

FTA Skills Shortage Report

An independent analysis of employment trends in the UK logistics sector

November 2018



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Notices

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Selected Key Indicators

Indicators	2015		2016		2017		2018		%Δ ^a	
	H1	H2	H1	H2	H1	H2	H1			
LGV drivers										
Total LGV drivers in employment (thousands)	299	298	315	333	302	320	323	0.9%		↑
Driver number index (H2 2014 = 1.00)	1.05	1.05	1.11	1.17	1.06	1.13	1.14	0.9%		↑
Average age of LGV driver	48	48.2	47.9	47.7	48.3	47.9	47.8	-0.2%		↓
Number of EU LGV drivers (thousands)	25	34	32	43	43	37	42	13.5%		↑
Percentage of LGV drivers who are EU nationals	8%	11%	10%	13%	14%	12%	13%	NA		↑
Gross hourly pay	£10.01	£10.23	£10.70	£10.26	£11.30	£11.55	£11.54	-0.1%		↓
Drivers claiming Jobseekers Allowance ^b	1,053	730	627	500	455	385	353	-8.3%		↓
Number of LGV practical tests taken	32,300	34,849	38,384	39,239	37,344	35,108	35,863	2.2%		↑
Number of practical tests passed	17,741	19,464	21,486	22,157	21,590	20,381	20,609	1.1%		↑
Driver CPC initial qualification	15,957	18,726	20,130	19,019	18,882	17,795	19,825	11.4%		↑
Other selected logistics occupations										
Total transport managers and directors in employment - SOC:1161 (thousands)	79	74	80	87	91	74	75	1.3%		↑
Total van drivers in employment - SOC:8212 (thousands)	205	240	251	259	250	245	276	12.7%		↑
Number of EU van drivers in employment (thousands)	20	31	22	22	30	18	29	61.1%		↑
Percentage of van drivers who are EU nationals	9.80%	12.90%	8.80%	8.50%	12.00%	7.30%	10.69%	NA		↑
Total forklift drivers in employment - SOC:8222 (thousands)	93	91	97	87	88	73	90	23.3%		↑
Number of EU forklift drivers in employment (thousands)	16	21	20	16	19	19	23	21.1%		↑
Percentage of forklift drivers who are EU nationals	17.20%	23.10%	20.60%	18.40%	21.60%	26.00%	25.39%	NA		↓

a. refers to latest half year vs. previous

b. averaged over a 12-month period

1 Report Summary

1.1 Headlines

- Job creation in logistics grew by 66,000 in the first six months of 2018; this is a slowdown from the 100,000 logistics jobs added in the second half of 2017
- There was a notable increase in employment activity in the storage sector, where elementary occupations added 24% or 16,000 jobs in the first half for 2018, driven by record demand for warehouse space, mainly due to online retailing and third party logistics 3PLs, some of whose end user customers are also online retailers
- The majority of new jobs (33,000) were filled by UK nationals. The number of European Union (EU) nationals in logistics also increased by 26,000, but further analysis showed that this was due to a sizeable growth in Bulgarian and Romanian (EU2) nationals¹ (33,000), who are more highly represented in the storage sector. The number of workers from all other EU countries fell by 7,000, offset by the number of mainly South Asian, non-EU workers which increased by around 7,000
- It was estimated that 88% of logistics jobs pay less than £30,000 (the proposed Migration Advisory Committee extension of the minimum salary threshold to EU migrants) compared to around 66% of all UK taxpayers.² These proposed new immigration rules are likely to impact recruitment and retention in logistics
- LGV driver numbers increased by only 3,000 to 323,000 in the first half of 2018
- The driver shortage figure was 51,000 which is relatively unchanged from 52,000 a year ago

1.2 The Wider Logistics Industry

- There is evidence that the proportion of EU2 nationals in skilled and highly skilled jobs in the UK has increased at the same time as the percentage of EU8 workers has fallen
- The number of van drivers increased by 13% to 276,000
- A comparative job shortage measure showed that LGV drivers exhibited the most significant job shortage score, followed closely by van drivers. In managerial and administrative logistics occupations, storage management remained the most severe for job shortage. Transport management fell down the rankings, due to low job number growth and an increase in the proportion of younger managers, which helped to suppress average wage increases
- While most occupational areas of logistics saw an increase in the number of jobs, mechanics and technicians continued on a downward trend
- Regarding ethnicity and gender, the logistics sector continues to be dominated by people who describe themselves as ethnically white (91%) and by male workers who represented 86% of the logistics vocations workforce as of H1 2018

1.3 LGV Drivers³

- EU nationals accounted for 13% of all LGV drivers (up slightly from 12%)
- A comparative job shortage ranking measure showed that both van and LGV drivers remain in very high demand
- Analysis of the changes in the LGV driver age demography revealed that the increase in driver numbers was due to a rise of 17,000 in those aged 17-34
- A shift to a higher proportion of younger drivers was reflected in the average driver age which fell to 47.8 years in H1 2018 from 47.9 in H2 2017
- Comparing LGV drivers to the general working population in H1 2018, differences in age demography converged slightly with the proportion of drivers aged 45 and over, falling from 63% to 56%. The balance of the working population aged 45 and over remained broadly the same at 42%. The proportion of drivers over 60 fell significantly from 13% in H2 2017 to 8% in the first half of this year
- New apprenticeship starts for Driving Goods Vehicles in England fell by 31% in 2017/18 compared to a year earlier
- The number of LGV drivers claiming Jobseeker's Allowance in H1 2018 was 353, down from 385 in H2 2017, reflecting strengthening demand from employers for LGV drivers

1. EU2 refers to Romanian and Bulgarian nationals; these states joined the EU in 2007. EU8 refers to citizens of the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland Slovakia and Slovenia; these countries joined the EU in 2004

2. Distribution of total income before and after tax by gender: 2015-2016, HMRC, March 2018

3. In recent years the truck and coach licensing category names have changed. HGV (Heavy Goods Vehicle) is now LGV (Large Goods Vehicle). For consistency, the term LGV is used

2 Employment in UK Logistics

The Skills Shortage Report is published twice a year; it was decided to change the reporting period to half-yearly rather than quarterly, comparing trends every six months. The following table provides estimates of jobs in UK logistics in H1 2018.⁴

Table 1 Comparison of employment in logistics: numbers and percentages employed (H2 2017 vs. H1 2018)

Logistics occupations	Employment (thousands) ^a				By nationality (thousands)			
	Logistics sector	All other sectors	Total	%	UK	EU	EU%	Other
Purchasing managers and directors	7 (4)	53 (64)	60 (68)	2% (3%)	58 (63)	2 (4)	3% (6%)	0 (1)
Managers and directors in transport and distribution	33 (30)	42 (44)	75 (74)	3% (3%)	72 (69)	2 (4)	3% (6%)	1 (1)
Managers and directors in storage and warehousing	35 (33)	80 (80)	115 (113)	4% (4%)	108 (98)	7 (12)	6% (11%)	0 (3)
Importers and exporters	6 (6)	2 (1)	8 (7)	1% (0%)	7 (6)	1 (2)	8% (24%)	0 (0)
Transport and distribution clerks and assistants	29 (27)	39 (47)	68 (74)	3% (3%)	56 (66)	11 (6)	16% (8%)	1 (2)
Large goods vehicle drivers	202 (194)	121 (126)	323 (320)	12% (12%)	277 (280)	42 (37)	13% (12%)	4 (3)
Van drivers	94 (91)	182 (153)	276 (245)	10% (9%)	243 (220)	29 (18)	11% (7%)	4 (7)
Fork-lift truck drivers	30 (20)	60 (54)	90 (73)	3% (3%)	64 (54)	23 (19)	25% (26%)	3 (1)
Postal workers, mail sorters, messengers and couriers	129 (132)	33 (32)	162 (164)	6% (6%)	147 (149)	9 (11)	5% (7%)	6 (4)
Elementary storage occupations	217 (180)	271 (255)	488 (434)	18% (17%)	382 (335)	91 (81)	19% (19%)	15 (19)
Other occupations within the logistics sector	999 (1,023)	NA NA	999 (1,023)	38% (39%)	857 (899)	105 (102)	10% (10%)	37 (22)
Total	1,781 (1,740)	883 (856)	2,664 (2,596)	100%	2,271 (2,238)	322 (296)	12% (11%)	71 (62)

a. Numbers in round brackets are for H2 2017, provided for comparison. Job estimates are rounded to the nearest thousand
Note: Figures and percentages are rounded

The number of people employed in logistics increased by around 66,000 or 2.5% in the first six months of 2018. However, the rate of growth has slowed from the 100,000 observed at the end of H2 2017.⁵ The most

4. Source: Repgraph analysis of ONS Labour Force Survey for Q2 2018

5. FTA Skills Shortage Report, May 2018

significant increases were for warehouse and storage occupations (warehouse and storage managers, forklift drivers and elementary storage occupations), driven by rising demand for warehouse space from online retailing. The popularity of online shopping has contributed to record breaking take-up of warehouse space in the first half of 2018.⁶ The main driver of demand was the online retail sector, which represented 32% of overall take-up. The second largest sector was 3PLs providers (who also serve online retailers), with 22% of take-up. The number of LGV drivers was practically unchanged at 323,000 whilst van driver numbers rose by 31,000, along with forklift driver numbers which rose by 17,000. LGV and forklift driver EU nationals were marginally up, with more significant increases for van drivers, again driven by demand from the growing online retailing sector.

2.1 Nationality Demographics

According to latest available data, EU net migration is at its lowest level since 2012 and most recent decrease can be accounted for by a fall in the number coming to the UK for a definite job over the last year, particularly citizens of EU15 countries. However, non-EU net has migration has returned to a similar level to that seen in 2011. These same trends are evident in the current analysis of the logistics sector.

Note:

EU15 are member countries in the European Union prior 1 May 2004: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom.

EU8 are the major eight out of 10 countries that joined the European Union during its 2004 enlargement: Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia

EU2 are member countries that joined on 1 January 2014: Bulgaria, Romania

South Asia: refers to Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka

In H1 2018 there was a net total of 33,000 extra UK nationals working in logistics and almost the same number of extra EU2 nationals (Romania and Bulgaria). Other EU nationals saw a net fall of around 7,000, and South Asian nationals (mainly India, Pakistan and Bangladesh) experienced an increase of the same amount. For all other nationalities taken in the round there was no net change in job numbers. These figures are not unexpected, since EU2 nationals traditionally tend to work in low skilled jobs in warehousing and storage, but are likely to upskill to driver jobs as demand increases. As the Polish and other EU economies improve and Sterling remains weak, coupled with the uncertainty of Brexit, citizens from EU countries with stronger economies have left, whilst those from less buoyant economies (Romania, Bulgaria and also South Asia) continue to arrive.

Table 2 provides a breakdown of logistics jobs by skill level for the nationality groupings mentioned above.

6. *Logistics Property Perspective, H1 2018, CBRE*

Table 2 Logistics jobs by skill level for nationality groupings in H1 2018

	Level 1 (Low skilled)	Level 2 (Low-middle skilled)	Level 3 (High-middle skilled)	Level 4 (High skilled)
UK	574,812 25%	987,981 44%	266,465 12%	440,878 19%
European Union EU15	16,130 27%	31,644 53%	3,796 6%	8,597 14%
European Union EU8	78,710 43%	88,489 48%	8,015 4%	9,770 5%
European Union EU2	39,089 51%	34,523 45%	1,483 2%	1,494 2%
South Asia	9,444 40%	7,352 31%	3,983 17%	2,743 12%
All other	19,081 42%	16,763 37%	4,455 10%	5,203 11%
TOTAL	737,268	1,166,754	288,197	468,686
% share of all skill levels	28%	44%	11%	18%

The greatest proportion of jobs are level 2, which is low-middle skilled (44%), followed by low skilled (28%). The proportion of logistics jobs which are considered to be low and low-middle skilled is greater than the national average, where they represent only 11% and 34% respectively of all jobs in the economy.⁷

Within logistics, UK nationals are represented proportionately. EU15 nationals are over-represented in the low-middle category and under-represented in the high-middle skilled band. For both EU8 and EU2 nationals, there is a very strong bias towards low and low-middle skilled jobs. South Asian nationals, on the other hand, occupy a high proportion of low skilled jobs but also a larger share of high-middle skilled (the latter probably reflecting the current skills-based immigration criteria).

The large number and proportion of EU2 and EU8 nationals in low and low-middle skilled jobs reflects logistics' and warehouses' heavy reliance on workers from these countries. The recent improvement of some economies such as Poland has triggered a net outflow of these citizens, which has in turn increased the reliance of logistics on EU2 nationals (whose economies are not yet sufficiently strong to attract workers back).

7. RepGraph analysis of ONS Labour Force Survey, Q2 2018

2.2 EU2 and EU8 Nationals by Skill Level

There is also evidence that across all sectors of the economy, EU2 nationals are increasing their share of more highly skilled as well as lower-skilled jobs. Table 3 shows the change in the percentage of all UK jobs, grouped by skill level for UK, EU2 and EU8 nationals between H1 2015 and H1 2018.

Table 3 Job totals for each skill level for EU national groupings for all sectors

Skill Level	% share of the job total ^a					
	2015			2018		
	UK	EU8	EU2	UK	EU8	EU2
Level 4 (High skilled)	90.3%	1.1%	0.4%	89.4%	1.0%	0.6%
Level 3 (High-middle skilled)	91.4%	2.4%	0.5%	90.9%	2.1%	1.0%
Level 2 (Low-middle skilled)	90.6%	3.5%	0.5%	89.2%	3.4%	1.1%
Level 1 (Low)	81.1%	8.6%	1.7%	81.7%	6.7%	3.6%

a. Note: Percentages for other EU nationals and non-EU nationals are not included

Comparing 2015 to 2018, EU2 nationals have increased their share of low-skilled jobs, however, it is worth noting that low-skilled jobs only account for around 10% of all posts in the UK.⁸ For upper-middle and high-skilled jobs, EU2 nationals were the only category to increase their share; both UK and EU8 national percentages decreased between 2015 and 2018. It is worth noting that upper-middle and high-skilled jobs, which tend to attract higher pay, account for nearly 18 million jobs out of the 32 million UK total.⁸

3 Logistics Workers by Salary Threshold

Recently, the Migration Advisory Committee published a key report commissioned by the government which outlined migration policy recommendations to be implemented after the UK leaves the EU. One of the recommendations was to place a salary threshold of £30,000 on workers coming to the UK. Table 4 provides estimates of the percentage and number of logistics jobs which fall below this gross annual salary level.⁹

Table 4 Estimated proportion and number of logistics jobs below the £30,000 annual salary threshold

	Total number of jobs (thousands)	Percentage under £30,000	Number of jobs under £30,000 (thousands)
Logistics occupations	1,664	88.03%	1,465
All jobs in the logistics sector	1,780	80.38%	1,431
All UK workers	32,319	68.80% ^a	22,235

a. This percentage is in reasonable agreement with HMRC figures, which indicate that around 66% of taxpayers earn less than £30,000 (source: HMRC table 3.3, Distribution of total income before and after tax by gender, 2015-16)

The logistics sector and logistics-related occupations share a higher proportion of jobs paying below £30,000 per annum. This proportion within logistics occupations is 88.0%, and for the logistics sector an estimated four in five jobs pay less than £30,000. With a smaller proportion of 68.8% of all jobs in the UK paying below this threshold it is clear that logistics would be disadvantaged by such a policy and would therefore have to find ways to improve recruitment of UK nationals in order to grow and retain staff.

8. Annex 2, ONS International immigration and the labour market, UK: 2016, April 2017. ONS Table EMP04: Employment totals by occupation, status and sex, September 2018

9. Salary estimates were calculated based on annualised gross hourly pay data from the Labour Force Survey Q2 2018 and ONS Average actual weekly hours of work for full-time workers (seasonally adjusted) Apr-Jun 2018

4 Logistics Job Shortage Rankings

Table 5 presents the job shortage scores and constituent measures for the main logistics occupations.¹⁰ A higher score indicates a relatively more substantial job shortage (see *Appendix B: The Job Shortage Measure*).

Table 5 Overall job shortage rankings for logistics occupation categories

Indicators	Job shortage score	Job shortage measures		
		Δ job number	Δ average pay	Δ claimant count
<i>General leisure and travel service occupations (highest job shortage score)</i>	972	24%	70%	-82%
Storage and warehouse managers	659	30%	1%	-75%
Large goods vehicle drivers	633	10%	14%	-72%
Importers and exporters	617	-30%	18%	-79%
Van drivers	605	26%	3%	-72%
Elementary storage occupations	552	4%	14%	-69%
Purchasing managers	475	15%	0%	-70%
Fork-lift truck drivers	473	-18%	8%	-75%
Transport and distribution clerks	466	4%	-5%	-75%
Transport and distribution managers	406	3%	0%	-71%
Postal workers, mail sorters, messengers and couriers	318	-5%	4%	-65%
<i>Glass and ceramic makers, decorators and finishers (lowest job shortage score)</i>	56	-37%	-24%	-61%

On average, logistics vocations remained more or less static in their job shortage rankings compared to other professions in 2017/18. The most significant annual changes in shortage rankings were for transport and distribution managers (down by 150 points) elementary storage occupations (up 117 points) and LGV drivers (up by 53 points).

For transport and distribution managers, the decrease in ranking was driven by a combination of comparatively modest job number and average pay increases. Further analysis of transport manager age demography¹¹ showed there was a significant increase in the number of younger transport managers (aged 17-34), who were likely to be on lower starting salaries than their older, more experienced counterparts.

The rise of elementary storage occupations was driven mainly by a surge in average pay. The high ranking of storage managers and the increase in score for non-managerial storage jobs reflects the demand primarily from online retailing for more and more warehousing and storage space.

10. More details of the job shortage ranking measure methodology are described in the *FTA Skills Shortage Report, July 2017*

11. Sources: *FTA Transport Manager Survey 2018* and *RepGraph analysis of ONS Labour Force Survey Q2 2017 and Q2 2018*

5 Driver Shortage Headline Figure

Table 6 shows the details of the estimated number of LGV drivers, the number of vehicles specified on operator licences and the derived driver shortage headline figure. The 51,000 driver shortage is unchanged from a year earlier when it was estimated to be 52,000.¹² The headline figure reflects the sentiment within the industry that driver recruitment and retention has become increasingly difficult as the wider economy offers more attractive alternative occupations.¹³

Table 6 LGV driver numbers and number of vehicles specified on operator licences¹⁴

Driver shortage headline components	
Number of vehicles specified on commercial operator licences	374,000
Estimated number of LGV drivers	323,000
Derived driver shortage headline figure	51,000

Recently, the growth in jobs throughout the economy has become a less reliable basis for estimation. As levels of employment and the number of job vacancies have hit record highs, the ability of the economy to generate extra jobs as it grows has been hindered, and job shortage numbers in key areas (including LGV drivers) have become distorted (see Figures 1, 2 and Appendix C).

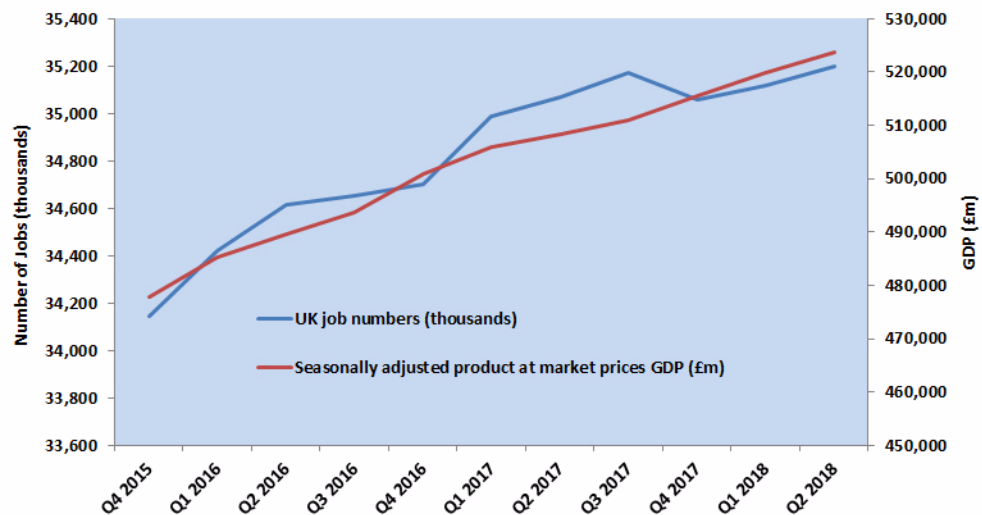
5.1 LGV Driver Claimant Count

The number of LGV drivers claiming Jobseeker's Allowance in H1 2018 was 353. This was down 8% from H2 2017 and is 98% lower than the peak of 15,255 in March 2009.

6 Driver Number and GDP

Figure 1 illustrates how growth in the UK workforce has followed Gross Domestic Product (GDP) for the last few years.¹⁵ Up until the middle of 2016, job growth and GDP followed the same rate of increase. Since then, however, there has been a slight reduction in the rate of increase in jobs, as the UK economy has effectively reached full employment.

Figure 1 UK job numbers compared to GDP



12. FTA Skills Shortage Report, November 2017

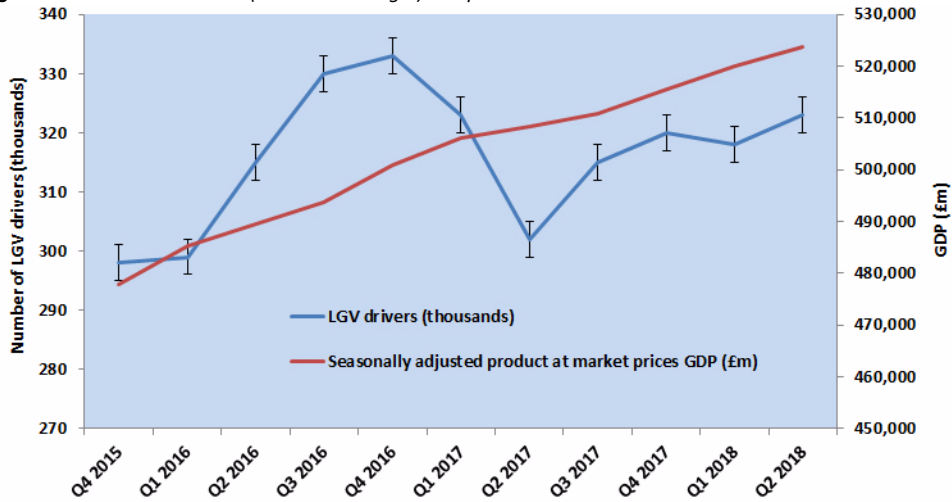
13. FTA Transport Manager Survey, 2018

14. Numbers are rounded to the nearest thousand

15. Workforce and driver numbers calculated from Labour Force Surveys Q4 2015 to Q2 2018

Figure 2 maps recent movement in GDP along with LGV driver numbers.

Figure 2 LGV driver numbers (with error margin) compared to GDP

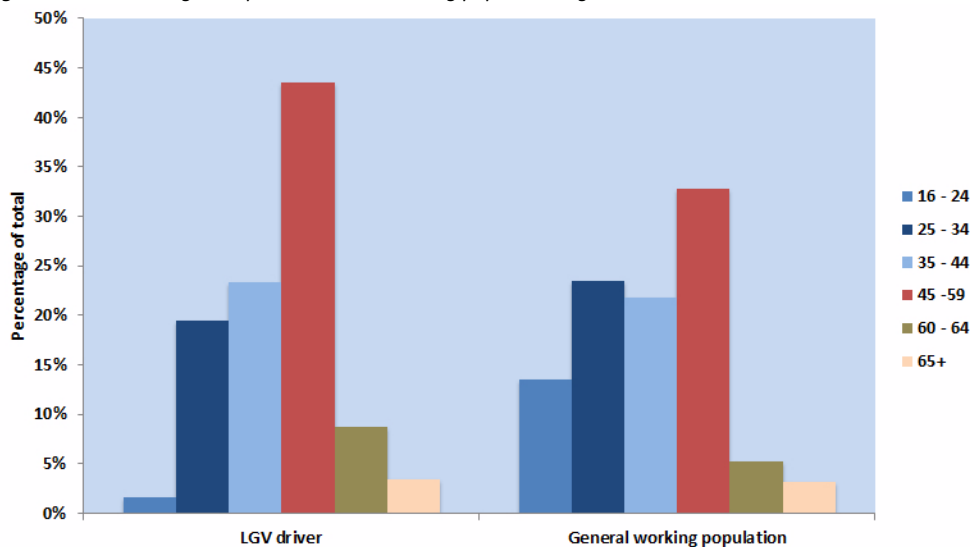


Towards the end of 2016, the number of LGV drivers began to decrease even as GDP continued to grow, reaching a low in Q2 2017, before reversing direction and following generally upward growth ever since, albeit at a slower pace than the increase in GDP. Given the broad rise in the national employment in recent years, this is an indication that workers continue to shy away from LGV driving as an occupation, perhaps due to the abundance of more attractive jobs with more favourable working patterns and conditions.

7 Driver Age Profile

In H1 2018, the average age of an LGV driver decreased slightly from 47.9 to 47.8 compared with H2 2017. This fall in average age reversed the trend from a year earlier, when a sudden exodus of young drivers caused the average age to rise significantly.¹⁶ Figure 3 shows a comparison of LGV age demography with the general working population.

Figure 3 LGV driver age compared with the working population age



Comparing LGV drivers to the general working population in H1 2018, differences in age demography converged slightly compared to H2 2017, with the proportion of drivers aged 45 and over falling from 63% to 56%. The portion of the working population aged 45 and over remained broadly the same at 42%. The proportion of drivers over 60 fell significantly from 13% in H2 2017 to 8% in the first half of this year.

16. FTA Skills Shortage Report, November 2017

7.1 Changes in LGV Drivers by Age Band

The following table provides a breakdown of the change in driver numbers by age band, measured using Labour Force Survey results for H2 2017 and H1 2018. The small driver count increase in H1 2018 was driven by an upsurge in the number of younger drivers which offset a decrease in the middle ageband (Table 7). There was also a small drop in drivers aged 60 and over.

Table 7 LGV drivers numbers by age (H2 2017 and H1 2018)¹⁷

Age Band	Driver count H2 2017	Driver count H1 2018	change
17-34	50,432 (±461)	67,864 (±621)	17,432
35-59	229,133 (±2,090)	215,804 (±1,969)	-13,329
60+	40,323 (±369)	39,032 (±357)	-1,291
TOTAL:	319,888	322,700	2,812

8 New Entrants and Test Pass Rates

8.1 Initial Qualification

The figures for drivers acquiring Driver Certificate of Professional Competency (DCPC) through initial qualification (which represents new entrants to the industry who did not hold a category C licence prior to 10 September 2009)¹⁸ are provided in Table 8. There was a decrease of 6% in new entrants for the year ending December 2017 compared to the previous year. However, the first six months for 2018 are 5% higher than the same period in 2017.

Note: DCPC initial qualification includes both lorry and bus drivers combined.

Table 8 Initial qualification

Calendar year	DCPC initial qualification
2012	16,027
2013	19,750
2014	27,768
2015	34,683
2016	39,149
2017	36,677
2018 (first six months)	29,177

17. Margins of error (in brackets) are expressed as confidence interval at the 95% level. See Appendix 1 in "Labour Migration in the Hospitality Sector: A KPMG report for the British Hospitality Association, March 2017" for more details on calculation of Confidence Intervals for Labour Force Survey data

18. <https://www.gov.uk/government/statistical-data-sets/driver-cpc-qualification-and-training-data>

8.2 LGV Pass Rate

The pass rate for LGV drivers impacts on the number of drivers in employment. Data are available for the first six months of 2018 when the overall pass rate was 57% (Table 9).¹⁹

Table 9 Practical large goods vehicle (LGV) test, Great Britain: 2008-2018²⁰

Year	Tests	Passes	% pass rate ^a
2008	69,386	33,708	49%
2009	50,626	25,680	51%
2010	41,174	21,267	52%
2011	47,069	24,639	52%
2012	46,744	24,634	53%
2013	47,511	25,679	54%
2014	51,530	28,486	55%
2015	67,149	37,205	55%
2016	77,623	43,643	56%
2017	72,452	41,871	58%
2018 (first six months)	35,863	20,609	57%

a. Source: DfT 2018 Practical large goods vehicles (LGV) test pass rates (DRT0501)

8.2.1 Age of Test Takers

In the year to the end of March 2018, 60% of all tests were taken by those under the age of 35. In addition, the average age of a person taking a practical test was 34.²¹

8.2.2 Gender of Test Takers

The number of women taking the practical LGV test has remained between 6% and 7% of all test takers since 2008, though in 2017 and the first six months of 2018 this rose to nearly 8%. The pass rate for women is consistently higher than their male counterparts (Table 10).

Table 10 Pass rates for men and women

Year	Male pass rate	Female pass rate
2008	48%	51%
2009	50%	54%
2010	51%	54%
2011	52%	54%
2012	53%	54%
2013	54%	58%
2014	55%	58%
2015	55%	59%
2016	56%	60%
2017	58%	60%
2018 (first six months)	57%	60%

19. <https://www.gov.uk/government/statistical-data-sets/drt05-practical-large-goods-vehicles-LGV-test-pass-rates>

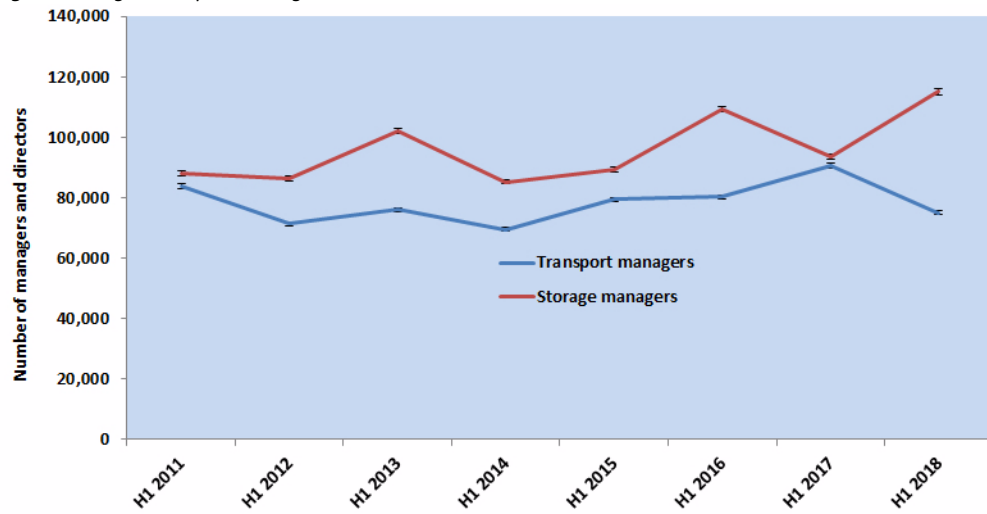
20. Includes test categories C, C1, C+E, C1+E

21. Source: DfT 2018 Practical large goods vehicles (LGV) test pass rates (DRT0503)

9 Job Trends for Other Logistics Roles

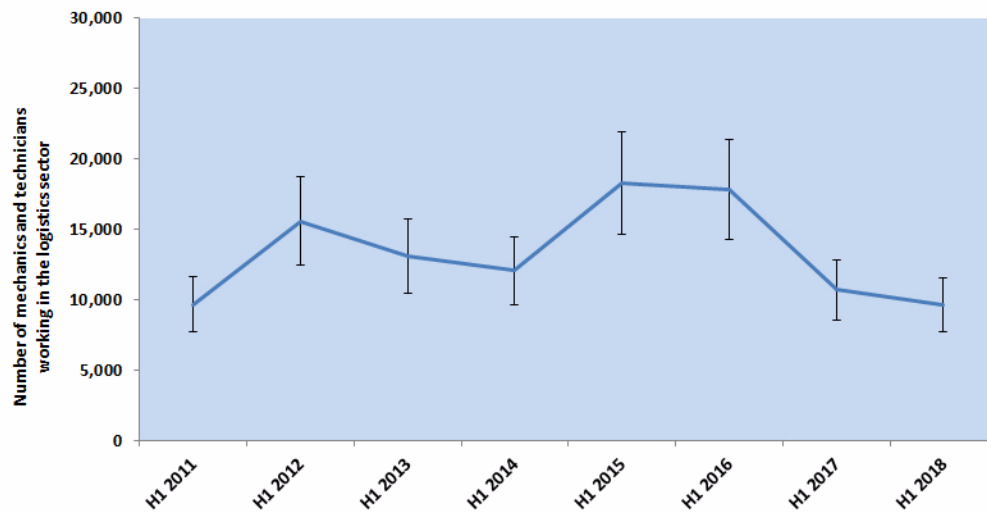
The number of transport managers and directors fell in H1 2018, however, managers and directors in storage increased (Figure 4) reflecting the growing requirement for more warehouse space, driven by in part by changing shopping habits and a shift to online retailing.²²

Figure 4 Freight transport managers and directors



The estimate for the number of mechanics and technicians working in the logistics sector has fallen for the third year in succession, although the drop this year was smaller than for the year to Q2 2017 (Figure 5).

Figure 5 Freight transport mechanics and technicians (with error margin)

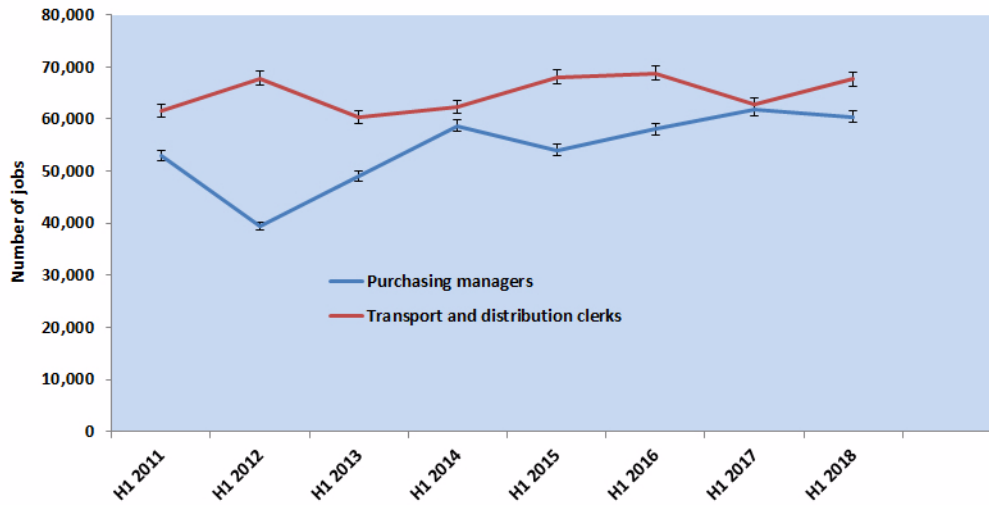


22. Savills UK Retail Warehouse Market Report, June 2018

9.1 Other Freight Transport Occupations

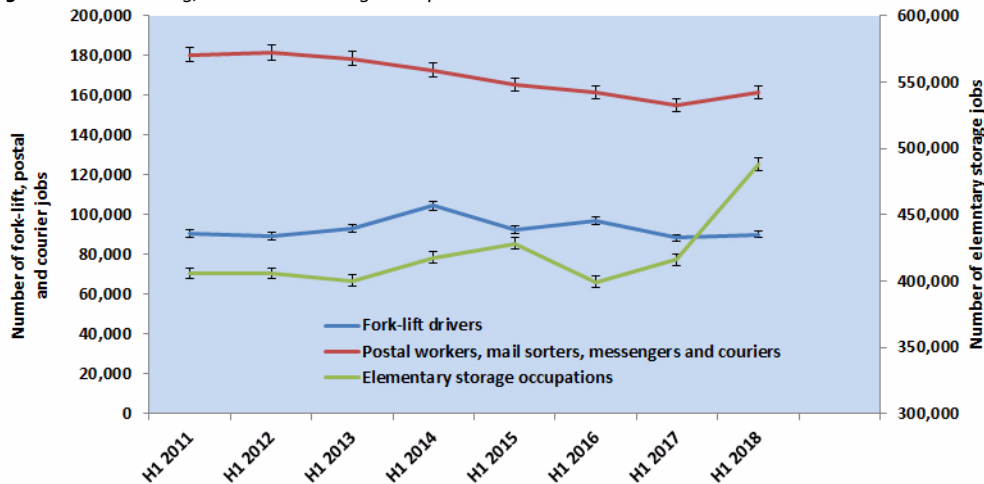
The following graphs show recent trends in job numbers for other vocations in freight transport.

Figure 6 Other managerial and clerical occupations



The estimated number of purchasing managers rose steadily to H1 2017, however, this year, the total fell slightly. The count of transport and distribution clerks has remained broadly unchanged over the same period and rose slightly in H1 2018.

Figure 7 Other driving, courier and storage occupations



Fork-lift driver numbers, along with postal, mail and courier positions both saw moderate increases in the second quarter of this year. Elementary storage occupation positions, however, saw a significant upsurge of 72,000 jobs, driven by the ongoing rise in demand for retail storage space.²²

10 Logistics Ethnicity and Gender

10.1 Ethnicity

Data were analysed to ascertain the ethnic make-up of the logistics industry.²³ For this exercise 'other occupations within the logistics sector' were excluded, and the main logistics professions were examined.

Table 11 Ethnicity in logistics H1 2018

Logistics occupations	White ^a	Black ^b	Indian	Pakistani	Chinese	Bangladeshi	Mixed ethnic /other
Purchasing managers and directors (1133)	54,449 [91.1%]	2,089 [3.5%]	1,923 [3.2%]	0 [0.0%]	692 [1.2%]	0 [0.0%]	646 [1.1%]
Managers and directors in transport and distribution (1161)	69,563 [92.7%]	852 [1.1%]	2,468 [3.3%]	0 [0.0%]	0 [0.0%]	0 [0.0%]	2,159 [2.9%]
Managers and directors in storage and warehousing (1162)	103,891 [90.3%]	645 [0.6%]	4,537 [3.9%]	1,583 [1.4%]	0 [0.0%]	0 [0.0%]	4,426 [3.8%]
Importers and exporters (3536)	6,458 [83.3%]	0 [0.0%]	1,291 [16.7%]	0 [0.0%]	0 [0.0%]	0 [0.0%]	0 [0.0%]
Transport and distribution clerks and assistants (4134)	62,004 [91.6%]	0 [0.0%]	644 [1.0%]	748 [1.1%]	1,291 [1.9%]	0 [0.0%]	3,028 [4.5%]
Large goods vehicle drivers (8211)	311,902 [96.7%]	4,168 [1.3%]	652 [0.2%]	750 [0.2%]	0 [0.0%]	803 [0.2%]	4,425 [1.4%]
Van drivers (8212)	239,791 [87.0%]	10,508 [3.8%]	5,275 [1.9%]	5,414 [2.0%]	723 [0.3%]	2,587 [0.9%]	11,340 [4.1%]
Forklift drivers (8222)	81,155 [90.1%]	2,919 [3.2%]	1,121 [1.2%]	1,473 [1.6%]	0 [0.0%]	0 [0.0%]	3,399 [3.8%]
Postal workers, mail sorters, messengers and couriers (9211)	141,730 [87.8%]	4,495 [2.8%]	5,469 [3.4%]	1,563 [1.0%]	611 [0.4%]	0 [0.0%]	7,617 [4.7%]
Elementary storage occupations (9260)	443,414 [91.0%]	20,675 [4.2%]	7,375 [1.5%]	6,428 [1.3%]	0 [0.0%]	1,532 [0.3%]	7,870 [1.6%]
Total	1,514,357 [91.1%]	46,351 [2.8%]	30,755 [1.8%]	17,959 [1.1%]	3,317 [0.2%]	4,922 [0.3%]	44,910 [2.7%]

a. White includes respondents in England, Wales and Scotland identifying themselves as 'White-Gypsy or Irish Traveller' and respondents in Scotland identifying themselves as 'White-Polish'

b. Black/African/Caribbean/Black British

Note: Figures and percentages are rounded

Overall, the logistics sector continued to be dominated by people who describe themselves as ethnically white (91%). The second largest single ethnic group was black, followed by Indian. These figures are broadly identical to ethnicity estimates for H2 2017.

23. Estimates from analysis of the ONS Labour Force Survey, Q2 2018

10.2 Gender

The following table summarises the Office of National Statistics (ONS) estimates of the gender of individuals working in key logistics vocations.²⁴

Table 12 Gender in the logistics industry

Logistics occupations	Male ^a	Female
Purchasing managers and directors (1133)	39,442 [65.2%]	21,040 [34.8%]
Managers and directors in transport and distribution (1161)	61,251 [81.6%]	13,791 [18.4%]
Managers and directors in storage and warehousing (1162)	93,626 [81.4%]	21,456 [18.6%]
Importers and exporters (3536)	ts	ts
Transport and distribution clerks and assistants (4134)	37,893 [56.0%]	29,822 [44.0%]
Large goods vehicle drivers (8211)	318,522 [98.7%]	ts
Van drivers (8212)	257,991 [93.6%]	17,647 [6.4%]
Fork-lift truck drivers (8222)	88,691 [98.4%]	ts
Postal workers, mail sorters, messengers and couriers (9211)	124,531 [77.1%]	36,954 [22.9%]
Elementary storage occupations (9260)	403,228 [82.6%]	84,842 [17.4%]
Total	1,425,175 [86.3%]	225,552 [13.7%]

a. ts - sample size too small for estimation

Note: Figures and percentages are rounded

The logistics industry continued to be dominated by male workers (86.3%) with a small decrease in the proportion of women in logistics professions (from 14.4% in H2 2017 to 13.7% in H1 2018). Estimates for the number of female LGV drivers, fork-lift drivers and both genders for importers and exporters were not possible as there were too few respondents to the Labour Force Survey in these cases for statistical significance.

24. ONS Table EMP04: Employment totals by occupation, status and sex, September 2018

11 Logistics apprenticeships in the UK

11.1 Apprenticeship Levy and Budget 2018

The apprenticeship levy was introduced in April 2017 and stipulates that businesses with a payroll of more than £3m are charged 0.5% of their payroll towards the levy; these companies can then spend their contributions on apprenticeship training. Smaller companies can access the levy but must contribute 10% of the cost of training and assessment.

The Chancellor for the Exchequer, Philip Hammond, announced a £695m apprenticeship initiative on Budget day, 29 October 2018:

- £240m to help small firms hire apprentices, which means small-to-medium enterprises (SMEs) will have to contribute 5% to the training rather than 10%; the government will pay the remaining 95%
- £450m available to enable levy paying employers to transfer up to 25% of their funds to pay for apprenticeship training in their supply chains
- £5m to the Institute for Apprenticeships and National Apprenticeship Service in 2019-20, to identify gaps in the training provider market and increase the number of employer-designed apprenticeship standards available to employers. All new apprentices will start on these new, higher-quality courses from September 2020

The Office for Budget Responsibility (OBR) revised up the apprenticeship levy forecasts relative to the March 2018 to £2.7bn in 2017/18 and £2.8bn in 2018/19. This revision was largely due to unexpectedly strong receipts so far in 2018/19. Over the four-year period 2017/18 to 2020/21, the levy is expected to bring in £11.4bn in receipts, which is 6.5% higher than forecast in March (or an increase of £700m). However, this figure is £200m lower than original expectations of £11.6bn forecast in November 2015.

11.2 Number of Logistics Businesses Paying the Levy

In just under six months, from 17 April 2018 to 1 October 2018, the total number of employers who have made a payment to Her Majesty's Revenue and Customs (HMRC) to clear an apprenticeship levy was 45,933. HMRC records indicate that of these a total of 779 employment schemes were related to the logistics business sector.

11.3 Amount Paid into the Levy by Logistics Businesses

The total value of payments for the apprenticeship levy charge, made during the period 17 April 2018 and 1 October 2018, was £1.56bn (for 2017/18 the total was £2.7bn). Their records indicate that a total amount of £62m or 4% has been paid by employers in the logistics business sector between 17 April 1 October 2018. However, as stated earlier, the total receipts from the levy is expected to be £2.8bn in 2018/19 and the contribution from the logistics sector will also rise.

11.4 UK Logistics Apprenticeships by Country

Data on logistic apprenticeships were gathered for each country in the UK: England, Scotland, Wales and Northern Ireland. Databases and statistical sets related to apprenticeship starts differ for each country, and where data were not available information requests were sent. Dataset sources are referenced under each country below.

It should be noted that England, Wales and Northern Ireland cover academic year 1 August to 31 July while data for Scotland use different months, quarters and academic years (1 April to 31 March).

11.5 England

In October 2018, the Department for Education published provisional figures²⁵ for the annual number of apprenticeship starts for the academic year 2017/18, which covers the period August 2017 to July 2018. There have been 369,749 apprenticeship starts reported in the most recent academic year, which is 25% lower than last year and 27% below 2015/16, before the levy was introduced.

Provisional figures indicate there were 14,716 logistics apprenticeships in 2017/18, and new frameworks accounted for 3,321 starts. Year-on-year, the overall number of logistics apprenticeship starts fell by 37%. Driving goods vehicles (combined with new framework 'LGV driver') fell by 31% at the same time from 5,169 to 3,578 starts.²⁶

25. *The figures are subject to change and the final figures will be published in November 2018*

26. <https://www.gov.uk/government/collections/further-education-and-skills-statistical-first-release-sfr#2018-releases>

Warehousing and storage (combined with the new 'supply chain warehouse') was 47% lower than the previous year.

Table 13 Logistics apprenticeship starts – England

Old frameworks	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Warehousing and storage	7,070	7,110	8,440	8,070	7,109	2,460
Driving Goods Vehicles	5,510	4,000	4,930	5,490	4,961	2,342
Logistics Operations Mgmt	1,480	580	780	790	869	454
Vehicle maintenance and repair	8,390	8,500	9,010	9,500	9,454	5,822
Transport engineering and maintenance	210	260	350	390	289	214
International trade and logistics operations	140	90	120	130	119	103
New frameworks						
LGV Driver	0	0	0	20	208	1,236
Supply Chain Operator	0	0	0	0	8	99
Supply Chain Warehouse	0	0	0	50	198	1,399
Heavy Vehicle Service Maintenance					9	587
Total Logistics	22,800	20,540	23,630	24,440	23,224	14,716

11.6 Scotland

In 2017/18, there were 27,145 starts in Modern Apprenticeships in Scotland, which is a 3% increase on the previous year. Transport and Logistics starts in the year to 31 March 2018 increased by 42% compared with 2016/17; this follows a 25% decrease in starts in 2016/17. Over the past five years, starts to Transport and Logistics frameworks increased by 3%.²⁷

Table 14 Logistics apprenticeship starts – Scotland (1 April - 31 March)

Sector and Occupation	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Transport and Logistics^a	2,058	1,530	1,683	1,476	1,106	1,570

a. Transport and Logistics - occupation sector includes: Freight Logistics, PCV driving and Supply chain management

27. <https://www.skillsdevelopmentscotland.co.uk/media/44711/modern-apprenticeship-statistics-quarter-4-2017-18.pdf>

11.7 Wales

Annual data for 2017/18 are not available for Wales. The latest annual year-on-year the number of logistics apprenticeship starts fell by 9% in 2016/17 compared with 2015/16. Driving goods vehicles fell significantly by at least 75% at the same time.²⁸

Table 15 Logistics apprenticeship starts – Wales

Framework ^a	2012/13	2013/14	2014/15	2015/16	2016/17
Warehousing and storage	260	105	95	120	125
Driving goods vehicles	65	180	50	20	*
Vehicle maintenance and repair	555	720	540	550	480
Other sector frameworks - Transport	35	30	40	30	50
Total Logistics	915	1,035	725	720	655

a. Any values greater than 0 and less than 5 have been suppressed and replaced with an asterisk (*)

11.8 Northern Ireland

Northern Ireland does not publish starts per year by framework, but a request to the Northern Ireland Department for the Economy regarding starts data for logistics apprenticeships revealed data for starts were available from 1 August 2017 onwards. The latest available data relate to 1 August 2017 to 30 April 2018 (Q1 - Q3). The following are listed as starts for this period.²⁹

Table 16 Northern Ireland apprenticeships starts August 2017 - April 2018

Framework	Number
Distribution and warehousing	30
Driving goods vehicles	5
Vehicle maintenance and repair	276

There are no cases for driving goods vehicles before 2016/17, which indicates that there were no apprenticeships on this scheme before this time. This, of course, does not mean this particular apprenticeship was not available before this.³⁰

Northern Ireland does publish the number of apprentices in occupation, reported at a point in time. Year-on-year, the number of logistics apprenticeships in occupation increased by 1.7% in April 2018 compared with April 2017 (Table 17).³¹

Table 17 Logistics apprenticeships in occupation (April each year) - Northern Ireland

Framework	2013	2014	2015	2016	2017	2018
Distribution and Warehousing	321	96	31	45	60	62
Driving Goods Vehicles	-	-	-	-	10	15
Vehicle maintenance and repair	310	393	466	501	568	572
Total Logistics	631	489	497	546	638	649

28. stats.wales.gov.uk: Learning programme starts in work-based learning provision

29. Data were extracted from the Department's Client Management System on 29th October 2018

30. Response from Economy NI Department for Education analytical services April 2018

31. <https://www.economy-ni.gov.uk/articles/apprenticeshipsni-statistics>

12 Appendix A: Labour Force Survey Use and Limitations

The Labour Force Survey (LFS) is a survey of households living at private addresses in the UK. Its purpose is to provide information on the UK labour market which can then be used to develop, manage, evaluate and report on labour market policies. The survey is administered by the Office for National Statistics in Great Britain and by the Central Survey Unit of the Department of Finance and Personnel in Northern Ireland on behalf of the Department of Enterprise, Trade and Investment (DETINI).

The LFS is intended to be representative of the whole population of the UK, and the sample design currently consists of around 38,000 responding households in every quarter. The quarterly survey has a panel design whereby households stay in the sample for five consecutive quarters (or waves), with a fifth of the sample replaced each quarter. Thus there is an 80% overlap in the samples for each successive survey. The LGV driver population of around 300,000 is estimated from a sample of approximately 440 survey responses each quarter.

Because the sampling methodology of the LFS has been developed over many years to reflect the national population as closely as possible, it is considered to be a generally reliable source of many statistical estimates such as employment, nationality and country of birth. It is also a useful means of tracking longitudinal trends such as occupational job numbers, age demographics, etc.

There are some inevitable shortcomings and limitations of the survey. Since the sampling methodology uses households, it does not tend to capture information regarding individuals without a long-term residential address (for example seasonal workers or those for whom their employer provides accommodation). The survey is also based on a smaller sample size than some other national surveys (such as the Annual Survey of Hours and Earnings).³²

32. *Labour Migration in the Hospitality Sector: A KPMG report for the British Hospitality Association March 2017*

13 Appendix B: The Job Shortage Measure

Absolute job shortages are very difficult to measure due to a number of factors, including the reliability and consistency of measurable data across all occupations.³³ For this reason, RepGraph developed a measure that provides a relative ranking of occupations, based on the following factors.³⁴

- Rising demand for labour: reflected in an increase in job numbers
- Falling supply of labour: measured by a decrease in the claimant count
- The need to attract and retain staff: manifested in rising pay

Occupations that experience the most significant labour shortages therefore typically see high growth in worker numbers, accompanied by large falls in claimant count and increases in pay.³³

The relative job shortage measure is used in this report to compare potential job shortage issues in logistics occupations. The measure is comprised of the sum of the three labour market factors which are thought to correlate strongly with job shortages.³³

1. Claimant count³⁵ (ranking 1-353 where 353 = greatest percentage fall in claimant count)
2. Job totals³⁶ (ranking 1-353 where 353 = most substantial percentage rise in job numbers)
3. Average weekly earnings³⁷ (ranking 1-353 where 353 = largest percentage increase in average weekly pay)

The shortage ranking measurement used data from Labour Force Surveys for Q3 2014 to Q2 2015 and Q3 2017 to Q2 2018, along with ONS claimant count data for the same periods. The percentage difference was determined for each of the ONS occupational categories across a four-quarter mean of the three job shortage measurement factors outlined above (i.e. claimant count, job totals and average weekly earnings).

Percentage differences were calculated for each occupation category, and these were ranked relative to each other. The rankings for the three measurement factors were then combined to give an overall relative job shortage score per occupation category. The highest score for the job shortage ranking measure represents the most significant labour shortage (the maximum possible value is 1,059 and the lowest possible is 3).

33. http://www.workandeconomy.org/images/Measuring_Labor_Market_Shortages_07-17-09_FINAL_-_color.pdf

34. *UK Industry Workforce Demographics: prepared for Business with Europe, 2017*

35. *Official Labour Market Statistics: Claimant Counts by Occupation. Claimant count values are calculated as the mean of monthly claimant count values for October, November and December (the three months of Q4)*

36. *Labour Force Surveys, 2014 and 2017*

37. *Earnings are the median weekly earnings values, calculated according to ONS guidelines, described in the Labour Force Survey Manuals*

14 Appendix C: Driver Shortage Calculation

Previous versions of this report have used two alternative methods to estimate the LGV driver shortage figure:

- **Method 1:** Comparing the estimated number of LGV drivers³⁸ with the total number of LGVs specified on Operator (O) licences³⁹
- **Method 2:** Estimating the job shortfall by comparing the percentage growth in jobs across all occupations with the growth (or shrinkage) in the estimated number of LGV drivers

Recently, the growth in jobs throughout the economy has become a less reliable basis for estimation. As levels of employment and the number of job vacancies have hit record highs, the ability of the economy to generate extra jobs as it grows has been hindered and job shortage numbers in key areas (including LGV drivers) have become distorted (see Figures 1 and 2).

Due to these recent changes in job growth, the current report has returned to using Method 2 to estimate the driver shortage headline figure.

38. ONS Table EMP04 estimated number of jobs by occupation category

39. Traffic Commissioners: goods and public service vehicle operator licence records

