royal Mail, Eddie Stobart and Wincanton, meaning that there are large employment opportunities within the area.

"Our sector has a major, worsening skills shortage, particularly in technical and leadership/management skills, driven by our inability to attract younger, qualified people through a misconception of low pay and poor working conditions."

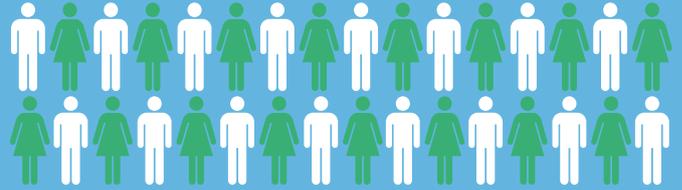
David Coombes, Distribution and Logistics Sector Group Chair, West of England LEP.

Annual Local Sector Skills Statements report on local sector knowledge and expertise, plus wider regional and national intelligence. Gain insight about skills challenges in your sector, notable achievements and skills priorities and objectives for 2017. The themes have been defined by the West of England Local Enterprise Partnership (LEP). This report has been designed for education providers and businesses to inform decisions and identify objectives for investment in training and development of curriculums.

Key Facts



THE PORT OF BRISTOL (PORTBURY AND AVONMOUTH) IS A KEY INTERNATIONAL GATEWAY. IN TERMS OF TOTAL TONNAGE HANDLED IN THE LAST 4 QUARTERS, IT WAS RANKED 13TH OF ALL MAJOR UK PORTS⁽²⁾. **EMPLOYING MORE THAN 575 PEOPLE DIRECTLY AND SUPPORTING OVER 10,000 SOUTH WEST JOBS, THE PORT IS A KEY EMPLOYER.**



THE AVONMOUTH AREA CONTINUES TO BENEFIT FROM A LARGE AND DIVERSE LABOUR MARKET. THE SECTOR OFFERS AN ABUNDANCE OF OCCUPATIONS AND ROLES INCLUDING STORAGE WORKERS, LARGE AND SMALL GOODS DRIVERS, POSTAL WORKERS, FORK LIFT OPERATORS VEHICLE TECHNICIANS, MECHANICS AND ELECTRICIANS. WITHIN THESE FIELDS THERE ARE POSITIONS RANGING FROM OPERATION DIRECTORS TO WAREHOUSE ASSISTANTS.

WORKING FUTURES ANTICIPATES THAT THE **NET EMPLOYMENT** IN THE TRANSPORT AND STORAGE SECTOR **WILL INCREASE BY 10,000 INDIVIDUALS REPRESENTING 9% GROWTH.**



THE DISTRIBUTION SECTOR SKILLS SHORTAGES WILL BE PARTLY MET THROUGH THE **CREATION OF 30,000 NEW ROAD AND RAIL APPRENTICESHIPS BY 2020**, EVEN THOUGH MORE THAN 55,000 WORKERS ARE REQUIRED. THERE ARE ALSO VARIOUS PLANS TO UPSCALE THE EXISTING PUBLIC SECTOR WORKFORCE.



THE WEST OF ENGLAND LEP EMPLOYER SKILLS SURVEY (2016) FOUND THAT EMPLOYERS IN THE REGION FIND IT HARDER TO RECRUIT THAN THE NATIONAL AVERAGE, WITH **34% OF VACANCIES CONSIDERED HARD TO FILL, COMPARED TO NATIONAL INDUSTRY AVERAGE OF 28.6%**⁽¹²⁾.



UK RANKED 4TH IN THE EU FOR LOGISTICS OUT OF 160 COUNTRIES IN 2014. WITH ONLY GERMANY, THE NETHERLANDS AND BELGIUM RANKED HIGHER.

THE WEST OF ENGLAND LEP EMPLOYER SKILLS SURVEY (2016) FOUND THAT THE DISTRIBUTION SECTOR OFFERS A HIGH PROPORTION OF APPRENTICESHIPS COMPARED TO OTHER SECTORS, WITH **33% OF RESPONDENTS PLANNING TO RECRUIT AN APPRENTICE IN THE NEXT 12 MONTHS** AND 22% PLANNING TO UP-SKILL THE CURRENT WORKFORCE THROUGH APPRENTICESHIPS⁽¹²⁾.



8 OUT OF 10 SENIOR DECISION MAKERS IN THE SECTOR REPORTED THAT THEY EXPECT THEIR TURNOVER TO INCREASE IN THE NEXT YEAR⁽⁶⁾.

OVER A QUARTER ARE FORECASTING INCREASES OF 5-8%, WITH 16% EXPECTING AN INCREASE OF MORE THAN 10%.

THIS IS GREATER THAN THE CURRENT UK INFLATION RATE AND A POSITIVE INDICATOR THAT THE SECTOR IS GROWING.

Notable Local Sector Achievements



The West of England LEP has designated the area as an Enterprise Area. Subsequent to the ODS report, the Bristol City Region agreed its City Deal with the Government (WoE LEP, 2016).

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Avonmouth Severnside is one the West of England's most important economic development opportunities, which could contribute to achieving employment and economic growth over the next 30 to 40 years.



In June 2016, The Road Haulage Association (RHA) was delighted at the announcement from the Department for Business Innovation and Skills (BiS) that they have agreed funding for three new apprenticeship standards in England for lorry driving, traffic office and warehouse operative. These trailblazers are game-changers for the industry.

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The Economic Development Fund (EDF) will be used to deliver an investment programme designed to maximise economic returns in all the Enterprise Areas and the Zone, including Avonmouth and Severnside.

Skills Priorities 2017

1. Improve Careers Education Information Advice and Guidance (CEIAG)



Issue:

Young people and those advising them do not understand the breadth, depth or accessibility of the distribution and logistics sector.

The amount of people employed in the logistics sector in the West of England has fallen in recent years, which has presented a large skills gap plus the added impact of an ageing workforce has added to the issue.

The West of England LEP Employer Skills Survey (2016) found that employers in the region find it harder to recruit than the national average, with 34% of vacancies considered hard to fill, compared to national industry average of 28.6%⁽⁴⁾. And 20% of organisations anticipate challenges recruiting staff.

Early data produced by a skills survey suggest that there is a shortage of drivers, warehouse operatives and technical skilled logistics workers⁽¹⁰⁾. It is currently felt that the relevance of the sector and career pathways has not been appropriately established in education. As a result, companies within the sector have higher than average difficulties recruiting young people.

Objectives:

- Support the development and provision of high quality, logistics engagement interventions and careers inspiration for all 11-14 year olds. This must promote the diversity of logistics careers available and provide real life logistics content.
- Support teachers and careers advisers delivering career information so they understand the different career paths.
- Support the objectives of the Careers Enterprise Company in the West of England and encourage employers from within the sector to engage with schools as part of the Enterprise Adviser Network.
- Support the government's skills plan in establishing career paths that bridge technical and academic education, to ensure that young people have access to opportunities within the logistics sector.
- Create and support more engagement and interaction between education and business.

2. Improve the quality and local responsiveness of education and training



Issue:

As to the best of our knowledge no research has presently been produced to fully understand the skills gaps from the hard-to-fill vacancies in the logistics sector. Research is currently underway from a coalition between South Gloucestershire council, Business West, Skills for Logistic and partners. (The business survey 2017- Avonmouth and Severnside Enterprise Area). Early data analysis from this report suggest a skills gap for those with specific technical skills along with HGV drivers. This data has also indicated that sector awareness, lack of key skills, low unemployment, and sector growth will have an impact on the skills gap. Companies also anticipate that Brexit could impact the supply of labour. The Apprenticeship Levy offers structured opportunity to address skills shortages.

Objectives:

- Use research such as the Skills for Logistics survey to benchmark challenges in the area.
- Support companies to use the Apprenticeship Levy and reforms to the best of their ability.
- Support businesses to benchmark skills requirements.
- Use forums such as SevernNet to broker public, academic and private organisations support to work together to solve issues and achieve objectives.
- Use social media, school outreach, and community groups to target an enthusiastic and diverse workforce.



3. Increase apprenticeship starts and availability of higher apprenticeships

Issue:

Apprenticeships are one of the key tools to bridge the gap between skills and supply in the logistics sector. The sector needs to increase apprenticeship starts and develop pathways through to higher level apprenticeships, as a lack of suitable apprenticeships has been noted within the West of England⁽¹⁰⁾. In addition, educators fear that the Apprenticeship Levy and reforms, whilst a worthy initiative, may have an unintended consequence in setting up more fragmented and competing providers, more apprenticeship standards and more accreditation bodies. This adds to the confusion rather than clarifies the situation. 2015/16 saw an increase in the number of overall apprenticeship starts, with a 9% increase in those starting higher level apprenticeships.

Objectives:

- Support the West of England Apprenticeship Ambition 2020, aligned with the government's ambition to promote, develop and support the evolution of the local apprenticeship offer for logistics, ensuring that provision meets the needs of local people and local employers. Promote apprenticeships as a high quality vocational route for everybody to enter the sector with specific emphasis on promoting logistics apprenticeships to females.
- Support businesses through the introduction of the Apprenticeship Levy and reforms and aim to increase uptake of apprentices, especially the new standards developed in lorry driving, traffic office and warehousing. Apprenticeships should be promoted not only as an entry route into the sector but as a pathway for career progression to existing employees and a viable alternative to university.
- Employers and educators must work together to develop a range of apprenticeships at all levels to enable career progression and contribute towards a sustainable workforce.



4. Engage SMEs to boost productivity and build capacity for growth

Issue:

Whilst the UK logistics industry is growing, it is not keeping pace with global growth. Indicating that the UK is losing market share to overseas suppliers. A recent study highlighted that the main barriers to growth in the UK is the current driver shortage⁽⁹⁾. In the West of England, the logistics sector has a higher than average age distribution. This will represent a challenge for growth in the future.

Objectives:

- Improve understanding amongst SMEs of the benefits brought about by the Apprenticeship Levy and reforms.
- Encourage growth amongst the sector's SMEs through the work of the West of England Growth Hub and aim to increase the number of SMEs investing in training in order to increase productivity.
- Work with providers to ensure that training provision is employer-led and is relevant to the skills required by industry in order to increase productivity.

5. Enhance equality and diversity through multiple career pathways



Issue:

Diversity within the logistics industry remains a concern both locally and nationally. There are still a disproportionate number of males entering the industry compared to females. Many businesses in the logistics industry also rely on skilled workers from the EU. EU workers account for 13% of HGV drivers and 26% of warehouse operatives⁽⁶⁾; therefore, change to the freedom of movement of these workers, as a result of the UK voting to leave the EU, may have a significant impact on the industry.

Objectives:

- To encourage more young people from a wider range of backgrounds into logistics, we will enable all schools to access apprentice speakers.
- Focus on working with community groups to review current unemployment initiatives, to enable more people to enter the logistics industry.
- Ensure that every young person and adult in the West of England is confident that all career routes are open to them regardless of age, gender, race, disability, sexual orientation, sexual identity or any other factor beyond their control.
- Encourage businesses to work with schools and community groups to illustrate the wide range of career paths in the logistics sector in the most deprived areas across the West of England.
- Support national campaigns to encourage young people and especially women into logistics. Including HerHGV and Women in Logistics.

Regional Centres of Excellence and Research

- Skills for Logistics

Key Providers

- University of the West of England
- University of Bath
- City of Bristol College
- Bath College
- South Gloucestershire and Stroud College
- NGaged Training
- Road Haulage Association (RHA)
- Weston College
- Backline Logistics

Professional Networks and Organisations

- Chartered Institute of Logistics and Transport (CILT)
- SevernNet
- South Gloucestershire Council
- Bristol City Council
- Invest Bristol & Bath
- West of England LEP
- Freight Transport Association (FTA)
- Road Haulage Association (RHA)

Endorsed by

David Coombes, Distribution and Logistics Sector Group Chair, West of England LEP

Reference Documents

- 1) ONS, Annual Business Survey, UK Non-Financial Business Economy, 2014 Provisional Results, 2015
- 2) The Department for Transport, The Logistics Growth review, 2011
- 3) Freight Transport Association, 2016
- 4) UKCES, Employer Skills Survey, 2014
- 5) AMION, Avonmouth Severnside Outline Development Strategy, 2012
- 6) Barclays & Moore Stephens, The UK Logistics Confidence Index H1 2015, 2015
- 7) Air Cargo Week, Call for trade and logistics to be priorities as Brexit talks start, June 2017
- 8) Air Crago Week, UK logistics could grind to a halt without EU workers, FTA warns, June 2017
- 9) Pallex, Biggest perceived threat to logistics industry revealed
10. Promoting Avonmouth and Severnside report, 2016
11. CTP Industry Sector Guide, 2017
12. West of England LEP Employer Skills Survey, 2016

Employment Areas Chart – NGaged Training / LMI Statement 2017 based on Labour Insights, May 2016 - May 2017 & EMSI

Advise, connect, support

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