

Sector Definition

The logistics sector can be divided into five different areas. The term can be used to describe land transport, water transport, air transport, warehousing and support activities for transportation and postal and courier activities. These areas have further sub sections which are referred to as freight transport and passenger transport. The logistics sector is a vital resource for the economy, and it enables individuals and communities to travel to work. The sector can also be used to refer to the travel which supports the tourism industry.

>35,000

Employees in
Essex

>2,900

Enterprises in
Essex

>7,400
postings
advertised in
2015

Most sought after
skill:
Forklift
Operation

Top occupations in demand

Large goods vehicle drivers

Van drivers

Elementary storage occupations

Fork-lift truck drivers

Managers and directors in storage and warehousing

Importers and exporters

Managers and directors in transport and distribution

NATIONAL HEADLINES

The Logistics sector is vital to the UK economy. It is seen to be a critical enabler in improving the competitiveness of the national and local economies.

The UK Logistics sector employs 2.2 million people, approximately one in 12 UK workers, but the sector's performance in the UK lags behind that found in many of our European competitor economies¹.

Although the vast majority of employers consider their workforce to be proficient, 67,339 logistics employees are regarded as not being proficient in their job roles (UKCES, 2014).

The sector particularly under-performs with regards to education and training - ranking 22nd in the extent of staff training provided².

The most prevalent roles in the sector are machine operatives and elementary occupations, with these accounting for 49 per cent of the workforce.

LOCAL & REGIONAL HEADLINES

The South East has the highest number of establishments with nearly 11,600, followed by the East of England and London, with 9,300 and 9,200 respectively. SE LEP is home to the nation's largest concentrations of ports, transport and logistics firms.

SE LEP's sea ports – and the road and rail networks that serve the ports - provide the UK's most important gateway to the rest of the world. Each year around 14m passengers and 85m tonnes of freight goes via our ports – that is over half of England's international sea passenger population and a quarter of England's sea freight.

In absolute terms, the South East employs the greatest number of individuals in the sector (222,000), followed by London (193,000), the North West (165,000) and the East of England (149,000). This reflects the major transport hubs.

The public mis-perception of the sector continues to act as a barrier to recruitment. The average age of the workforce is 56 years old, with only 9% under the age of 25. Women continue to be under-represented within the sector with poor road site facilities for both male and female workers.

¹ The World Bank (2014) *Logistics Performance Index*. International LPI Global Ranking.

² World Economic Forum (2013) *The Global Competitiveness Report 2013-2014*.

SUMMARY OF SECTOR

The Logistics sector contributes to 90 billion of the UK economy including 8% of employment. However, the sector will need to recruit 1.2 million workers by 2022. The skill shortages experienced in the logistics industry is partly due to the low perception people have of the sector despite the array of career opportunities on offer. According to data obtained from the Oxford Economics and PWC, it is estimated the logistics sector will experience significant growth by 2025 as a result of the development of Cross Rail and plans for new airport and railway infrastructure.

The majority of people employed in the logistics sector are qualified below level 2. In order to achieve growth, the sector will need to offer more training opportunities. According to Manpower Group 2014, the logistics sector is currently experiencing a difficulty in recruiting more drivers. This is partly due to the training and qualification requirements for the driver roles, and many employers have raised concerns based upon how the new Driver CPC legislation will affect employment within the sector. As pointed out by the UK CES, drivers have a crucial role in the economy, and 60% of goods are transported by road. This amplifies the importance of addressing the driver shortage and providing qualifications which are easily accessible in order to fill the skill gap.

The logistics sector also has difficulty recruiting young people. As indicated by the UK CES, 45% of people employed within the sector are aged 45 years and over, and only a very small minority are aged less than 25 years old. This is partly due to the fact that young people have a low perception of the sector, and a lack of knowledge and the careers advice which is provided by schools and colleges. Despite the vast opportunities on offer within the sector, many young people and parents still believe that logistics mainly comprises of driving trucks and lorries. Further, as indicated by the Transport Select Committee 2010, with regards to recruiting drivers in the sector, young people experience obstacles based upon the fact that they need to be over 25 in order to have insurance, and many companies will require more than two years' experience.

The logistics sector also has difficulty recruiting females into the sector. According to the UK CES, only a quarter of people who work within the logistics sector are women. The logistics sector mainly comprises of males, and the lack of career advice and awareness people have of the sector. Thus, in addition to age, another challenge that the logistics sector needs to address is to establish gender diversity, and encourage more women to gain awareness of the multitude of opportunities which are available to them.

According to Labour Insights, 58% of jobs advertised in Greater Essex within the Logistics sector offered a salary of between £20,000 to £39,999. In addition, managers could earn a salary of £60,000 per year. As highlighted by Labour Insights, on average, starting salaries in the logistics sector are between £15,000 to £19,999.

KEY DRIVERS

Technological change, consumer demand and environmental factors ensure that Logistics is a sector that is undergoing continual change. The workforce needs to be able to adapt, therefore having the right skills and training in place is vital. There are a number of trends driving changes in the logistics industry. These include³:

A growing customer base - The world's population is growing and expected to reach 9 billion people in 2050⁴. With an ever-larger global middle class and expanded Internet access, increased demand for e-commerce will require logistics providers to deliver to remote locations in emerging economies for the first time.

³ <http://reports.weforum.org/digital-transformation-of-industries/digital-trends-in-logistics/>

⁴ UN, 2014

Rise of the digital consumer - The advent of e-commerce has empowered consumers, who can now source products from anywhere in the world or compare prices with just the swipe of a smartphone.

The third age of the Internet - The Internet revolution has happened in three waves: first the desktop Internet in the 1990s, then the mobile Web in the 2000s and now we are entering the third age of the Internet. The most important technology trend of this new era has been the Internet of Things, a network of smart devices, sensors and the cloud that allows the physical world and computer systems to interact directly. The Internet of Things has the potential to improve the efficiency and reliability of the logistics industry – for instance, to automatically arrange freight on trucks and ships in as efficient a configuration as possible.

3D printing and driverless vehicles - Two other technologies have the potential to revolutionize logistics. There are potential applications for 3D printing, such as the printing of replacement parts or products on the spot, which could reduce the need for parts and goods to be shipped. There is still uncertainty, however, about the impact of 3D printing, and there may be opportunities for logistics players that specialize in printing and delivering products quickly and cheaply. Autonomous vehicles are another technology that could be transformational for logistics providers, by reducing operating costs while improving the reliability of deliveries. Mercedes is already pioneering digital trucks and Amazon is testing delivery drones.

KEY OPPORTUNITIES/CHALLENGES

Logistics, due to technological change, consumer demand and environmental factors is a sector that is undergoing continual change. The workforce needs to be able to adapt, and having the right skills and training in place is vital.

Job roles and the knowledge and skills required in the sector have evolved to incorporate the demands of new technology. They are anticipated to evolve further rather than undergoing a radical switch as a consequence of technology. There is a greater emphasis on individuals being multi-skilled. Mobile, location-based technologies and hand held computer systems are replacing previous paper-based systems, requiring a greater need for IT skills amongst drivers, warehouse operatives and transport office staff. While greater interaction with customers require the addition of enhanced communication and customer service skills

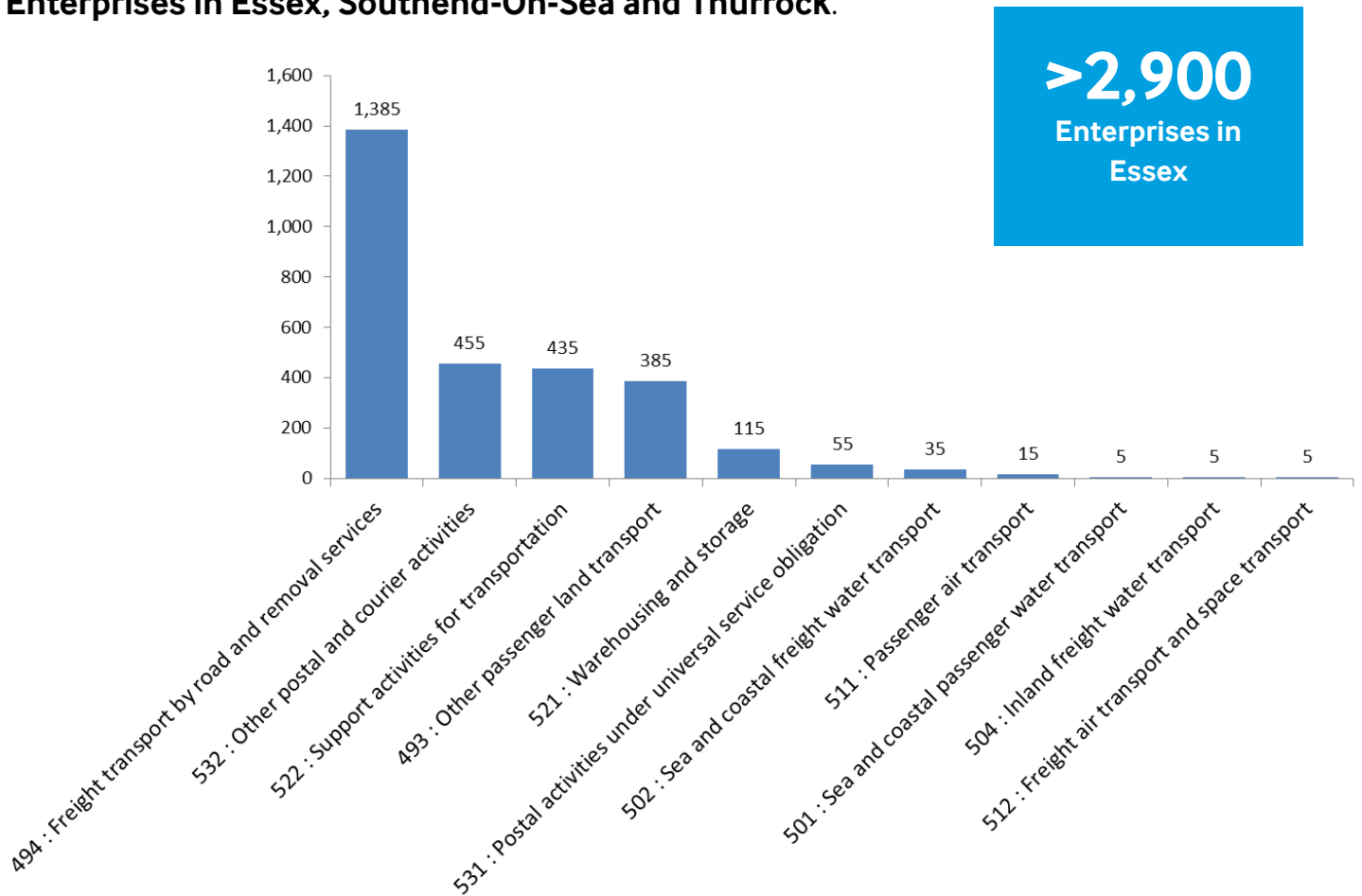
Employers raise concerns about the future supply of workers. Young people, in particular, lack understanding of the sector and individuals consider the sector to be a last resort. This in turn makes it harder to attract quality entrants, and employers are faced with skills shortages and skills gaps, within the existing workforce. Sourcing the required numbers of suitably skilled staff is therefore recognised as a key challenge for employers in the sector, which if not addressed will seriously compromise future business growth potential.⁵

⁵ Understanding Skills and Performance Challenges in the Logistics Sector, UKES, October 2014.

SECTION 1 – EMPLOYEES & ENTERPRISES

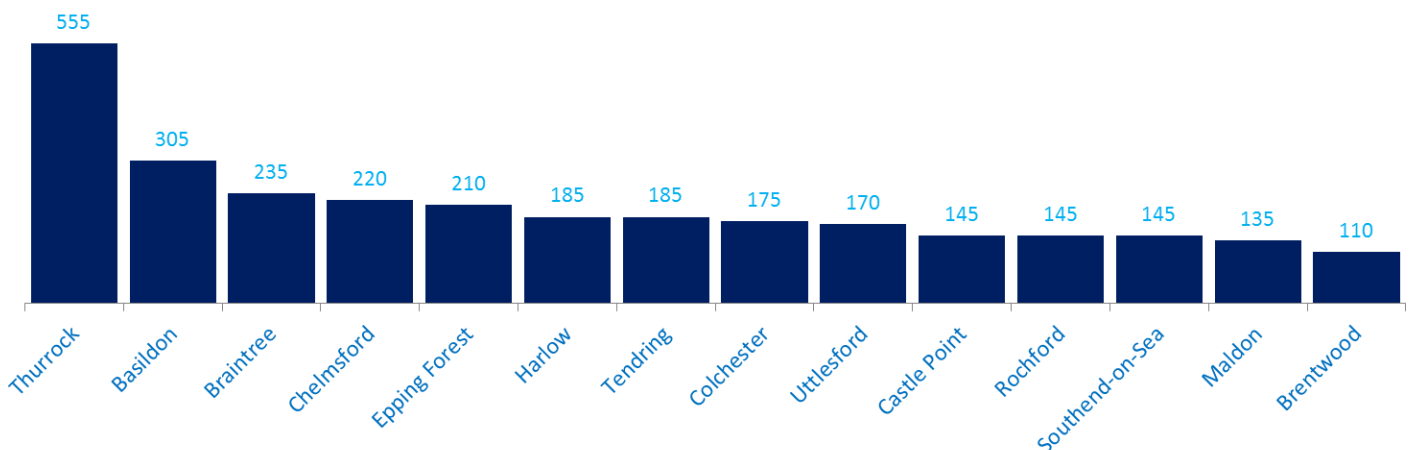
All enterprises and employee data is source from ONS datasets; Business Register and Employment Survey 2014 and UK Business Counts 2015.

Enterprises in Essex, Southend-On-Sea and Thurrock.



There are 2,920 Enterprises in the Greater Essex area. Within this sector the largest sub-sectors are Freight transport by road and removal services (SIC 494), Other postal and courier activities (SIC 532) and the Support activities for transportation (SIC 522). The subsectors with the fewest number of Enterprises are Sea and coastal passenger water transport (SIC 501), Inland freight water transport (SIC 504) and Freight air transport and space transport (SIC 512).

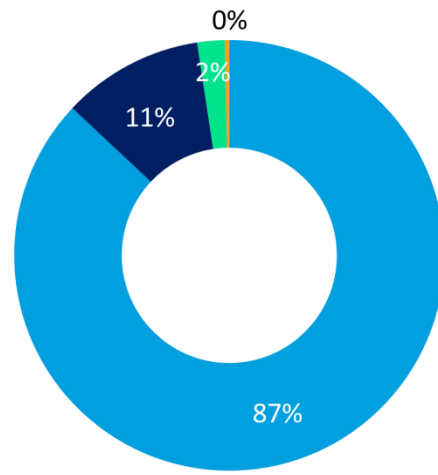
Enterprises in Local Authority Areas



The local authority areas with the largest clusters of enterprises are Thurrock (555), Basildon (305) and Braintree(235). The local authority areas with the fewest enterprises are Southend-On-Sea (145), Maldon (135) and Brentwood (110).

Size of Companies by Employment Size Band

Business Size	No. of Enterprises
Micro (0 to 9)	2,540
Small (10 to 49)	310
Medium-sized (50 to 249)	60
Large (250+)	10

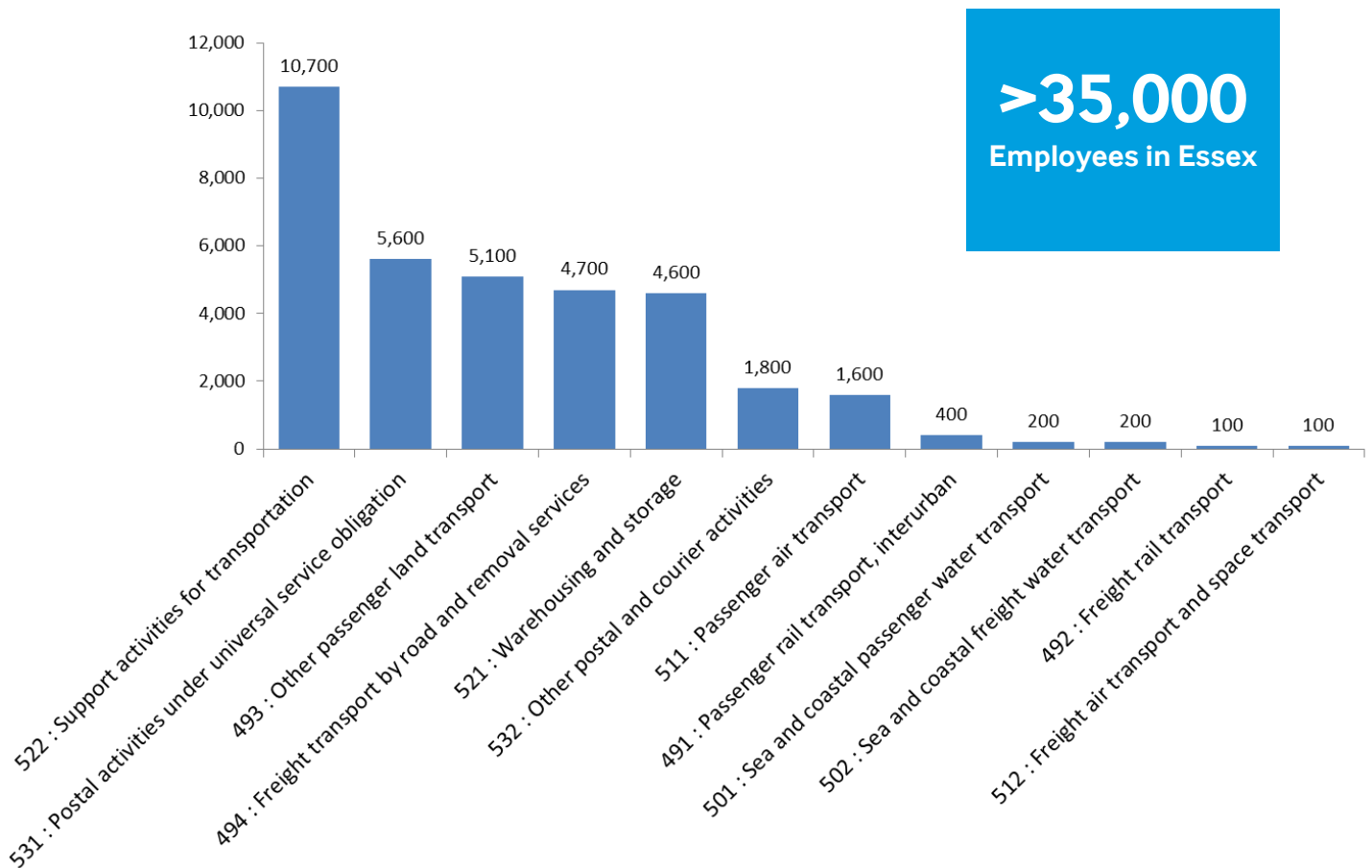


Examples of Local Companies

■ Micro (0 to 9) ■ Small (10 to 49) ■ Medium-sized (50 to 249) ■ Large (250+)

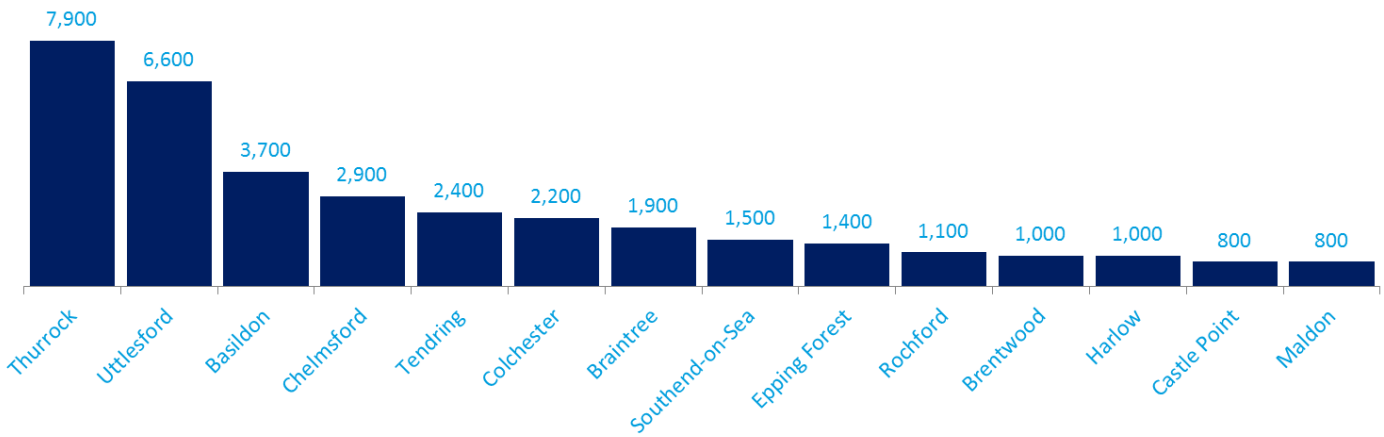
DP World	Stobart Air
DSV	Tilbury Container Services
Harwich International Port Ltd	Uniserve
Machester Airport Group	Woodland Logistics
Port of Tilbury Ltd	Headford Shipping

Employees in Essex, Southend-On-Sea and Thurrock.



There are more than 35,000 employees working in the Logistics Sector within Essex, Southend-On-Sea and Thurrock.

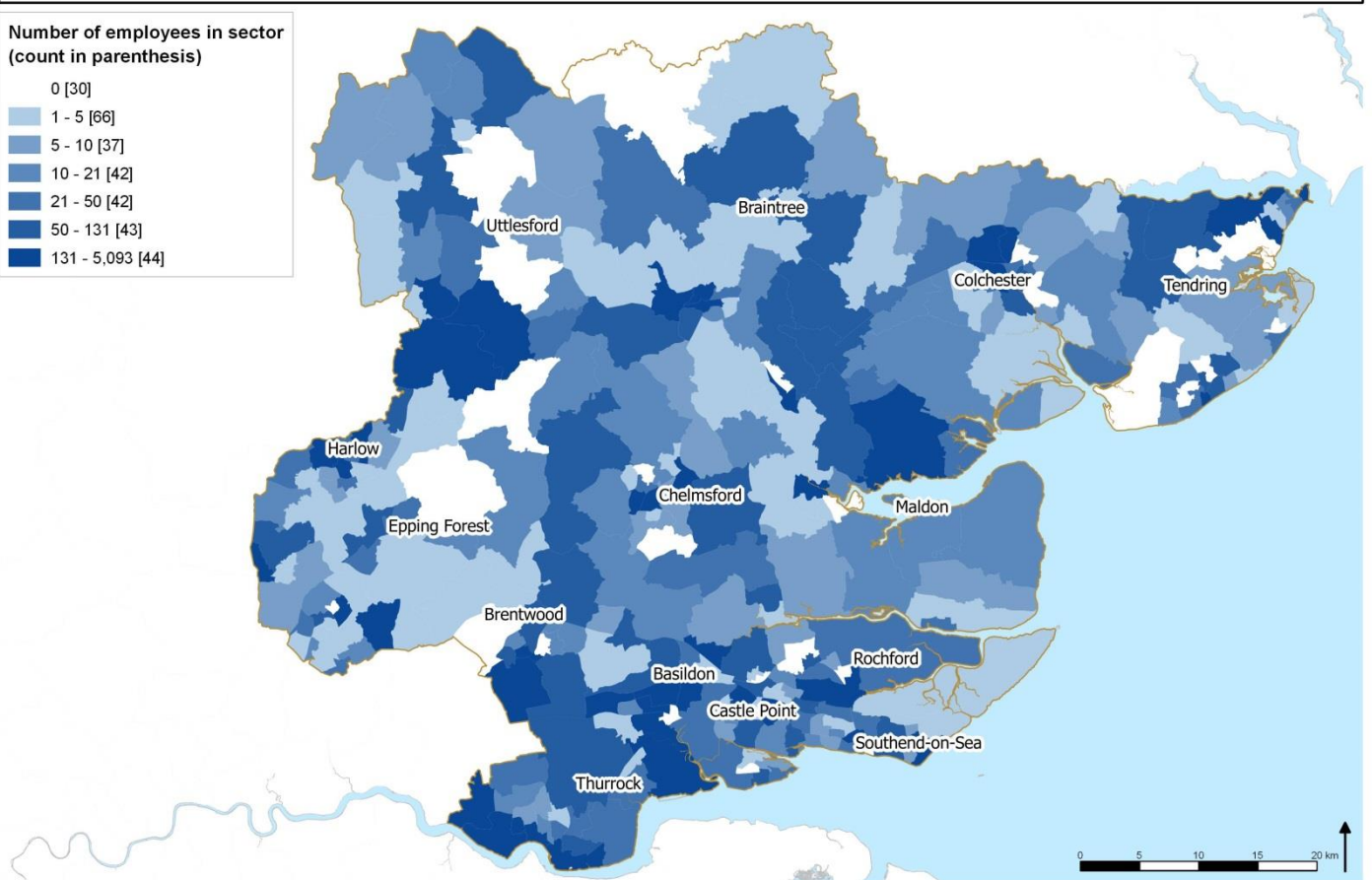
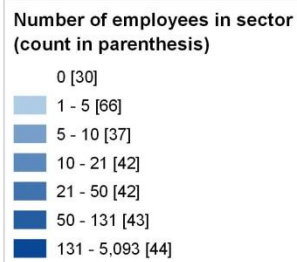
Employees in Local Authority Areas



The local authority areas with the largest clusters of employees are Thurrock (7,100), Uttlesford (6,600) and Basildon (3,700). The local authority areas with the fewest employees are Harlow (1,000), Castle Point (800) and Maldon (800).

Workforce Concentration of Logistics Sector by Ward

Workforce concentration in Logistics sector in Greater Essex



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February 2016

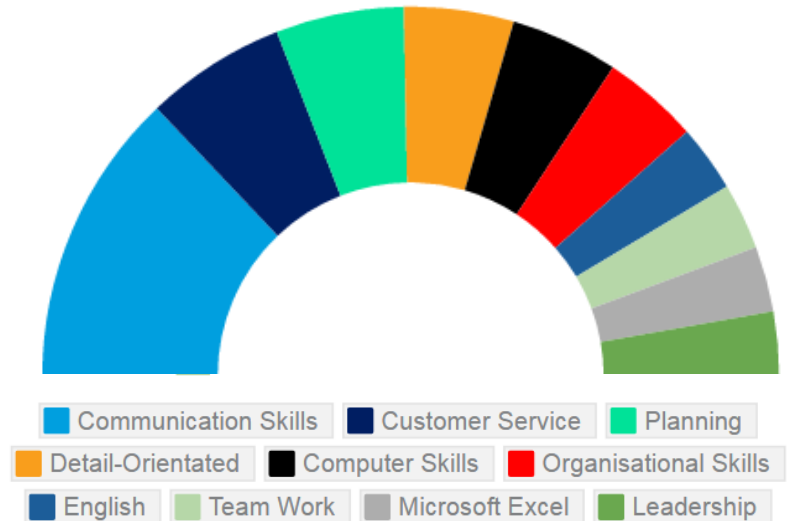
Section 2 – Analysis of Vacancies

There were more than 7,400 job postings advertised in the Logistics Sector during 2015. Outlined below is data showing the distribution of salaries on offer, the skills in demand and the occupations being advertised.

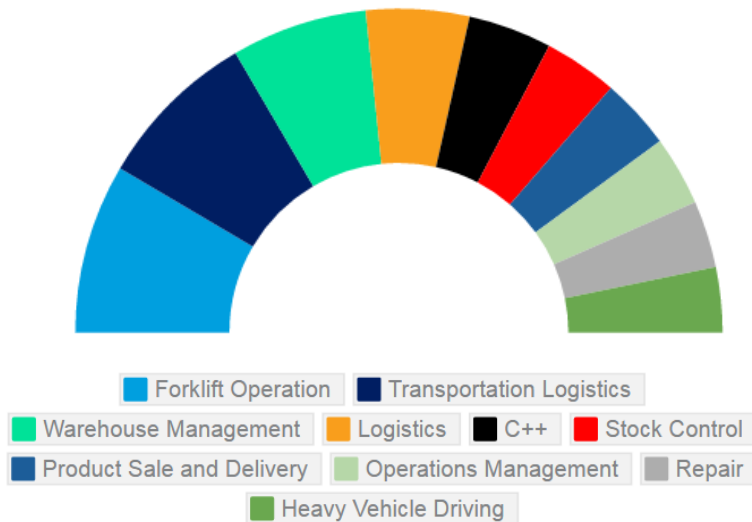
Vacancy data is sourced from www.labourinsights.com and is for the period Jan 1st 2015 and Dec 31st 2015. SOC codes used to analyse vacancies can be seen in the appendix.

Skills in Greatest Demand – Top 10 Baseline Skills.

Skills	Job Postings
Communication Skills	608
Customer Service	291
Planning	265
Detail-Orientated	227
Computer Skills	223
Organisational Skills	200
English	138
Team Work	137
Microsoft Excel	135
Leadership	132
Postings specifying skill:	1,698



Skills in Greatest Demand – Top 10 Specialised Skills.



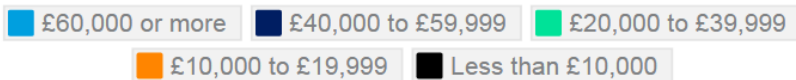
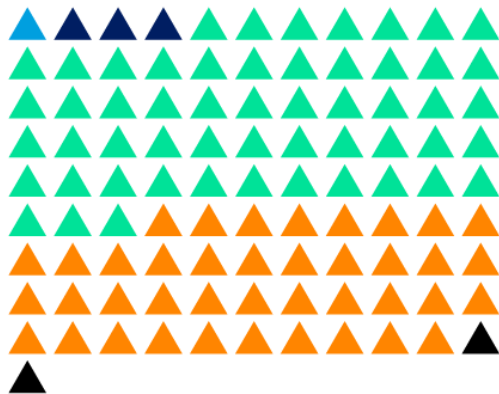
Skills	Job Postings
Forklift Operation	276
Transportation Logistics	264
Warehouse Management	221
Logistics	168
C++	136
Stock Control	120
Product Sale and Delivery	116
Operations Management	113
Repair	109
Heavy Vehicle Driving	106
Postings specifying skill:	1,698

>7,400
postings advertised in
2015 across Greater
Essex

Other Skills in Demand

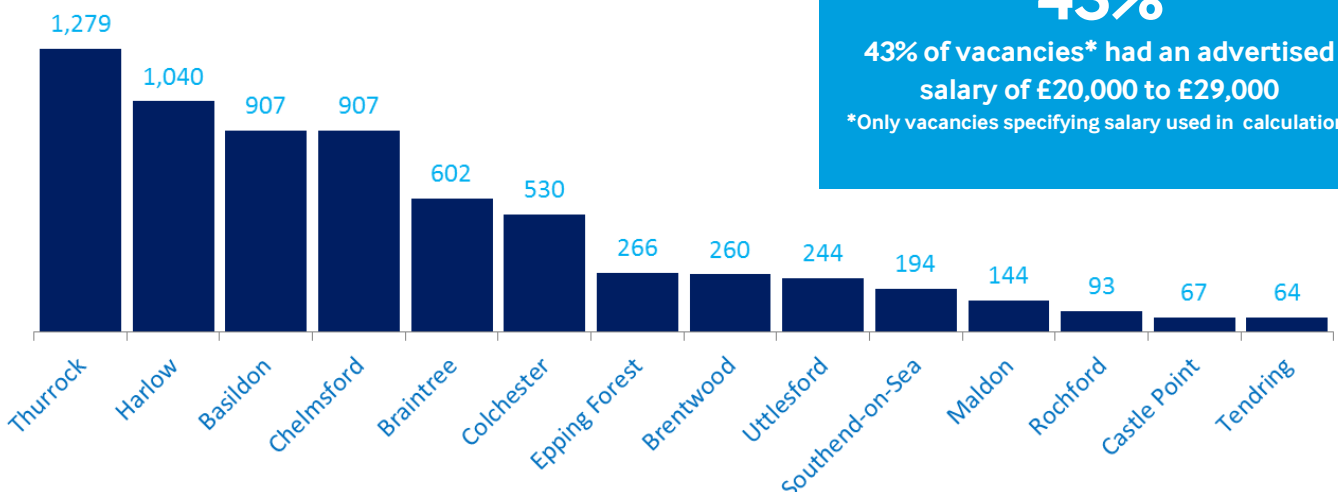
Manufacturing Industry Experience Machinery Machine Operation
 Passenger Transport Packaging Logistics Management
 SAP Sorting Purchasing Business Management
 Vehicle Maintenance Inspection Procurement Process Improvement
 Delivery driving Electrical Engineering Mathematics Bus Driving
 Efficient Transportation Promotional Support
 Promotional Support Transportation Planning Cash Handling
 Scheduling Computer Aided Draughting/Design (CAD)
Delivery Unload and Breakdown

Distribution of Advertised Salary



Salary range	Job Postings
More than £90,000	12
£80,000 to £89,999	8
£70,000 to £79,999	7
£60,000 to £69,999	21
£50,000 to £59,999	32
£40,000 to £49,999	110
£30,000 to £39,999	483
£20,000 to £29,999	1,979
£15,000 to £19,999	1,322
£10,000 to £14,999	525
Less than £10,000	96
Postings specifying salary :	4,595

Vacancies in Greater Essex by District

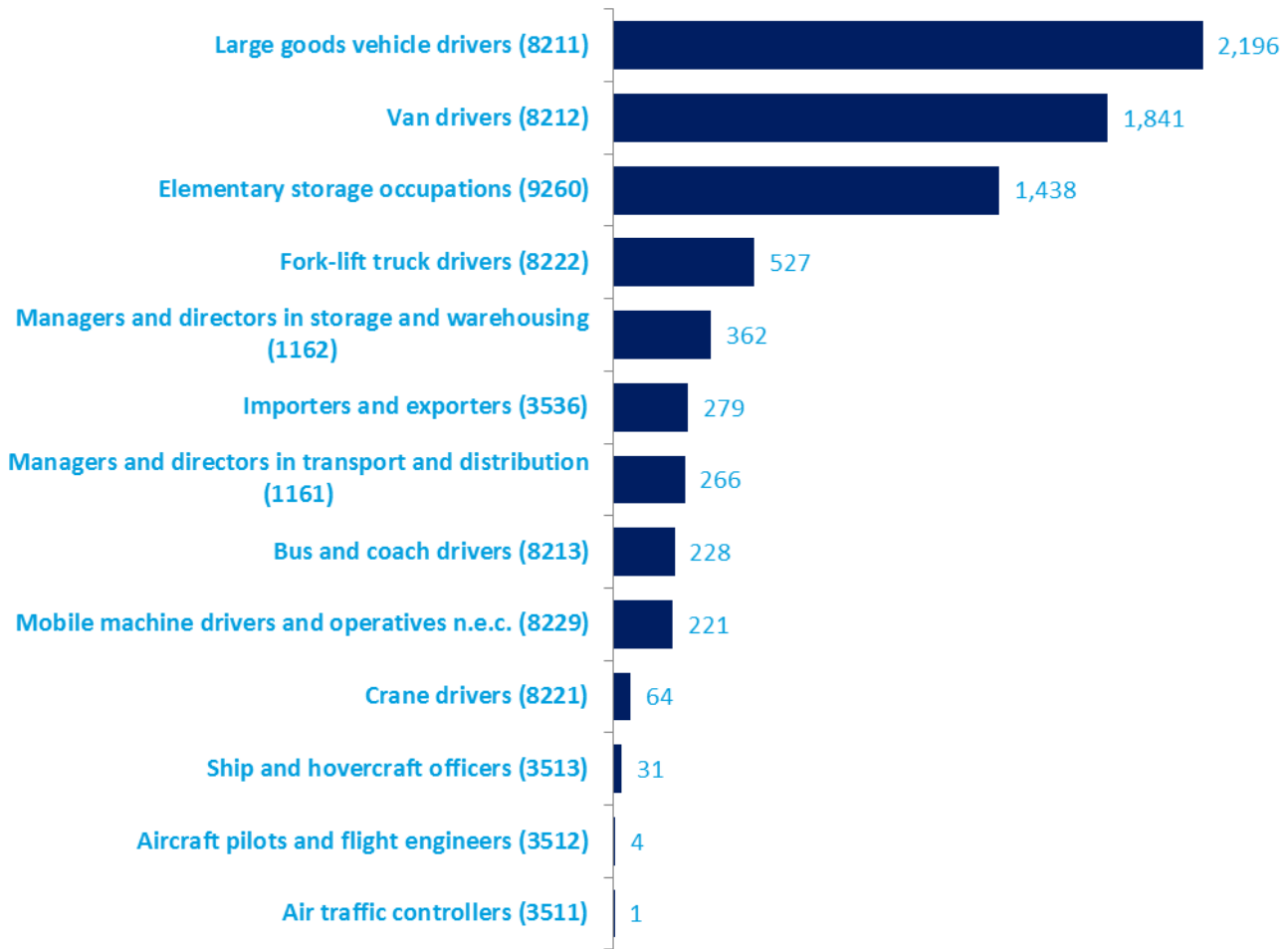


43%

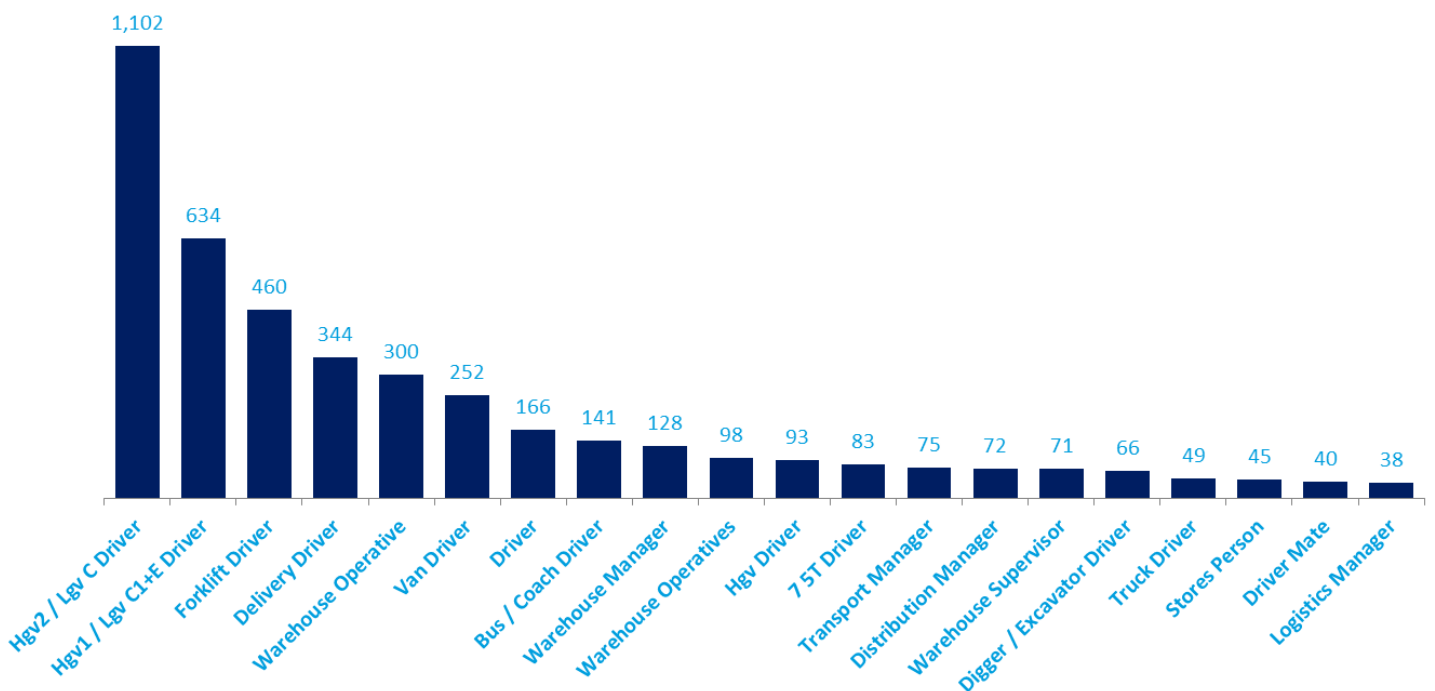
43% of vacancies* had an advertised salary of £20,000 to £29,000

*Only vacancies specifying salary used in calculation.

Top Occupations in demand by SOC (4 Digit)



Top 20 Job Titles Advertised in Jobs Postings



Occupation and Salary Information

Source:		Demand and Employment		Salary	
		Burning Glass	ONS, Q2 2015 ¹	Burning Glass	ONS, 2014 ²
SOC Code	Occupation title	No of Job Postings in Greater Essex	Number in employment (UK-wide)	Mean Advertised Salary in Greater Essex	Mean Salary
8211	Large goods vehicle drivers	2,196	299,217	£25,018	£26,198
8212	Van drivers	1,841	204,896	£20,382	£18,598
9260	Elementary storage occupations	1,438	428,132	£17,223	£18,539
8222	Fork-lift truck drivers	527	92,549	£18,697	£21,265
1162	Managers and directors in storage and warehousing	362	89,328	£35,729	£30,531
3536	Importers and exporters	279	10,892	£25,851	£29,058
1161	Managers and directors in transport and distribution	266	79,458	£36,823	£42,001
8213	Bus and coach drivers	228	121,929	£22,418	£22,127
8229	Mobile machine drivers and operatives n.e.c.	221	43,372	£27,921	£25,656
8221	Crane drivers	64	16,188	£29,910	£35,908
3513	Ship and hovercraft officers	31	17,782	£25,422	£39,271
3512	Aircraft pilots and flight engineers	4	22,950	N/A	£90,154
3511	Air traffic controllers	1	7,680	N/A	£75,429

Appendix.

SIC Codes used by ESB to classify the Logistics Sector

2007 SIC code	Description
49.1	Passenger rail transport. Interurban.
49.2	Freight rail transport
49.3	Other passenger land transport
49.4	Freight transport by road and removal services
49.5	Transport via pipeline
50.1	Sea and coastal passenger water transport
50.2	Sea and coastal freight water transport
50.3	Inland passenger water transport
50.4	Inland freight water transport
51.1	Passenger air transport
51.2	Freight air transport and space transport
52.1	Warehousing and storage
52.2	Support services for transportation
53.1	Postal activities under universal service obligation
53.2	Other postal and courier activities

SOC Codes used by ESB to classify the Logistics Sector

2010 SOC code	Description
1161	Managers and Directors in Transport and Distribution
1162	Managers and Directors in Storage and Warehousing
3511	Air Traffic Controllers
3512	Aircraft Pilots and Flight Engineers
3513	Ship and Hovercraft Officers
3536	Importers and Exporters
8211	Large Goods Vehicle Drivers
8212	Van Drivers
8213	Bus and Coach Drivers
8221	Crane Drivers
8222	Fork-Lift Truck Drivers
8229	Mobile Machine Drivers and Operatives N.E.C.
9260	Elementary Storage Occupations