

South West Skills for Life Briefing

The Logistics Sector



Key characteristics of the sector¹

Logistics companies are involved in moving, handling or storing goods. The industry is essential to the efficient performance of the UK, touching every business and household.

Examples of logistics activities include:

- freight transport by road
- air transport
- cargo-handling
- storage and warehousing
- national post activities
- courier activities
- other transport agencies.

Logistics is the UK's fifth largest industry employing 1.75 million people. The majority of workplaces are small to medium-sized enterprises, with 85% of workplaces employing 1-10 people, although 58% of the workforce are employed in a working environment with 50 or more people.

Typical occupations within the sector include:

- goods handling and storage occupations
- heavy goods vehicle drivers
- post workers and mail sorters
- messengers and couriers
- van drivers
- transport and distribution occupations
- warehouse occupations
- clerks
- managers.

Logistics in the South West

The logistics sector in the South West is responsible for the employment of 131,500 people. This accounts for 5% of all employment in the region. There are over 5,500 logistics sector workplaces in the South West. 57% of these are road freight transport companies.

Key facts:

- Almost two-thirds of the logistics workforce are process plant and machine operatives or low-skilled staff.
- The road freight transport sub sector accounts for 31% of logistics jobs.
- National post activities, storage and warehousing account for another 42% of logistics jobs.
- Air transport support and other transport agencies (such as freight forwarders) are also significant employers.
- 8% of the workforce is self-employed.
- 14% work part-time.
- Women account for 19% of the workforce.
- Only 2% of the workforce is from an ethnic minority group.
- Storage and warehousing employs a higher number of workers from ethnic minority groups than other sectors.
- Older employees are prevalent in the workforce, especially within the road freight sub-sector.

¹ Source: South West Logistics Sector Regional Profile, Skills for Logistics, January 2006

Main issues facing logistics employers in the South West

Recruitment

One in six logistics employers in the region has at least one vacancy. 11% of these are hard to fill vacancies and 4% are skills shortage vacancies.

The main reason for the high number of hard to fill vacancies is the difficulty in recruiting LGV drivers, an issue that is widespread across logistics in the UK. These jobs often entail shift work or unsocial hours, and there are low numbers of applicants.

Technical and practical skills, customer handling, communication, and team-working skills are the most common skills lacking from job applicants in skills shortage vacancies. Low levels of literacy and numeracy skills among job applicants is also a notable problem in the region.

Workforce skills

One in five logistics employers in the region have identified skills gaps within their workforce. The most common reasons for skills gaps are a lack of experience and high staff turnover. Most skills gaps can be found within machine operative and low-skilled positions.

Communication, technical and practical skills need improving in over half of employees with skills gaps. Team working and problem solving skills also need improving.

In addition, improving customer service skills is a significant concern for the sector as employees are increasingly customer-facing.

Training and qualifications

A far greater proportion of the logistics workforce have no qualifications or are qualified to under NVQ Level 2 standard compared to the South West regional economy as a whole.

There are also substantially fewer people with qualifications at NVQ Level 4 and above in the logistics sector compared to the average for all sectors in the South West.

Within a 12 month period just over a third of employers in the South West logistics sector were found not to have arranged any staff training. Over half formally assessed staff training needs, but more than a third did not have a business plan, training plan or a budget for training.

The most likely members of staff to receive training are managers. Much of this training is around ensuring compliance with legislation. Overall, job specific and health and safety training are the two most common types of training provided to employees.

Only one in seven employers providing off the job training use a Further Education College for its delivery, and only one in twenty have apprentices funded through the Learning and Skills Council.

Few low-skilled staff, which make up a large core of the workforce in the sector, are provided with training.

Skills for Life in the logistics sector

Train to Gain brokers and providers have a vital role to play in stimulating demand for Skills for Life (SfL) training.

Government research shows that, in the South West, 55% of adults do not have the written and spoken communication skills needed to function effectively at work, and 77% do not have maths skills at a level needed by today's businesses.

Organisations need employees who have the literacy and numeracy skills to enable them to:

- follow spoken or written instructions
- understand responsibilities within health and safety legislation
- communicate well – with customers and colleagues
- record data accurately
- complete reports and forms effectively
- understand and use tables and charts
- calculate accurately to avoid costly mistakes.

SfL development is particularly important for the logistics sector given the number of low and semi-skilled staff employed, the prevalence of skills gaps, the number of employees with low or no qualifications, and the current lack of training for staff in low-skilled occupations, who make up the core of the workforce.

Examples of the use of the communication and maths skills needed by employees to function effectively within the logistics sector include:

Job	Communication and maths skills needed*
Driver	<ul style="list-style-type: none"> • complete reports on accidents or operating effectiveness of vehicles in clear, concise and objective language • calculate axel weights, journey times and distances
Messenger or Courier	<ul style="list-style-type: none"> • follow directions and maps • use appropriate language to provide information and advice to meet customers' needs
Postal Worker	<ul style="list-style-type: none"> • use referencing skills to sort information • complete forms legibly
Warehouse Picker and Packer	<ul style="list-style-type: none"> • use batch counting skills and multiplication tables to select products and assemble orders quickly
Warehouse Operative	<ul style="list-style-type: none"> • use estimating skills and cross-check data in order to verify goods and materials entering storage • transcribe codes onto labels to ensure dispatch of right product / quantity / customer / date
Cargo Handling and Storage Operative	<ul style="list-style-type: none"> • read and understand responsibilities relating to Control of Substances Hazardous to Health (COSHH), for example in storage of chemicals
Clerk	<ul style="list-style-type: none"> • complete orders, receipts and invoices accurately and clearly • control cash and credit transactions
Manager	<ul style="list-style-type: none"> • write reports on progress or process difficulties • communicate effectively with staff

* Note that many of these skills are at Level 2, i.e. an equivalent level to Maths or English GCSE grades A* to C. For more information on SfL levels see the Qualifications and Curriculum Authority's website: www.qca.org.uk

SfL training can benefit logistics companies by, for example:

- helping to address workforce skills issues by enabling employees to develop the skills that underpin effective communication, customer service, team working, and problem-solving skills
- helping to address qualifications and training issues by enabling employees with low or no qualifications to develop the literacy and numeracy skills needed to access and benefit from vocational training and development
- helping to address recruitment issues by providing SfL training for new employees. Employers are able to take on staff who may lack some literacy and/or numeracy skills subject to a commitment to developing these skills in post.

Other typical benefits of SfL training reported by employers include:

- improved capacity of employees to take on new responsibilities
- better staff morale
- better staff retention
- improved use of new technology
- better ability to cope with change.

As in any other sector, logistics employers may not understand how literacy and numeracy skills levels impact on job skills and may lack confidence in tackling this sensitive area. For this reason brokers and providers need to be prepared to support employers to understand the underpinning role of SfL development. It will also be necessary to ensure that high-quality, relevant training is available to employers. This may mean, for example, ensuring that SfL delivery is embedded within other workplace learning. Most importantly, it will be necessary to take a 'hands on' approach and to help employers to view SfL as a mainstream area of workplace learning.

Case Study - Parcelforce, Plymouth

When Mark Haydon, Operations Manager at Parcelforce Plymouth, was approached by a Business Link broker to talk about skills gaps in the organisation, he decided to take advantage of the training offer to demonstrate to staff that, in spite of recent uncertainties about their depot, the organisation was keen to invest in their development and assure a sustainable future for them all.

The broker introduced Mark to Achievement Training, Plymouth, a local training provider, and together they discussed the needs of the staff and how to overcome difficulties with releasing staff who worked shifts for training. Literacy and numeracy assessments were then carried out by the provider and a suitable training plan was devised. Mark then ran a series of team briefings about the programme for all employees, as a result of which 19 members of staff signed up for training.

All the training has been carried out during work time, although some staff have attended 7.30 am sessions at the end of the night shift. Topics have included form-filling, proof-reading skills to check that addresses are spelt correctly, giving and receiving instructions, and basic numeracy.

Mark says that the programmes have given staff the confidence to complete paperwork, such as parcel manifests, work sheets, overtime forms and customer receipts. There has also been a drop in sickness and absence rates, and Mark says that staff are now more positive that there is a future for them at the depot. He was confident there would be a knock on effect on staff retention, saying that, "The time and effort everybody has invested will hopefully encourage staff to stay with Parcel Force, so it's a win-win situation."

In addition to these benefits, a number of participants have taken national qualifications in literacy and numeracy. For some this will be a platform for taking an NVQ, for others it is just for the sense of achievement.

Mark is so pleased with the outcomes of the training that he has decided to run the whole process again with another 63 members of staff. The success has been noted among other branches, and the Exeter branch is now also looking to run SfL courses.

Helpful resources

• **DfES Embedded Learning Materials: Warehousing**

The Department for Education and Skills series of Skills for Life materials for embedded learning aim to help learners to improve the literacy, language or numeracy skills they need to succeed at work, or to achieve vocational qualifications.

The 'Warehousing' learning materials develop the Skills for Life required by units of the NVQ Level 2 Warehouse and Storage Operations.

The materials have been published as teacher reference files, with photocopiable versions of the learner pages at the back of each file.

Free paper-based versions can be ordered from DfES Publications, quoting reference 'Embedded/WA':

Tel: 0845 60 222 60

Email: dfes@prolog.uk.com

Alternatively, on-line PDF and Word versions of the materials can be accessed through DfES' Embedded Learning Portal:
www.dfes.gov.uk/readwriteplus/embeddedlearning

• **Skills for Logistics**

Skills for Logistics is the Sector Skills Council for the logistics sector. Their role is to raise awareness of skills issues within the sector and to offer support and practical advice on all aspects of improving skills and training. For more information see:
www.skillsforlogistics.org

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• **Target Skills for Work: Logistics**

Target Skills for Work is a series of titles which help learners in specific employment sectors to develop literacy and numeracy skills in a relevant workplace context.

The materials are available on CD-ROM (in a format that can be used within a virtual learning environment or as a standalone resource) and as photocopiable, paper-based workbooks. The workbooks contain additional resources to widen the scope of the learning.

'Target Skills for Work: Logistics' has been developed in partnership with Skills for Logistics, the Sector Skills Council for the logistics sector.

Topics include:

- Health and Safety
- Communicating with People at Work
- Numbers for Work
- Paperwork.

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This leaflet has been produced by the South West Skills for Life Unit.

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