Skills and Employment Report 2021

Produced by Logistics UK Policy

LOGISTICS UK

We support, shape and stand-up for efficient logistics

Logistics UK is one of the biggest business groups in the UK, supporting, shaping and standing up for efficient logistics. We are the only organisation in the UK that represents all of logistics, with members from the road, rail, sea and air industries, as well as the buyers of freight services such as retailers and manufacturers whose businesses depend on the efficient movement of goods.

An effective supply chain is vital to Keep Britain Trading, directly impacting over seven million people employed in making, selling and moving the goods that affect everyone everywhere.

With Brexit, technology and other disruptive forces driving changes in the way goods move across borders and through the supply chain, logistics has never been more important to UK plc.

As champions and challengers, Logistics UK speaks to Government with one voice on behalf of the whole sector, greatly increasing the impact of our messages and achieving amazing results for members.

Foreword

Welcome to our seventh Skills and Employment Report. This is our annual overview of the key developments affecting employers in our sector and the trends which we all understand affect us too, as consumers. As in previous reports, we have brought together key insights on skills and employment in logistics based on bespoke analysis which no other organisation publishes.

The shortages of staff in our sector have been under immense scrutiny this year by business, Government and media. Last year's report reflected on the joint impacts of COVID-19 and Brexit on logistics and, of course, on employment in the sector. We continue to feel the effects of both Brexit and COVID-19 on the logistics labour market now. Over the last two years, the HGV driver shortage has moved from chronic to acute and there are significant difficulties reported finding other key roles in the sector, including fitter, mechanic and technician roles and warehouse staff.

The forces shaping the UK's employment sector today are complex. For logistics, these include structural issues as well as the impact of external factors, such as Brexit and the pandemic. There is also a complicated relationship between the legislative framework and regulation of the sector, changes in demographics, competition in the employment market, public and private infrastructure provision and social values and aspirations. The interactions between these factors are affecting how we do business.

The value of our industry to the economy and society has been demonstrated like never before during the pandemic, and although Logistics UK has been highlighting shortages and actions required for many years now, this year, Government policy-making to help address some of the contributing causes for the driver shortage has been rapid, with the focus on changes which will yield benefit in 2022 and years ahead. Hopefully, more progress on our policy solutions is still to come.

One final note. This report, although commissioned by Logistics UK, has been independently produced by Repgraph, a research consultancy who are experts in logistics and employment data. The independence of the data and its conclusions are very important for us, as Logistics UK follows an evidence-based approach to policy so that our policies are acceptable to decision-makers.

I hope our Skills and Employment Report 2021 will be an invaluable resource for key stakeholders and opinion formers, those able to take action on the issues highlighted in the report, as well as for those feeling the effects of the issues raised.

David Wells
Chief Executive
Logistics UK

Contents

Selected key indicators

INDICATORS	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	% CHANGE Q2 2019 (PRE-PANDEMIC) TO Q2 2021	
HGV drivers												
Total HGV drivers in employment (thousands)	302	308	305	313	303	295	267	283	253	236	-23.4%	▼
Average age of HGV driver	48.2	47.9	48.4	48.9	49.0	49.6	50.2	50.2	49.9	50.8	6.0%	▲
Number of EU HGV drivers (thousands)	37	39	29	37	37	28	27	35	27	26	-34.7%	▼
Percentage of HGV drivers who are EU nationals	12%	13%	10%	12%	12%	9%	10%	12%	11%	11%	Not applicable	▼
Gross hourly pay	£11.37	£12.13	£11.53	£11.28	£12.00	£11.18	£11.55	£11.86	£11.66	£13.08	7.8%	▲
Drivers claiming Jobseeker's allowance	237	193	167	157	142	148	135	118	112	100	-48.2%	▼
Number of HGV practical tests taken	18,460	18,625	18,784	17,685	15,194	631	12,957	13,418	625	18,761	0.7%	▲
Number of practical tests passed	10,927	10,918	11,034	10,403	9,079	499	7,308	7,740	475	10,772	-1.3%	▼
Number of HGV theory tests taken (MC)*	14,089	15,216	14,012	114,306	11,576	454	12,290	11,642	91	19,278	26.7%	▲
Number of theory tests passed (MC)	8,674	9,156	8,475	8,718	7,120	343	8,517	7,888	59	12,600	37.6%	▲
Number of HGV theory tests taken (HPT)*	11,670	12,385	11,122	11,142	9,233	372	11,192	10,145	75	16,237	31.1%	▲
Number of theory tests passed (HPT)	9,215	9,793	9,061	9,137	7,621	323	9,499	8,570	64	13,653	39.4%	▲
Number of HGV theory tests taken (CPC)**	8,861	9,237	8,348	8,794	7,041	92	7,235	6,833	***	10,345	12.0%	▲
Number of theory tests passed (CPC)	6,115	6,336	5,771	6,103	4,859	61	5,280	5,087	***	7,697	21.5%	▲
Driver CPC initial qualification	10,420	9,828	8,225	10,619	9,398	1,763	4,949	6,384	3,160	7,105	-27.7%	▼
Other selected logistics occupations												
Total transport managers and directors in employment (thousands)	86	92	94	97	107	93	91	91	117	121	31.3%	▲
Total van drivers in employment (thousands)	290	284	290	285	262	270	292	288	265	303	6.7%	▲
Number of EU van drivers in employment (thousands)	41	47	43	39	36	36	20	24	29	26	-45.2%	▼
Percentage of van drivers who are EU nationals	14%	17%	15%	14%	14%	13%	7%	9%	11%	9%	Not applicable	▼
Total forklift drivers in employment (thousands)	92	86	96	84	80	71	60	55	59	59	-31.5%	▼
Number or EU forklift drivers in employment (thousands)	31	19	24	22	21	13	10	5	1	10	-49.3%	▼
Percentage of forklift drivers who are EU nationals	34%	22%	25%	26%	26%	18%	17%	10%	2%	16%	Not applicable	▼

*From 4 August 2008, the LGV theory test was split into separate tests for MC and HPT (taken at the same time).
**From 9 September 2009, all new LGV drivers who wished to drive professionally were required to undertake this test in addition to the HPT and MC elements.
***December to March figures were combined to avoid identification of individual test takers.

Notes
1 The pandemic affected the collection of data, with many datasets revised or issued with warnings. In this report, the Q2 2020 Labour Force Survey (LFS) was revised in 2021; therefore, it was decided that rather than compare Q2 2020 with Q2 2021, that for this report it would be a pre-pandemic (Q2 2019) comparison with Q2 2021 (See Appendix A for more information).
2 Comparisons should only be made with the same quarter of the previous year. Consecutive quarters should not be compared with one another.

Highlights

Employment in logistics

- Comparisons are made between pre-pandemic (Q2 2019) and Q2 2021; this is due to ONS data revisions in Q2 2020. In Q2 2021, the wider logistics industry employed 2.56 million people, of which 11.2 % were EU nationals, down from 13.5% before the COVID-19 pandemic, as represented in Q2 2019 figures.
- There were 59,000 fewer EU workers (a fall of 17.0%); offset by an increase of 2.3% (49,000) UK workers. The UK worker job increases were in some low-skilled and some higher-skilled roles.
- Overall, there were substantial decreases in the number of jobs for heavy goods vehicle (HGV) and forklift drivers, as well as managers and directors in storage and warehouse.
- Compared with Q2 2019, there were 72,000 fewer HGV drivers, which is a reduction of 23.5%; the number of EU HGV drivers fell by 14,000 (34.7%), and there was a drop of 55,000 (20.7%) in UK nationals who were HGV drivers. By Q3 2021 the number of drivers leaving began to ease when those leaving fell by 44,000, compared with Q3 2019.
- There was a net increase of 19,000 van drivers, which represents a rise of 16.4% in UK van drivers (37,000), a 45.2% reduction in EU van drivers (21,000) and an increase of 3,000 'rest of world' van drivers.
- There was a fall of 31.5% in forklift drivers, representing 23.7% (5,000) UK nationals and 49.3% (9,000) EU nationals.
- Proportionately more logistics occupations (56%) earn under £26,500 compared to 44% for the UK as a whole.
- Fewer lower paid people made up the workforce which increased average earnings for those who remained in work.

Nationality demographics

- The focus of migration is often on attracting higher skilled workers, however it is worth noting that low-skilled jobs only account for around 9.4% of all jobs in the UK, while upper-middle and high-skilled jobs, which tend to attract higher pay, account for over 18.6 million (58.2%) of jobs out of the 32 million UK total. Lower skilled occupations have been hardest hit by Brexit and the pandemic.
- There were 19,000 fewer EU2 nationals (Romania and Bulgaria) in the logistics workforce, a decrease of 26.8% compared with Q2 2019, while EU8 workers fell by 54,000 (28.5%), following the pattern in the general workforce. At the same time the proportion of EU14 nationals in logistics rose by 14.4%.
- The greatest proportion of logistics jobs are level 2, which is low to middle-skilled (41.8%), followed by low-skilled (26.1%). The proportion of logistics jobs considered to be low and low-middle skilled is greater than the national average.

Skill level, ethnicity and gender

- The logistics sector is dominated by people who describe themselves as ethnically white (89.0%).
- Male workers represent 83.4%, while the number of women in the logistics profession rose to 16.6% in Q2 2021.
- For the first time in five years it was possible to estimate the number of women drivers as the sample was large enough. It was estimated that women account for 2% of HGV drivers; this figure has fluctuated between 1% and 3% with little change over the past 10 years.

Skills shortages and vacancies

- In August to October 2021, the estimated number of vacancies in the UK was 1.2 million, which is the highest since records began.
- COVID-19 and Brexit are creating a perfect storm for skills shortages in the UK.
- In June 2021, vacancies in the lowest paying third of occupations (when ranked according to pre-pandemic wage levels) were 19% higher than pre-pandemic, while vacancies in other occupations had only just returned to pre-pandemic levels.
- There are a record number of vacancies in transport and logistics, and roles are difficult to fill.
- Several reports indicate that between 63% and 76% of employers are facing recruitment difficulties as candidates do not have the right skills.
- Logistics UK reported that only 7.3% of survey respondents had no problem recruiting HGV drivers, while 40.2% had very severe problems.

HGV driver shortage and profile

- The UK is facing an unprecedented driver shortage, characterised by chronic and acute phases. The chronic shortage stems from the recession of 2008, which led to drivers leaving the industry and many did not return when the economy began to recover.
- The current acute phase is due to the economic shocks of the COVID-19 pandemic coupled with the 1 January 2021 Brexit date drastically reducing the EU workforce in the UK (the quarterly Labour Force Survey estimates 14,000 EU HGV drivers left in Q2 2021 compared with Q2 2019, while the Annual Population Survey puts the annualised drop as 16,000 in the year to Q1 2021 and 11,000 in the year to Q2 2021).
- The number of HGV drivers claiming Jobseeker's Allowance in Q2 2021 was 100 and 48.3% lower than in the same period in 2019. The market for HGV drivers is out of step with general labour market trends.
- Comparing age demography, HGV drivers have a significantly older age profile than the general population, with an average age of 50.8 years, up from 47.9 years in Q2 2019. Of concern to the logistics industry is the dearth of younger people training to become HGV drivers. In Q2 2021, the proportion of HGV drivers under the age of 45 was 37.6%, down from 41.7% in Q2 2019.
- In order to retain existing staff and attract new drivers, logistics companies raised pay – in the nine months to the end of Q3 2021 average gross driver pay awards increased by around 18%, with some classes of HGV drivers averaging 28.8% increases in advertised salaries. Median HGV driver pay was between £13.08 and £13.51 per hour depending on the source. Average pay was even higher at £14.00 per hour, meaning that in some companies there is a tendency towards large pay rises.
- In the year to March 2021, there were 45,024 fewer practical tests conducted compared with the previous five-year average. However, Department for Transport (DfT) data indicate the number of people undertaking practical HGV tests grew by 25.6% in Q3 2021 compared with Q3 2019 and the Driver and Vehicle Standards Agency (DVSA) statistics show number of Driver Certificate of Professional Competence (CPC) initial qualifications awarded was only slightly down (5%) on pre-pandemic levels.

Warehouse workers

- There are severe shortages of staff in warehousing, especially among forklift drivers. Comparing Q2 2019 with Q2 2021, there was a fall of 31.5% in forklift drivers, 1.6% in elementary storage occupations and 14.7% in managers and directors in storage and warehousing.
- Between Q2 2019 and Q2 2021, there was a fall of 22.8% in EU managers and directors in storage and warehousing and a sharp drop of 49.3% in EU forklift drivers while EU elementary storage occupations fell by 11.8%.
- There is a shortage of warehouse staff. The number of forklift drivers claiming Jobseeker's Allowance was 285 down 45.0% in Q2 2021 compared with Q2 2019. At the same time the number of elementary storage workers claiming Jobseeker's Allowance fell by 45.8% to 5,138 and the number of managers and directors in storage and warehousing claiming the Allowance dropped by 37.0% to 85.
- In Q2 2021, the proportion of managers and directors in storage and warehousing under the age of 45 was 52.7%. Forklift drivers have an older profile with 45.8% under 45 years while elementary storage occupations have a significantly younger profile at 62.7%.
- 23.5% of elementary storage workers and 19.0% of managers and directors in storage and warehousing are women 1.2% of forklift drivers are women.
- Median pay for managers and directors in storage and warehousing, forklift drivers and elementary storage occupations was £13.33, £10.53 and £9.68 respectively. Average pay was much higher for managers and directors in storage and warehousing at £16.57 per hour, as some companies pay larger salaries.

Introduction

The logistics sector is the backbone of the nation's economy and vital to its financial success, employing around 2.56 million people and contributing £129 billion gross value added (GVA). However, the COVID-19 pandemic, coupled with the Brexit-related departure of EU workers, has exposed structural labour problems in some parts of the sector and weaknesses in the just-in-time supply chain model. In particular, the nationwide shortage of HGV drivers is a key contributor to current supply chain disruption, as businesses struggle to recruit the drivers needed to keep goods moving across the country.

According to the results of Logistics UK's November 2021 Performance Tracker, 92.7% of UK logistics businesses are reporting HGV driver recruitment problems but the industry is suffering from skills shortages that go beyond drivers. Businesses are also facing challenges recruiting for vital roles such as warehouse staff, van drivers, fitters, mechanics, technicians, forklift drivers and transport managers.

A boom in vacancies for lower-skilled and lower-paid jobs is a significant factor in the UK's worst labour market shortages in decades, as employers struggle to recruit low-paid workers. The roles the UK supply chain is now struggling to fill tend to be in these important roles designated as low skilled. However, as has been seen during the pandemic, logistics roles are vital to the success of the economy, and were classed as key workers during the pandemic. HGV driver numbers in particular are not following classic supply-demand elasticity because of the qualification barrier, meaning that non-HGV drivers need to train which takes time and money.

New immigration rules post Brexit may have made the situation worse. Already facing a chronic shortage of drivers since the aftermath of the 2008 recession when unemployed drivers left the industry and did not return, the exodus of EU nationals working in the sector has created an unprecedented and acute shortage of HGV drivers. Consumers are seeing the consequences of this in terms of choice, delivery times and availability.

The number of EU nationals working in UK logistics is now around 288,000 or 11.2% of the logistics workforce, down from 13.5% before the COVID-19 pandemic in Q2 2019. The number of HGV drivers in employment has fallen by 94,000 since the high of Q2 2005. The economic shocks of the COVID-19 pandemic, coupled with the 1 January 2021 Brexit date have drastically reduced the EU workforce in the UK (a conservative estimate of 14,000 HGV drivers left in Q2 2021 compared with Q2 2019, while the ONS puts the annualised drop as 16,000 in the year to Q1 2021 and 11,000 in the year to Q2 2021). Brexit and COVID-19 have resulted in drivers returning to the EU, and fewer drivers entering the industry as tests were held up. It is not only HGV driving that is affected; warehouse workers are also in demand, especially as online shopping becomes the norm. Furthermore, there was a fall of 31.5% in forklift drivers in Q2 2021 compared with Q2 2019 as this part of the sector faces shortages as well.

The large number and proportion of EU2 and EU8 nationals in low and low-middle skilled jobs reflects logistics' and warehousing's heavy reliance on workers from these countries. The COVID-19 pandemic and pre-pandemic improvement of some economies, such as Poland, triggered a net outflow of these citizens. Britain's exit from the EU has made it harder for foreign nationals to return to the UK, with those who do not have settled status now requiring a visa to work, live or study.

However, the acute shortfall in HGV driver numbers is unlikely to be significantly eased through immigration. The UK has adopted a points-based immigration system, treating EU and non-EU citizens in the same way. To get a skilled worker visa, the mainstream type of visa to live and work in the UK requires the applicant to have a job categorised as Level 3 or above and meet a minimum salary threshold.

Some logistics jobs, including HGV driver, are classed as low skilled or Level 2 by the Government's migration parameters – in fact, the proportion classed as 'low' and 'low-middle' skilled is greater than the national average. This is despite the fact that HGV driving is highly skilled and highly regulated.

Logistics businesses are putting in place a wide range of interventions to attract and retain staff through measures such as pay increases, recruitment drives, and the introduction of apprenticeship and upskilling training schemes. Yet there remains concern that some supply chain disruption will continue in 2022 until these crucial roles are filled across the industry. The industry is seeing large pay rises and signing fees to attract workers. Salary has often been classed as a reason not to join the sector, but the increase in pay over the past year for HGV drivers has been significant. Various sources suggest driver gross pay increases ranged from 7.8% in Q2 2021 compared with Q2 2019 to 18.3% in the nine months to Q3 2021 with some classes of HGV drivers averaging 28.8% increases in advertised salaries. However, to sustain salary increases of this level, more value needs to be placed in the service that logistics provides to the economy, and logistics must be paid for the work that it does. As costs to the sector rise, the pressure on margins will increase.

At the same time, salaries are not the only recruitment issue which needs to be addressed. There is a long-term shortage of more than 1400 safe and secure parking spaces for drivers to use when taking their legally mandated rest breaks. Government has a key role to play in improving existing facilities and ensuring new facilities are opened on the busiest parts of the road network to match the facilities which drivers enjoy at home with those they have to use during their working lives.

Logistics UK has been pleased to see recent Government announcements on a wide number of proposals to help overcome the driver shortage, ranging from improving driver parking facilities, additional funds for training, streamlining of the licence acquisition system, the granting of some temporary visas for EU HGV drivers and an increase in DVSA driver testing capacity. While it remains to be calculated how quickly and how significantly these measures will impact the HGV driver shortage, Logistics UK will continue to focus on alleviating the skills shortage over the coming months and years and press upon government the need for ongoing short-term and long-term solutions to protect the UK economy.

It is important to emphasise the logistics industry is resilient and adaptable and everything possible is being done to mitigate the situation. Businesses are working tirelessly around the clock to ease the current challenges facing supply chains.

Data

Overview of employment in logistics

UK employment

The UK employment rate was estimated at 75.1% in Q2 2021, which is 1.5 percentage points lower than before the pandemic (December 2019 to February 2020), but 0.3 percentage points higher than the previous quarter (January to March 2021). April to June 2021 estimates show quarterly decreases in the unemployment and economic inactivity rates, while the employment rate increased. Total hours worked increased in the quarter with the relaxation of many coronavirus (COVID-19) restrictions. The UK unemployment rate was estimated at 4.7%, 0.8 percentage points higher than before the pandemic, but 0.2 percentage points lower than the previous quarter.

Data

The pandemic affected the collection of data, with many datasets revised or issued with warnings. In this report, the Q2 2020 Labour Force Survey (LFS) was revised in 2021, therefore, it was decided that rather than compare Q2 2020 with Q2 2021, for this report, a pre-pandemic (Q2 2019) comparison with Q2 2021 would be made where relevant. Q2 2020 will also be published and referenced. A brief comparison of Q3 HGV drivers in employment was also undertaken to investigate more recent changes. In addition, the Office for National Statistics (ONS) published data from the Annual Population Survey (APS) on HGV drivers[1]. This survey uses a longitudinal approach looking at the structural make-up of UK employment and has a larger sample size than the LFS, but is annualised and therefore, lags behind the LFS, which is a snapshot of quarterly data and indicates economic trends. The LFS continues to constitute the main data source for trends, however, where relevant the APS will be indicated (see Appendix A for more information).

UK employment in context: COVID-19 effect on trading

UK gross domestic product (GDP) is estimated to have increased by 5.5% in Quarter 2 (April to June) 2021 following the easing of coronavirus (COVID-19) restrictions, and is now 3.3% below where it was prior to the coronavirus pandemic at the end of 2019. Business closures remain above the levels seen before the coronavirus (COVID-19) pandemic. The number of business closures in the UK in Quarter 3 (July to September) 2021 was 100,835, a 50% increase from Quarter 3 in 2020. All sectors showed an increase in closures, with the transportation and storage (up 101%) and business administration and support services (up 66%) industries experiencing the largest increases. Freight transport by road and other postal and courier activities (unlicensed carriers) are the two main industries contributing to the increase in closures in transport and storage which has been experiencing a shortage of lorry drivers. These closures come after significant increases in company creations throughout 2020 and early 2021 in those industries[2].

According to the ONS, the transportation and storage industry had the lowest proportion of businesses currently fully trading (67.8%) by November 2021. The percentage of partially trading was 5.9%, while 19.2% had paused and 7.1% permanently ceased trading. This low percentage comes mainly from freight transportation by road and is related to the HGV driver shortage. Overall, across all industries, 90.9% reported they were currently trading, with 82% of businesses fully trading and 8.7% partially trading (figure 1).

Employment in logistics

Employment in UK logistics for Q2 2021 was assessed using data from the Labour Force Survey (LFS)[3]. The data show that the wider logistics industry employed 2.56 million people, of which 11.2% were non-UK, EU nationals (figure 2), down from 13.5% before the COVID-19 pandemic in Q2 2019.

Overall, the number of people employed in logistics in Q2 2021 was broadly unchanged compared with Q2 2019 (a slight decrease of 0.3%). However, this figure belies significant changes in logistics employment since before the pandemic. There were 59,000 fewer EU workers, representing a fall of 17.0%, and this figure was offset by an increase of 2.3% (or 49,000) UK workers.

This is not a simple like-for-like substitution of workers: EU workers fell for all lower skilled occupations, with the exception of postal workers, and rose for the two higher skilled roles of purchasing managers and directors, and managers and directors in storage and warehouse. For UK workers, there were increases in the lower-skilled roles – elementary storage occupations, postal workers, clerks and assistants, and van drivers, as well as in higher-skilled jobs of purchasing managers and directors, and directors and managers in transport and distribution. Overall, there were substantial decreases in job totals for HGV and forklift drivers, and managers and directors in storage and warehouse. According to the LFS, there were 72,000 fewer HGV drivers, which is a reduction of 23.5% compared to Q2 2019; the number of EU HGV drivers fell by 14,000 (34.7%), and there was a drop of 55,000 (20.7%) in UK nationals who are HGV drivers. There was a net increase of 19,000 van drivers which represents a rise of 16.4% in UK van drivers (37,000), a 45.2% reduction in EU van drivers (21,000) and an increase of 3,000 in 'rest of world' van drivers. There was a fall of 31% in forklift drivers representing 23.7% (5,000) UK nationals and 49.3% (9,000) EU nationals.

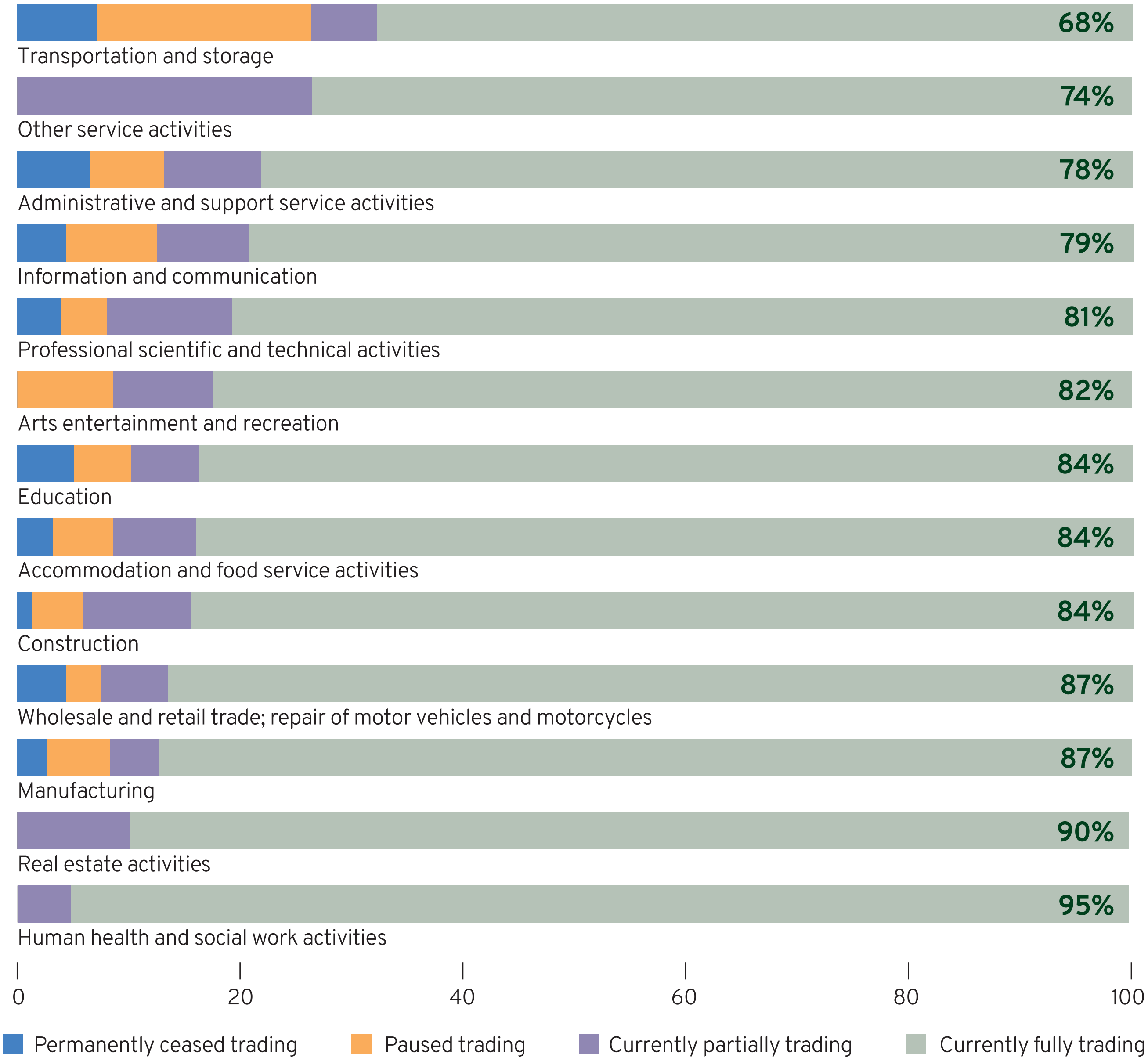
The reliance on labour from the EU in driver roles, which helped to mitigate the driver shortage in previous years, has now reversed, with UK nationals also leaving the industry.

1 https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/fallinhgvdriverslargestamongmiddleagedworkers/2021-10-19

2 Business demography, quarterly experimental statistics, UK: July to September 2021, ONS, 28 October 2021

3 Labour Force Survey, ONS, Q2 2021

1 **Percentage of transport and storage businesses currently trading relative to all other sectors**



Source: Business Insights and Condistions Survey, ONS, 22 November 2021

Note on Q3 2021:
A brief analysis of the latest LFS published on 16 November 2021, demonstrated the slowing but continuing downward trend for HGV drivers in employment in Q3 2021. There were 261,000 HGV drivers in employment, 229,000 were UK nationals and 32,000 were EU nationals. As these data are not seasonally adjusted, we made comparisons with the corresponding pre-pandemic period of Q3 2019. Overall the number of drivers fell by 44,000 in Q3 2021 compared with Q3 2019 – this represents a drop of 14%. However, the number of EU drivers was relatively unchanged, while at the same time the number of UK drivers fell by 45,000. Q3 2019 had an exceptionally low proportion of EU drivers and the increase in Q3 2021 was very marginal (only 3,000) which is practically no change. It is open to speculation as to why the number of EU drivers was so low in Q3 2019, however, the other three quarters of 2019 show an average of 38,000 which is 9,000 more than Q3 2019. Reported increases in pay may have had an impact on attracting EU drivers with settled status to take up the roles. HGV driver numbers are affected by seasonality and the peak season for road haulage is late Q3 and Q4. In the run-up to Christmas, demand for drivers increased in September, so although there is a reduction in drivers in Q3 2021 it may have been more severe had companies not raised pay (page 22). Furthermore, several measures have been taken to address the shortage (see page 27). The next couple of years will shed more light on the success or otherwise of these measures in filling driver roles by UK and foreign nationals.

Nationality demographics

The COVID-19 pandemic, coupled with the Brexit departure of EU workers has exposed structural labour problems in some sectors and the weaknesses in the just-in-time supply chain model. The workers that the UK supply chain now needs tend to be those in important, but supposedly, lower skilled roles in various sectors, including occupations such as HGV drivers and care workers.

2 Employment in logistics: numbers and percentages employed (Q2 2021)

Occupation	Employment (thousands)				By nationality (thousands)			
	Logistics sector	All other sectors	Total	%	UK	EU	EU%	Other
Purchasing managers and directors	10,922	84,977	95,899	3.7%	79,410	13,634	14.2%	2,855
Managers and directors in transport and distribution	39,632	81,114	120,746	4.7%	106,898	8,307	6.9%	5,541
Managers and directors in storage and warehouse	30,196	69,490	99,686	3.9%	91,946	7,740	7.8%	
Importers and exporters	4,705	3,214	7,919	0.3%	7,153		0.0%	766
Transport and distribution clerks and assistants	32,675	52,341	85,016	3.3%	75,715	6,273	7.4%	3,028
Large goods vehicle drivers	145,087	90,542	235,629	9.2%	209,388	25,649	10.9%	592
Van drivers	108,390	194,613	303,003	11.8%	260,862	26,042	8.59%	16,099
Forklift truck drivers	23,917	34,916	58,833	2.3%	49,230	9,603	16.32%	
Postal workers, mail sorters, messengers and couriers	129,403	42,734	172,137	6.7%	145,527	16,116	9.4%	10,494
Elementary storage occupations	177,341	255,138	432,479	16.9%	328,861	86,155	19.9%	17,463
Other occupations within the logistics sector	953,339		953,339	37.2%	831,624	88,627	9.3%	33,088
Total	**1,655,607**	**909,079**	**2,564,686**	**100.0%**	**2,186,614**	**288,146**	**11.2%**	**89,926**

Source: Repgraph analysis for Logistics UK, Labour Force Survey, ONS, Q2 2021

Furthermore, new immigration rules post-Brexit may have exacerbated the situation.

According to the latest available data from the Office for National Statistics, at the end of 2020 there were 3.5 million EU nationals living in the country, compared with 3.7 million in 2019. At the same time, the number of non-EU citizens remained largely unchanged, at 2.6 million. The loss helps to explain why Britain is experiencing labour shortages. The pandemic hit the UK harder than most countries, and migrants may have found better opportunities in their home countries. The new immigration rules have made it harder for EU foreign nationals to return, and those who do not have settled status now require a visa to work, live or study.

Nationality demographics in the logistics sector

In Q2 2021, there was a decrease of 62,000 EU nationals and an increase of 41,000 UK nationals working in logistics compared with Q2 2019[4]. There were 19,000 fewer EU2 nationals (Romania and Bulgaria) in the logistics workforce, a decrease of 26.8% compared with Q2 2019, while EU8 workers fell by 54,000 (28.5%), following the pattern in the general workforce. These figures reflect the overall reduction in EU workers in the labour market due to the COVID-19 pandemic. Pre-pandemic, the Polish and other EU economies improved while Sterling remained weak. Coupled with the uncertainty of Brexit and now the COVID-crisis, citizens from EU8 and EU2 countries with stronger economies have left, however the number of workers from South Asia has also decreased, falling by 17.8% in the period. These workers are represented in greater proportions in lower skilled occupations.

The number of EU14 nationals in the logistics sector increased. These workers are represented in a higher proportion in middle and highly skilled jobs.

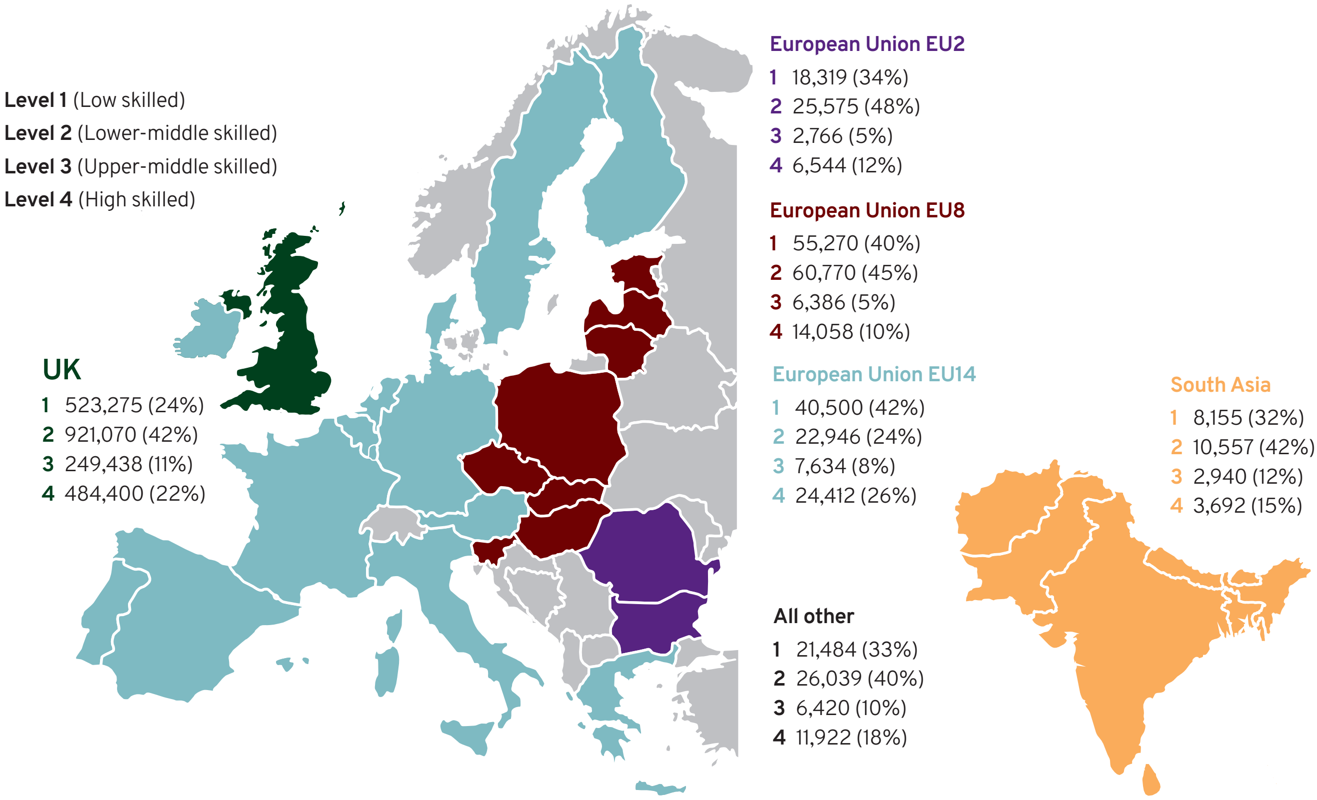
Logistics jobs by skill level

The focus of migration is often on attracting higher skilled workers, however it is worth noting that low-skilled jobs only account for around 9.4% of all posts in the UK, while high-middle and high-skilled jobs, which tend to attract higher pay, account for over 18.6 million (58.2%) of jobs out of the 32 million UK total. Figure 3 provides a breakdown of logistics jobs by skill level for the nationality groupings.

The greatest proportion of logistics jobs are level 2, which is low to middle-skilled (41.8%), followed by low-skilled (26.1%). The proportion of logistics jobs considered to be low and low-middle skilled is greater than the national average, where they represent only 9.4% and 32.4% respectively of all jobs in the economy. Within logistics, UK nationals are represented proportionately and EU14 nationals are similarly represented as UK nationals across all skill levels. 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 to middle-skilled (the latter probably reflecting the current skills-based immigration criteria). The large number and proportion of EU2 and EU8 nationals in

4 Some non-specified skill level vocations are removed from these calculations and totals are different to vocation numbers. Labour Force Survey, ONS, Q2 2021

3 UK logistics jobs skill level for nationality groupings (Q2 2021)



EU-14: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain and Sweden.
EU-8: Poland, Lithuania, Czech Republic, Hungary, Slovakia, Slovenia, Estonia and Latvia. EU2: Bulgaria and Romania. South Asia

Source: Repgraph analysis for Logistics UK, Labour Force Survey, ONS, Q2 2021

4 Job totals for each skill level for EU national groupings for all sectors (Q2 2021)

Skill level	% Share of the job total – 2021			
	UK	EU8	EU2	Other
Level 4 (High-skilled)	88.1%	1.2%	0.6%	10.1%
Level 3 (High-middle skilled)	88.9%	2.6%	0.7%	7.7%
Level (Low-middle skilled)	88.3%	2.9%	0.9%	7.9%
Level 1 (Low-skilled)	83.6%	5.5%	2.0%	8.9%

Source: Repgraph analysis for Logistics UK, Labour Force Survey, ONS, Q2 2021

low and low-middle skilled jobs reflects logistics' and warehousing's heavy reliance on workers from these countries. The COVID-19 pandemic and pre-pandemic improvement of some economies, such as Poland, has triggered a net outflow of these citizens.

EU2 and EU8 nationals by skill level
There is also evidence that, across all sectors of the economy, the proportion of EU2 nationals is decreasing in more highly skilled and lower skilled jobs. This is likely due to the numbers of EU nationals leaving the UK rather than mobility between skill levels. The percentage of EU2 nationals in low-skilled jobs decreased to 2.0% in Q2 2021 (figure 4), down from 3.1% in Q2 2019. At the same time, EU8 workers in low-skilled jobs also proportionately decreased, down to 5.5% from 7.6%. For upper-middle and high-skilled jobs, EU8 and EU2 nationals remained broadly the same as 2019 but reduced their share of level 2 occupations from 3.5% to 2.9% and 1.3% to 0.9% respectively.

Logistics workers by salary threshold

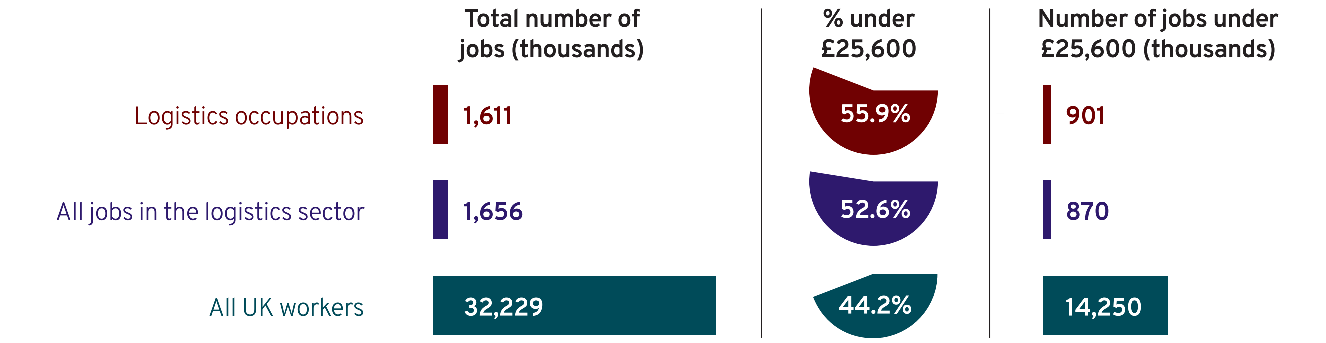
Since 1 January 2021, European Union (EU) citizens not already living in the UK have been treated the same way as those from the rest of the world and must meet the minimum skill level and salary requirements, as non-EU citizens currently must do when they come to the UK on 'Tier 2' work visas. The minimum salary threshold is £25,600.

The transport and communication sector and the distribution, hotels and restaurants sector have the lowest proportion of UK-born in employment, and these sectors are therefore likely to have the most exposure to the new immigration system[5].

The logistics sector and logistics-related occupations share a higher proportion of jobs paying below £25,600 per annum. Proportionately more logistics occupations

5 Review of the Shortage Occupation List, 2020 Migration Advisory Committee, September 2020

5 Estimated proportion and number of logistics jobs below the £26,500 threshold (Q2 2021)



Source: Repgraph analysis for Logistics UK, Labour Force Survey, ONS, Q2 2021

6 Ethnicity and logistics job roles (Q2 2021)

Logistics occupations	White*	Black**	Indian	Pakistani	Chinese	Bangladeshi	Mixed ethnic/ other
Purchasing managers and directors	88.0%	0.6%	5.4%	0.0%	0.8%	0.0%	5.3%
Managers and directors in transport and distribution	88.3%	2.5%	0.5%	0.7%	0.3%	0.5%	7.1%
Managers and directors in storage and warehousing	97.9%	0.0%	1.6%	0.5%	0.0%	0.0%	0.0%
Importers and exporters	69.8%	0.0%	20.5%	0.0%	9.7%	0.0%	0.0%
Transport and distribution clerks and assistants	84.3%	3.5%	0.8%	3.4%	0.0%	0.0%	8.1%
Heavy goods vehicle drivers	96.3%	1.2%	0.9%	0.0%	0.0%	0.0%	1.6%
Van drivers	86.4%	2.0%	1.6%	5.6%	0.3%	0.6%	3.4%
Forklift drivers	96.0%	0.0%	0.0%	0.0%	1.4%	0.0%	2.7%
Postal workers, mail sorters, messengers and couriers	83.2%	4.5%	4.5%	1.1%	0.0%	1.0%	5.8%
Elementary storage occupations	87.8%	5.0%	1.6%	1.5%	0.1%	0.0%	3.9%
Total	**89.0%**	**2.8%**	**1.9%**	**1.8%**	**0.3%**	**0.3%**	**3.9%**

*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'
**Black/African/Caribbean/Black British

Source: Repgraph analysis for Logistics UK – Labour Force Survey, ONS, Q2 2021

(55.9%) earn under £26,500 compared to 44.2 % for all UK workers. There was an 8.0% drop in the proportion of UK workers earning under £25,600, which is at least in part explained by the fall of 250,000 in leisure and hospitality jobs due to the COVID-19 pandemic – in Q2 2019 there were 1.77 million employed in that sector which fell to 1.52 million in Q2 2021. Many of these jobs typically pay far less than the threshold but make up a high proportion of jobs in the sector (eg, kitchen and catering assistants account for around 330,000 jobs). This is also in line with the rises reported in Average Weekly Earnings (AWE), which was 7.2% in August 2021. This large rise is in part due to 'compositional effects' – this refers to the impact of the make-up of the employees captured in AWE on calculating the average pay. During the pandemic, lower paid people were at greater risk of losing their jobs. Fewer lower paid people in the workforce increased average earnings for those who remained in work[6].

6 Far from average: How COVID-19 has impacted the Average Weekly Earnings data, ONS, July 2021

7 Gender and logistics job roles (Q2 2021)

Purchasing managers and directors	54.0%	46.0%
Managers and directors in transport and distribution	100.0%	ts
Managers and directors in storage and warehousing	81.0%	19.0%
Importers and exporters	ts	ts
Transport and distribution clerks and assistants	60.0%	40.0%
Heavy goods vehicle drivers	98.0%	2.0%
Van drivers	94.8%	5.2%
Forklift truck drivers	98.8%	1.2%
Postal workers, mail sorters, messengers and couriers	73.2%	26.8%
Elementary storage occupations	76.5%	23.5%
Total	83.4%	16.6%

Note: ts = the sample was too small to report

Source: Repgraph analysis for Logistics UK, Labour Force Survey, ONS, Q2 2021

Logistics workers: ethnicity and gender

Ethnicity

Data were analysed to ascertain the ethnic make-up of the logistics industry (figure 6). For this exercise 'other occupations within the logistics sector' were excluded, and the main logistics professions were examined. Overall, the logistics sector continued to be dominated by people who describe themselves as ethnically white (89.0%). The second largest single ethnic group was Black (2.8%), followed by Indian and Pakistani.

Gender

Figure 7 summarises the Office of National Statistics (ONS) estimates of the gender of individuals working in key logistics vocations. The logistics industry continued to be dominated by male workers (83.4%), with an increase in the proportion of women in logistics professions (from 14.4% in Q2 2017 to 16.6% in Q2 2021). For the first time in five years we are able to estimate the number of women drivers as the sample was large enough. It is estimated that women account for 2% of HGV drivers. Estimates for both sexes for the number of importers and exporters were not possible as there were too few respondents to the LFS in these cases for statistical significance.

Skill shortages and vacancies

In August to October 2021, the estimated number of vacancies (1.2m) was at its highest level since records began, with all industries growing on the quarter. In the same period, there were 3.9 vacancies for every 100 employee jobs, also a record high.

COVID-19 and Brexit are creating a perfect storm for skills shortages. Several reports have outlined difficulties in recruiting skilled workers, while unemployment fears following the end of the furlough scheme have been mitigated by an increase in vacancies. There are severe shortages of staff in several sectors, such as road haulage, hospitality, and warehousing, demonstrated by the rise in vacancies, however this is by no means uniform across all job roles and seen mainly in lower skilled, lower paid jobs.

The Open University's annual Business Barometer report found that both the pandemic and Brexit-related challenges have impacted, and will continue to impact, long-term growth plans and skills strategies of employers in the UK[7]. However, it noted that skills shortages preceded both Brexit and COVID-19 and uncertainty has affected planned spending on training, staffing and investment.

Skills gaps

The Open University reported that lack of available skills has affected recruitment, with 63% of decision makers having difficulties recruiting as candidates did not have the required skills for the role, while 28% had to recruit at a lower level than expected due to ta lack of skills; 79% of these have spent an average of £16,800 training these new employees. More than half (56%) said apprenticeships and work-based learning will be vital for the future of their organisation, an 8% increase from 2020. From organisations that currently employ apprentices, 96% expect to maintain or increase apprenticeship numbers in the next 12 months. However, when it comes to hiring apprentices, only 37% of transport and logistics companies would, (down from 46% last year) compared with 67% of information and communication companies.

Similar findings were reported by the British Chambers of Commerce's (BCC), Quarterly Recruitment Outlook for Q2 2021. The report found that 52% of businesses attempted to recruit staff during Q2 2021, similar to pre-pandemic levels (50%); of those, 70% faced recruitment difficulties.

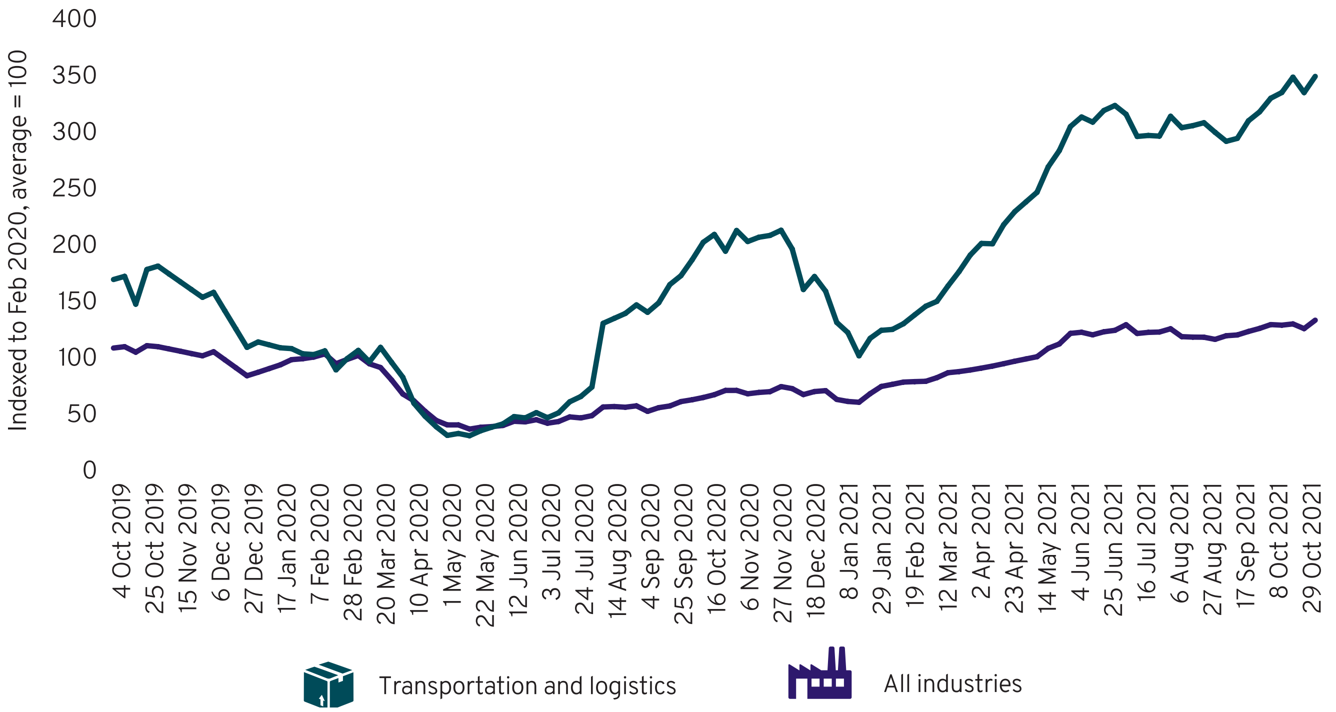
Concerns about unemployment are tempered by a record number of vacancies, which reached 1.2 million between August and October 2021. There are a number of factors driving this, including, the furlough scheme discouraging job moves across firms, certain jobs becoming less attractive during the pandemic, and reductions in the number of workers from the European Union.

According to the Confederation of British Industry (CBI), around 76% of businesses are reporting access to labour as a threat to the UK's labour market competitiveness – the highest proportion since the question was first asked in 2016[8].

7 The Open University Business Barometer July 2021

8 https://www.cbi.org.uk/media-centre/articles/three-quarters-of-uk-business-concerned-about-impact-of-labour-shortages-on-competitiveness-cbi-pertemps-network-group/

8 Transport and logistics vacancies compared with all UK industries



Source: Adzuna online job advert dataset, ONS, 29 October 2021

Vacancies

According to ONS vacancies data (provided by the online job search engine Adzuna) for 29 October, the number of transport/logistics/warehouse online job adverts was double that of the same period in 2019 (figure 8), while at the same time vacancies for all industries had only increased by a fifth.

These findings are in line with the results from Logistics UK's Logistics Performance Tracker (LPT) survey in November, where it was found that HGV driver roles were increasingly difficult to fill, with only 7.3% of respondents having no problem in recruiting drivers and 40.2% reporting very severe problems. In addition, over three-quarters of respondents were experiencing problems filling vacancies for mechanics, while 81.5% reported problems in filling warehouse roles (figure 9).

The surge in vacancies is not across the board; a report by Institute for Fiscal Studies (IFS) stated that new, relevant job opportunities remain more than 10% below pre-pandemic levels for a quarter of the workforce (8 million people) and suggests that this boom in vacancies has been driven by a lack of lower paid workers in areas such as road transport and warehousing, in which new job openings were about 20% higher than before COVID-19[9]. Vacancies in mid- and high-paying occupations are still no higher than pre-pandemic.

The rise in vacancies in those occupations compared with pre-pandemic is muted by trends in vacancies in the other occupations that drivers and storage professionals move into. A large share of drivers and (in particular) storage workers normally move on to other occupations, so the relevant new job opportunities available are lower than their own occupation vacancies[10].

Logistics job shortage rankings

Absolute job shortages are very difficult to assess. In the past, a relative ranking of all UK occupations was based on the following factors:

- 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.

Therefore, occupations that experience the most significant labour shortages typically see high growth in worker numbers, accompanied by large falls in claimant count and increases in pay. However, the economic shock of COVID-19 and Brexit has led to increases in pay for lower paid jobs and large falls in claimant count, but lacks the growth in numbers as the furlough scheme and EU workers leaving the UK has had an impact on jobs. A very brief job shortage analysis was conducted based on pay level alone.

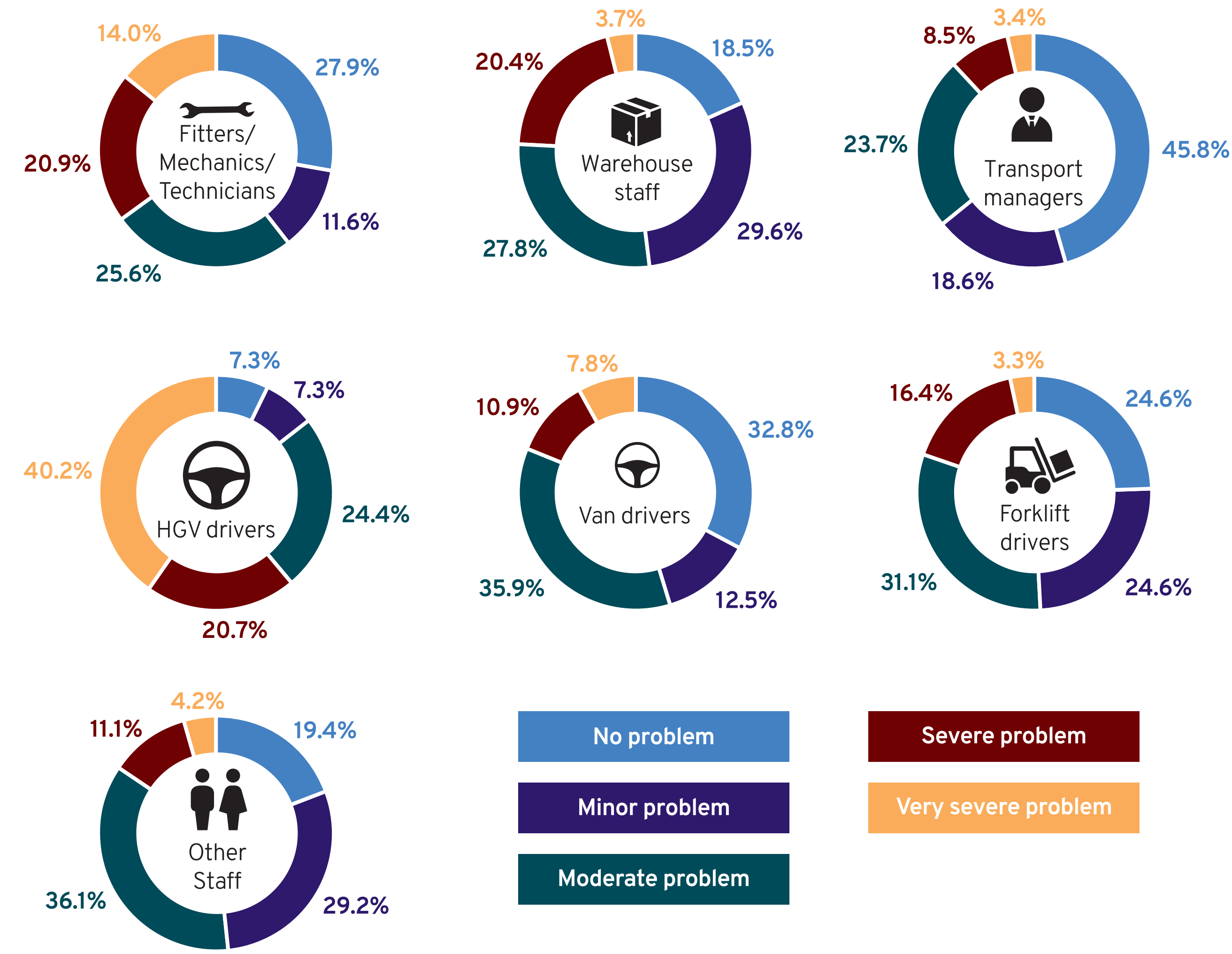
Wage increases have been most prominent for lower paid jobs (such as dancers, who averaged £169 per week) and lower paid jobs appear further up the rankings than in previous years for logistics vocations (figure 10).

HGV driver numbers are not following the classical supply-demand elasticity because of the qualification

9 Job opportunities during the pandemic, IFS, September 2021

10 No jobseeker's paradise: vacancies above pre-pandemic levels, but only in low-paid occupations, and competition for jobs is still higher than pre-pandemic for most, IFS, September 2021

9 Expectations for filling vacancies



Source: Logistics UK, November 2021

barrier, meaning that non-HGV drivers need to train which takes time and money. In addition, there has been a skills shortage for HGV drivers since the last recession from which the industry did not recover. HGV driver statistics are explored in the next section.

Logistics roles: HGV drivers

In this section, the demography and structure of HGV drivers in the UK, over time are explored. Before that, the salient issue of the driver shortage number is examined, followed by a discussion into the chronic and acute nature of the current driver shortage.

Driver shortage number: measurement and limitations

It is agreed that there is a driver shortage, but how large is it?
The surge in vacancies for HGV drivers as well as very few drivers claiming Jobseeker's Allowance, point to a driver shortage. Between Q2 2011 and Q2 2020, according to Logistics UK's estimates, the driver shortage number fluctuated, averaging 45,000 over the period. This year the driver shortage entered an acute phase resulting in much media interest, as supply chains faltered and some goods were not reaching the supermarket shelves. Many different driver shortage estimates were reported in the press ranging from 30,000 to 100,000 and all in-between. The plethora and range of driver shortage figures in recent times, points to issues with its calculation.

There is no definitive method for calculating a figure for the driver shortage. Direct measurement is not possible since it is very difficult to estimate the absence of something, therefore the number has to be inferred indirectly. The driver shortage figure has become extremely difficult to measure in the past two years. This is partly due to the chronic aspect of the shortage, making it problematic to accurately estimate demand for drivers had there been no long-term shortages. The 'normal' structure of HGV drivers in employment has changed since pre-2008. The recent acute impacts of Brexit and COVID-19 have led to sharp rises in vacancies and low claimant count for drivers. These should be good predictors of a driver shortage but the very low HGV driver unemployment rate, in particular leaves little room to detect statistically significant further falls.

10 Overall job shortage rankings for logistics occupation categories

Vocation	% Wage change	Job shortage ranking Q2 2021
Dancers and choreographers	285.7%	*1*
Importers and exporters	52.0%	17
Van drivers	12.6%	169
Heavy goods vehicle drivers	11.2%	188
Forklift truck drivers	8.2%	221
Elementary storage occupations	6.7%	235
Postal workers, mail sorters, messengers and couriers	5.4%	251
Managers and directors in storage and warehousing	4.0%	261
Managers and directors in transport and distribution	2.6%	276
Transport and distribution clerks and assistants	2.1%	283
Purchasing managers and directors	0.0%	293
Sports players	-52.5%	*370*

Greatest job shortage   Smallest job shortage   **Four quarter average compared to four years previously, % change in wages only

Sources: Repgraph analysis for Logistics UK, Labour Force Survey, ONS, Q3 2020–Q2 2021

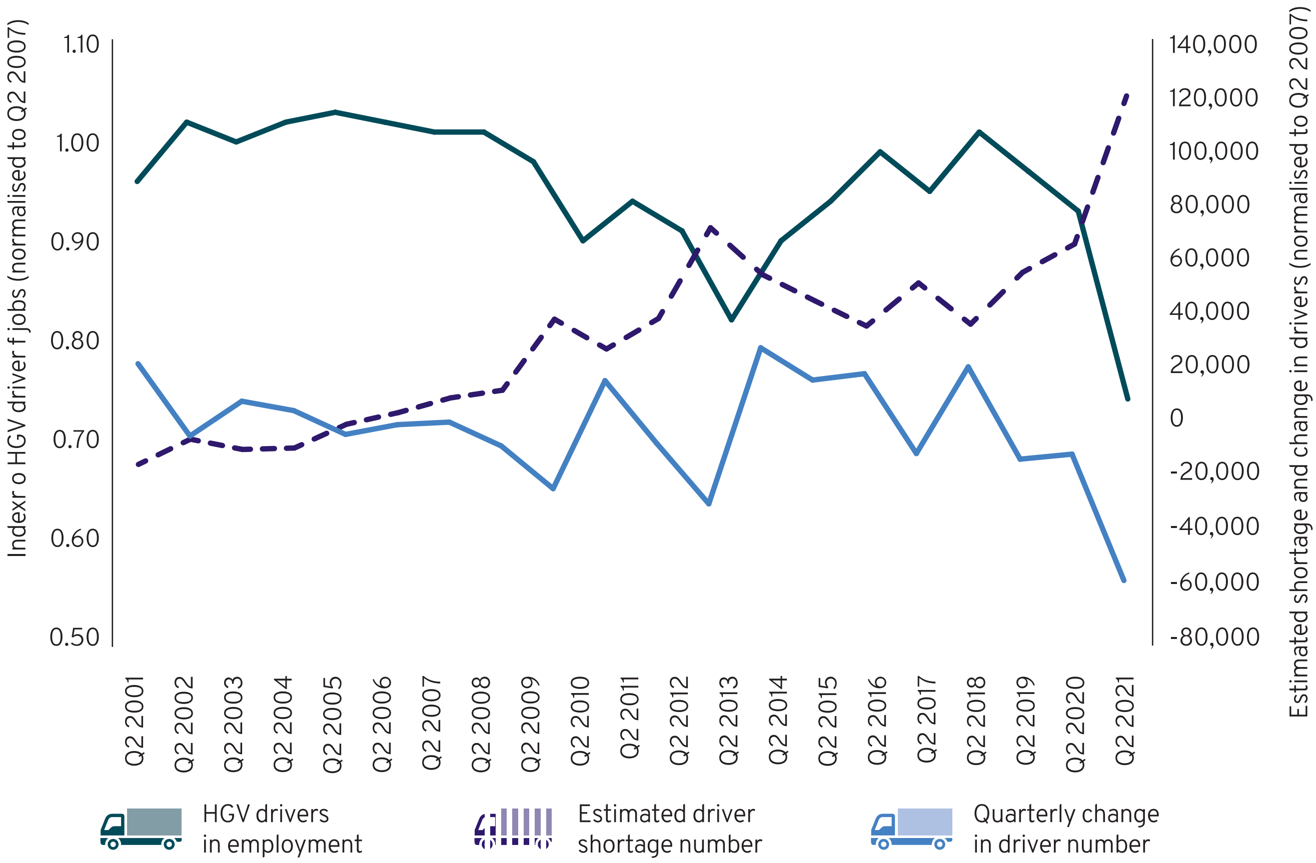
It is therefore considered that deriving an actual driver shortage figure is not essential as the ability to track its movement over time using a consistent measurement methodology[11].

Current driver shortage number and limitations

It is recommended that an index of the number of HGV drivers in employment be used in future, as this represents the actual job estimates rather than an absence of workers. The trajectory of the driver shortage is the inverse of the number of drivers in employment (see figure 11), which means that as the number of drivers in employment rises the driver shortage figure falls and vice versa. Since the 2008 recession the number of drivers employment has followed its own course irrespective of how the rest of the economy and other jobs behave, but although there was still a shortage, there were some signs of recovery until 2020. In the past two years, due to Brexit and COVID-19, drivers in employment have diverged so much from the rest of the economy as to render calculating driver shortage figures unpredictable. To illustrate this point, figure 11 shows an index of the number of drivers in employment as well as the quarterly change in the number of drivers in employment and the calculated driver shortage figures since Q2 2001 (see Appendix B for methodology). There were 306,000 (index 0.95) drivers in employment in Q2 2001, which is 16,000 fewer than the Q2 2007 baseline. By Q2 2021 there were 236,000 (index 0.73) HGV drivers in employment, which represents a fall of 86,000 drivers compared with Q2 2007. The driver shortage numbers are shown for illustrative purposes only and no shortage number is reported for Q2 2021 for reasons already outlined. In future the number of drivers in employment will be used, to more accurately reflect the chronic and acute elements of the driver shortage.

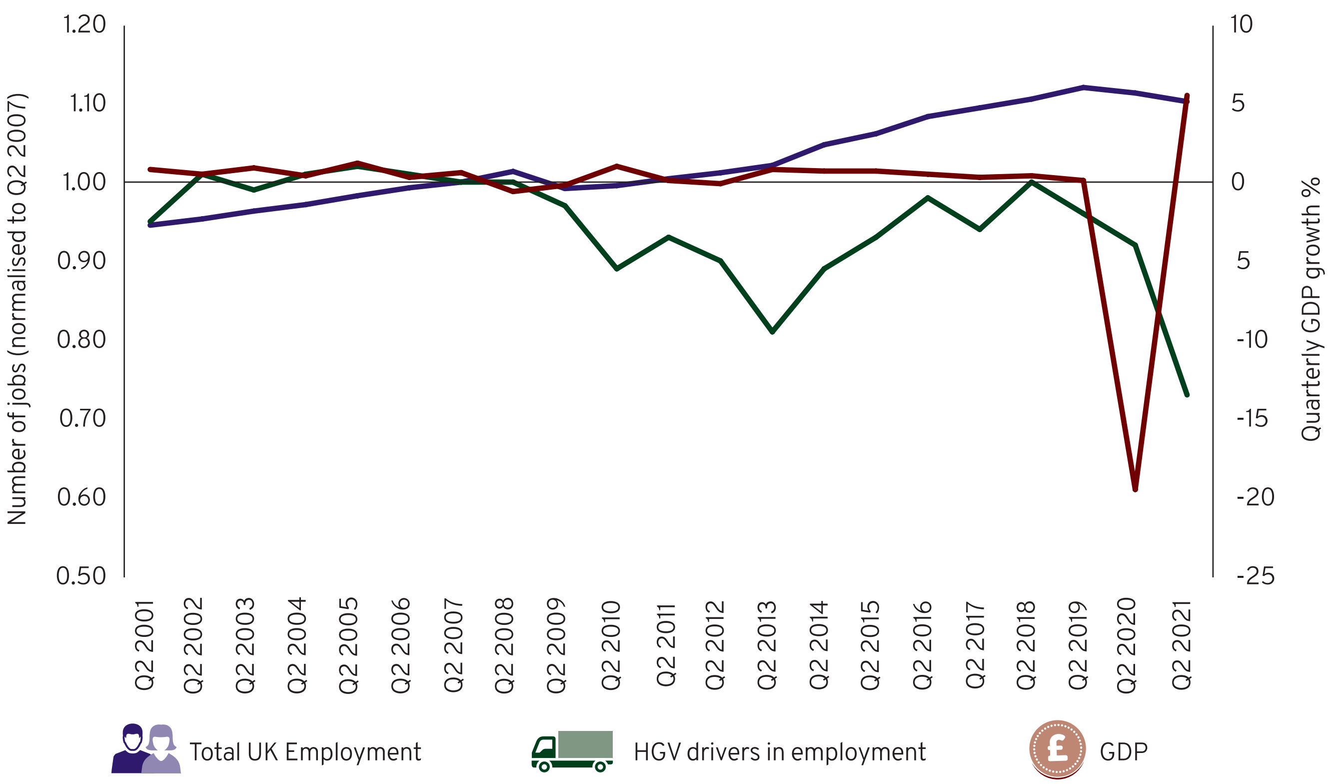
11 In previous reports, the driver shortage figure for Logistics UK was calculated using two methods. One method was reported for clarity of message and the second method acted as an internal validation. Both methods produce similar results (See Appendix B).

11 Index of HGV drivers in employment and estimated driver shortage number



Source: Repgraph analysis for Logistics UK, Labour Force Survey, ONS, Q2 2021

12 Index of HGV drivers in employment, total number in employment and % GDP growth Q2 2001 to Q2 2021



Source: Repgraph analysis for Logistics UK, Labour Force Survey, ONS, Q2 2021. GDP quarterly national accounts, UK: April to June 2021, ONS, September 2021

Driver shortage: chronic and acute

Chronic driver shortage

As stated earlier, growth in HGV driver numbers is expected to follow economic growth and track general employment, however, this is not the case for HGV drivers (figure 12). The recession of 2008 led to drivers leaving the industry and many did not return when the economy began to recover. In 2014, the logistics industry faced a perfect storm when container import volumes increased, the economy was growing and the Driver Certificate of Professional Competence (CPC) periodic training, which all truckers had to complete by 10 September 2014, was implemented. Some older drivers had chosen early retirement rather than invest the £3,000 required to obtain the CPC. The estimated number of HGV drivers in employment has fallen by 94,000 since the high of Q2 2005.

Acute driver shortage

The current acute phase is due to the economic shocks of the COVID-19 pandemic coupled with the 1 January 2021 Brexit date, which have drastically reduced the EU workforce in the UK. The LFS quarterly snapshot, estimates that there were 72,000 fewer HGV drivers, and of them, 14,000 EU HGV drivers left in Q2 2021 compared with Q2 2019. Comparing the years July 2019-June 2020 and July 2020-June 2021, the APS puts the annualised drop in drivers as 31,000, with 11,000 EU drivers leaving in the year to Q2 2021[12]. Brexit and COVID-19 have led to drivers returning to the EU (figure 13), and fewer drivers entering the industry as tests were postponed. However, it is probable that some of the UK nationals who are HGV drivers have taken up van driving, as there was an estimated additional 37,000 UK nationals employed as van drivers in Q2 2021 compared with pre-pandemic levels. In addition, initiatives such as Ultra Low Emission Zones (ULEZ), and the changes in online shopping habits have changed urban deliveries, leading to an increased demand for van drivers – an occupation that does not require the same skill level, regulation and unsociable hours as that of an HGV driver.

12 APS figures are annualised and include around 3-4 months of pandemic data (March-June 2020) unlike the LFS snapshot. The APS has a larger sample than the LFS

Recent changes in HGV driver numbers

In Q3 2021 compared with Q3 2019, the number of drivers in employment fell by 44,000. There were 45,000 fewer UK nationals, a slight increase of 3,000 EU workers and a decrease of 2,000 'rest of world' drivers. Q3 2019 had an exceptionally low proportion of EU drivers compared to the rest of 2019 and the increase in Q3 2021 was very marginal, as to represent no real change. This fall in driver number in Q3 2021 a smaller fall than seen in Q2 2021. HGV driver numbers are affected by seasonality and the peak season for road haulage is late Q3 and Q4. It may be that some EU drivers with settled status, who returned to their home countries due to COVID-19 or Brexit may have taken returned, attracted by increased pay.

HGV driver claimant count

The number of HGV drivers claiming Jobseeker's Allowance was 100 in Q2 2021, which is 48.3% lower than in the same period in 2019 and 32.6% lower than Q2 2020[13]. This is the lowest since comparable records began in 2005. The UK unemployment rate stands at 3.9% for the prior quarter, largely unchanged on the year. The HGV drivers' claimant count in Q2 2021 is 99.3% lower than the peak of 14,028 in Q2 2009 during the economic downturn (figure 14).

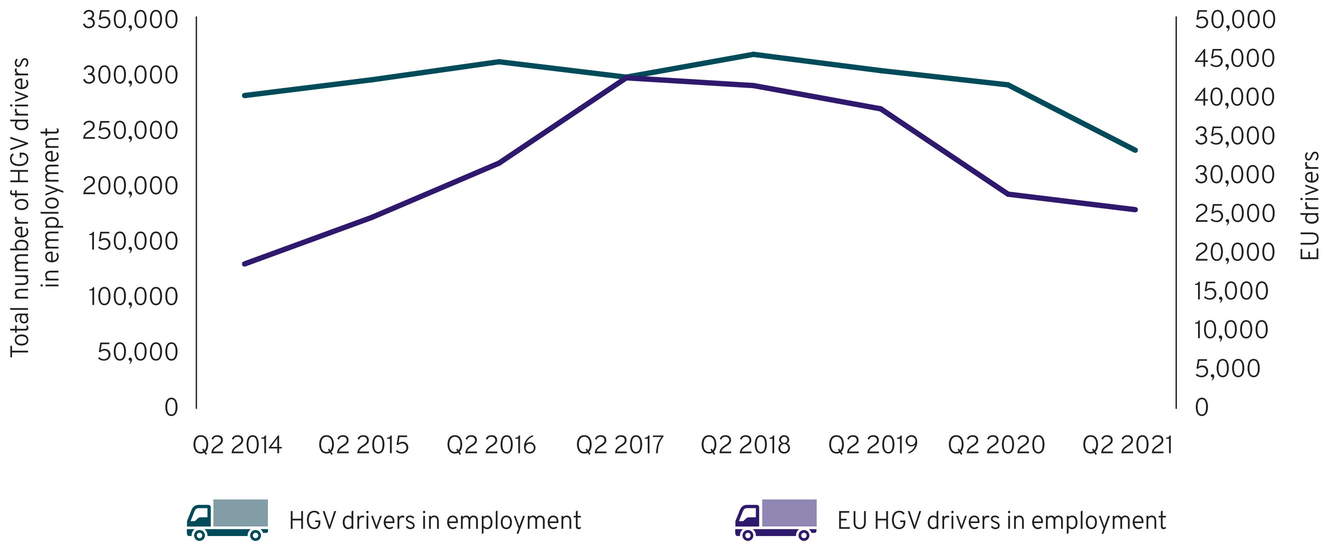
Driver age profile

In Q2 2021, the average age of an HGV driver was 50.8 years, up from 47.9 years in Q2 2019. Figure 15 shows a comparison of HGV age demography with the general working population.

HGV drivers have a significantly older age profile than the general population. Comparing HGV drivers to the general

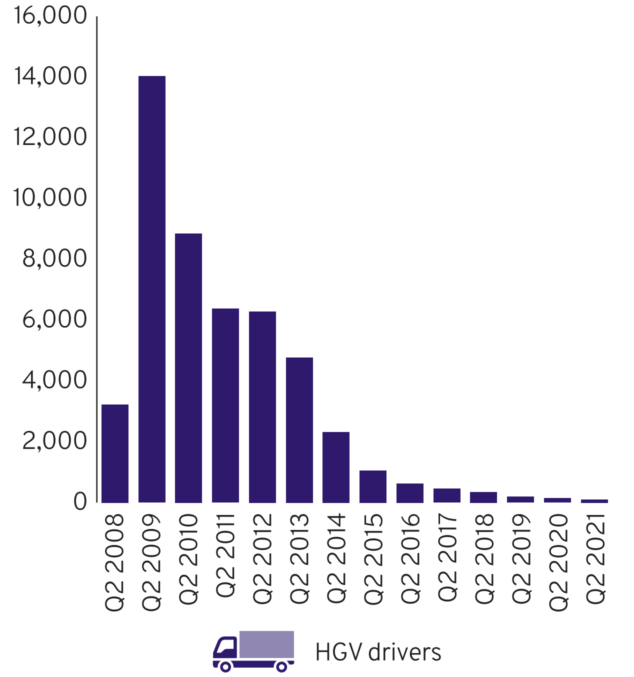
13 Jobseeker's Allowance by occupation, Nomis, ONS, July 2021

13 Trend in number of HGV drivers in employment total and EU



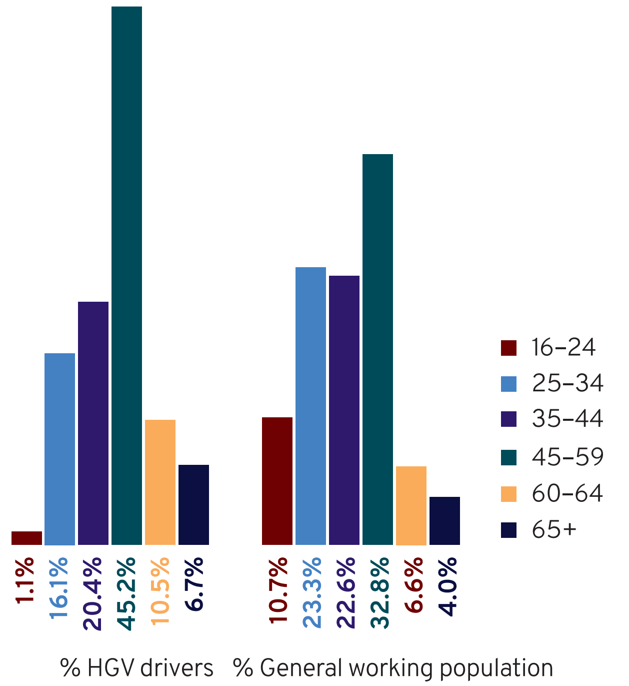
Source: Repgraph analysis for Logistics UK, Labour Force Survey, ONS, Q2 2021

14 Number of HGV drivers claiming Jobseeker's Allowance Q2 2008-Q2 2021



Source: Jobseeker's Allowance by occupation, Nomis, ONS, July 2021

15 HGV driver age compared with the working population age



Source: Repgraph analysis for Logistics UK, Labour Force Survey, ONS, Q2 2021

working population, in Q2 2021, the proportion of drivers aged 45 and over was 62.4%, while the proportion of the working population aged 45 and over was 43.4%.

Of concern to the logistics industry is the dearth of younger people training to become HGV drivers. In Q2 2021, the percentage of all drivers under the age of 45 was 37.6%, down from 41.7% in Q2 2019.

As stated at the beginning of this report, the number of HGV drivers was down 72,000, in Q2 2021 compared with Q2 2019, which represents 23.4%. There were falls in driver numbers in all age bands but most notably there was a decline of 35.0% in drivers aged between 17 and 34 (figure 16a). Comparing Q3 2021 with Q3 2019, again there was a fall of 44,000 in the number of drivers across all age groups, which is not as severe as the drop seen in Q2 2021 (figure 16b). Those aged under 35 accounted for 16% of drivers in employment, (down from 19% in Q3 2019) but represented over one-third of the reduction in HGV drivers seen in Q3 2021 (figure 16b). A comparison of the most recent year of APS data July 20 to June 21 with July 19 to June 20 (which includes both pre-pandemic and pandemic data), also points to this downward trend with a 14.6% fall in HGV drivers under the age of 35 (see figure 24).

Focus on HGV driver pay

In order to retain existing staff and attract new drivers, logistics companies raised pay. Various sources of driver gross pay increases are now outlined ranging from 7.8% in Q2 2021 to 18.3%, in the nine months to end of Q3 2021 with some classes of HGV drivers averaging 28.8% growth in advertised salaries. According to the LFS for Q2 2021, median HGV driver pay was £13.08 per hour, an increase of 7.8% on Q2 2019. However, increases in driver pay surged in July 2021 as companies attempted to retain

16a HGV driver numbers by age Q2 comparisons

	Driver count Q2 2021	Driver count Q2 2020	Driver count Q2 2019	% change since Q2 2019
age 17–34	40,620	50,768	62,472	-35.0%
age 35–59	154,476	193,370	200,952	-23.1%
age 60+	40,533	42,818	44,078	-8.0%

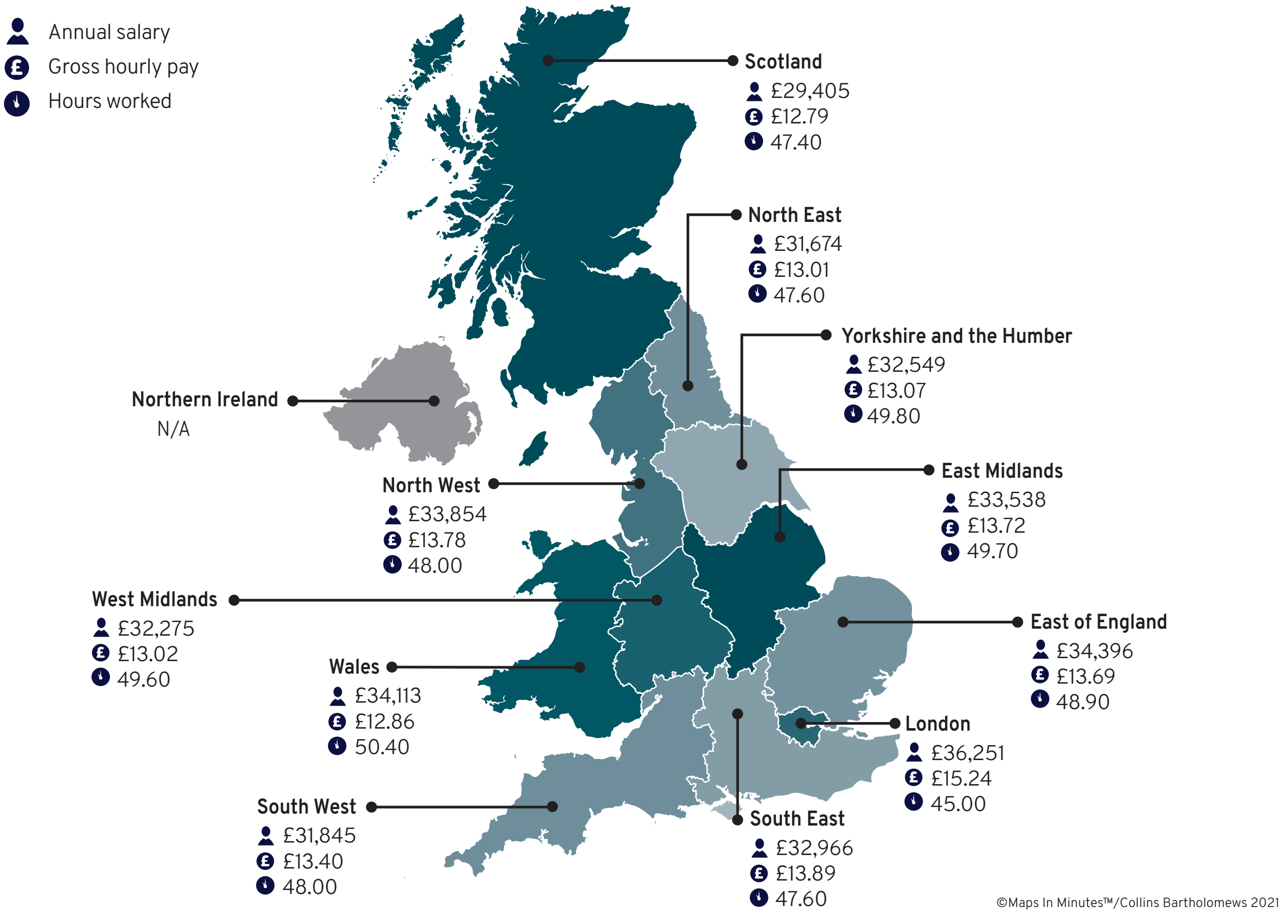
Source: Repgraph analysis for Logistics UK, Labour Force Survey, ONS, Q2 2021

16b HGV driver numbers by age Q3 comparisons

	Driver count Q3 2021	Driver count Q3 2019	Change in driver numbers	% change since Q3 2019
age 17–34	43,053	57,998	-14,945	-25.8%
age 35–59	170,492	197,881	-27,389	-13.8%
age 60+	47,583	49,120	-1,537	-3.1%

Source: Repgraph analysis for Logistics UK, Labour Force Survey, ONS, Q3 2021

17 Median driver salary by region*



*Sources: Annual Survey of Hours and Earnings (ASHE) 2021, Office for National Statistics, October 2021. Average weekly earnings in Great Britain: October 2021, Office for National Statistics, October 2021. *These data were uprated using 7.2% from AWE for June-August 2021*

existing and attract new drivers in preparation for the run-up to Christmas. Late Q3 and Q4 is the peak season for road haulage.

Driver salary by region

The Annual Survey of Hours and Earnings (ASHE) published in November 2021 reported on regional and country data from April 2021. In order to account for the movements in salary since April, the data are uprated with the latest available Average Weekly Earnings (AWE) percentage increase, which was 7.2% overall in the three months to August 2021. The ONS warns about these high pay rises which are affected by short-term volatility and points out that during the pandemic, lower paid people were at greater risk of losing their jobs and fewer lower paid people in the workforce who remained in work increased their average earnings – this is seen in regional/country driver pay. Furthermore, pay increased for elementary occupations.

HGV driver pay

In previous reports, median pay was reported to minimise skew and because the average is normally a lower figure due to a tendency towards lower pay for lower skilled jobs (including HGV drivers). However, in April 2021 the reverse was true. The mean pay was higher than median pay, meaning there was a tendency in some companies towards large pay rises which skewed the average data towards high pay quite a bit above the median (mid-point). Additionally, hours worked were also higher.

18 Average driver salary by region

Region/Country	Annual salary (£)*	Gross hourly pay (£)	Hours worked
United Kingdom	32,661	14.00	48.90
North East	31,697	13.21	48.60
North West	33,233	14.43	48.70
Yorkshire & Humber	32,643	13.80	50.50
East Midlands	33,561	14.54	50.40
West Midlands	31,183	13.56	48.90
East	34,120	13.99	50.30
London	36,741	15.35	45.60
South East	33,188	14.41	48.70
South West	32,179	13.75	48.40
Wales	33,807	13.54	52.20
Scotland	31,942	13.38	49.80
Northern Ireland	n/a	n/a	n/a

*These data were uprated using 7.2% from AWE for June-August 2021.

Sources: Annual Survey of Hours and Earnings (ASHE) 2021, Office for National Statistics, October 2021. Average weekly earnings in Great Britain: October 2021, Office for National Statistics, October 2021.

Note: Gross hourly pay includes overtime and bonuses. The median pay rates and hours worked for HGV drivers by English region and devolved nation are shown in figure 17, and the average in figure 18.

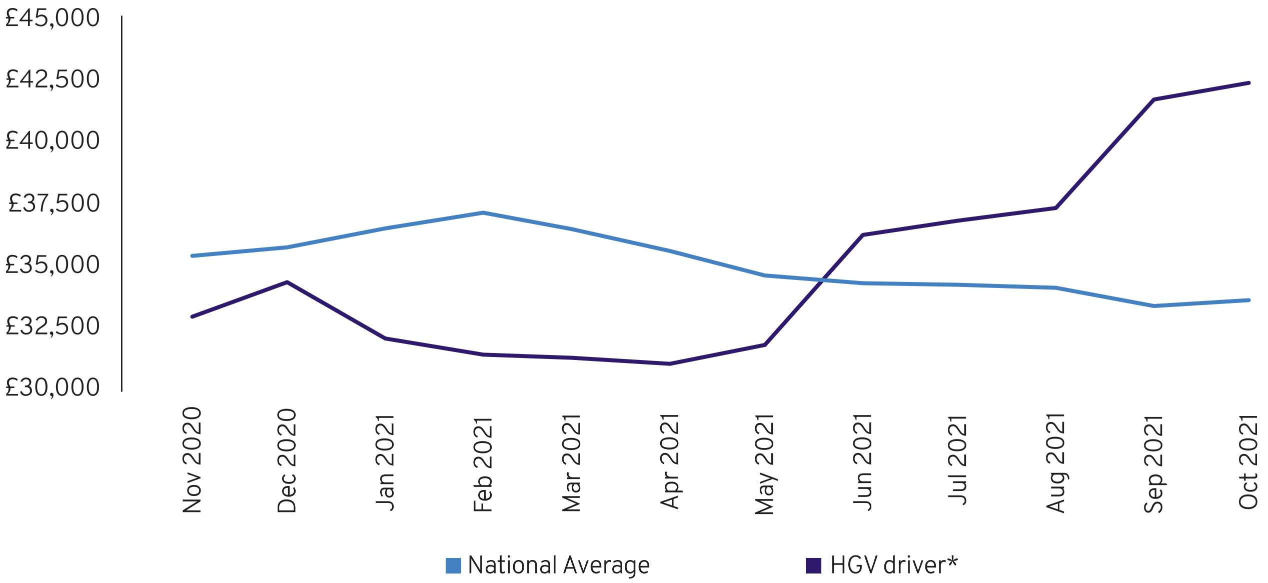
Unsurprisingly, the highest rate of pay is found in London, where HGV drivers have an annual median salary of £36,251 (£36,741 average). Scotland has the lowest pay with a median salary of £29,405, however when looking at average pay this increases significantly to £31,942.

A snapshot from the online job search engine Adzuna shows that the large goods vehicle (LGV) class 1 driver average advertised salary in November 2020 was £32,906 (figure 19). By the end of October 2021, the average was £42,396, an increase of 28.8%. Over the same period, the average national salary fell 5.1% from £35,375 to £33,577.

Logistics UK's Manager's Guide to Distribution Costs (MGDC) estimates that as at 1 October 2021, the average increase in HGV drivers' gross pay (*including* those who did not raise pay) was 10.1%. The average gross pay rise for those who increased pay (*excluding* those who did not raise pay) was 18.3% in the nine months to 1 October 2021.

Pay rises were not consistent across companies, with some giving very large pay rises while others have not yet increased pay or only done so by a modest amount.

19 Average HGV and national salaries over time



*Adzuna search term was LGV driver class 1

Source: Adzuna, November 2021

20 Average UK HGV driver salary compared with selected EU countries

£/€ exchange rate = 1.17

	Heavy Truck Driver			Tractor Trailer Truck Driver		
	Annual salary	Per hour	Bonus	Annual salary	Per hour	Bonus
£ United Kingdom	£31,091	£14.95	£771	£34,508	£16.59	£890
€* United Kingdom	€36,346	€17.48	€901	€ 40,374	€ 19.41	€ 1,041
Germany	€41,408	€19.91	€1,027	€ 47,957	€ 23.06	€ 1,237
France	€34,772	€16.72	€862	€ 34,494	€ 16.58	€ 890
Spain	€26,716	€12.84	€663	€ 27,202	€ 13.08	€ 702
Italy	€31,975	€15.37	€ 793	€ 32,309	€ 15.53	€ 834

Source: https://www.salaryexpert.com/

European comparisons

On the face of it, the UK compares favourably to its European counterparts in terms of salary. However, when the cost of living is taken into account, the UK is higher than Germany, France, Spain and Italy[14]. Using the Salary Expert search engine, and the search term "*Heavy Truck Driver*" and "*Tractor Trailer Truck Driver*" for September 2021, we can broadly compare relative pay (figure 20). This is a rough search term that encompasses many truck types.

14 Price level index for final household consumption expenditure (HFCE) 2020, Eurostat, 2021

21 Practical HGV vocational tests and Driver CPC initial qualification, Great Britain, from Q1 2016 to Q3 2021

		Practical tests taken	Practical tests passed	Pass rate	Driver CPC initial qualification*
2016	**Q1**	18,565	10,410	56.1%	9,772
	Q2	19,819	11,076	55.9%	10,358
	Q3	20,154	11,308	56.1%	9,265
	Q4	19,085	10,849	56.8%	9,754
2017	**Q1**	19,179	11,113	57.9%	8,943
	Q2	18,162	10,476	57.7%	9,939
	Q3	18,225	10,437	57.3%	8,284
	Q4	16,880	9,841	58.3%	9,511
2018	**Q1**	17,352	10,054	57.9%	10,623
	Q2	18,508	10,553	57.0%	9,202
	Q3	18,473	10,810	58.5%	9,352
	Q4	18,454	10,775	58.4%	10,401
2019	**Q1**	18,460	10,927	59.2%	10,420
	Q2	18,625	10,918	58.6%	9,828
	Q3	18,784	11,034	58.7%	8,225
	Q4	17,685	10,403	58.8%	10,619
2020	**Q1**	15,194	9,079	59.8%	9,398
	Q2	631	499	79.1%	1,763
	Q3	12,957	7,308	56.4%	4,949
	Q4	13,418	7,740	57.7%	6,384
2021	**Q1**	624	475	76.1%	3,160
	Q2	18,761	10,772	57.4%	7,105
	Q3	23,595	13,547	57.4%	7,846
% change Q2 2019 (pre-pandemic) to Q2 2021		*0.7%*	*-1.3%*		*-27.7%*
% change Q3 2019 (pre-pandemic) to Q3 2021		*25.6%*	*22.8%*		*-4.6%*

Sources: Driver and Rider Testing Statistics, DfT, November 2021. Large Goods Vehicle vocational testing, GB: January 2019 to October 2021, DfT, November 2021. Driver CPC statistics, DVSA, November 2021.

**Includes both lorry and bus drivers.*

New entrants and test pass rates

HGV pass rate

The pass rate for HGV drivers impacts on the number of drivers in employment. The average number of tests conducted since 2015/16 to 2019/20 is 72,654. In 2020/21, there were 45,024 fewer practical tests conducted compared with the previous five year average. However, in Q2 2021 the numbers were back to pre-pandemic levels and 25.6% above pre-COVID-19 in Q3 2021. In October 2021 alone, 9,391 tests were conducted, which bodes well for Q4 2021. It will take time for these newly qualified drivers to feed into the employment pool, but gradually the tide is beginning to turn on the driver shortage (figure 21).

Initial qualification

The figures for drivers acquiring a Driver Certificate of Professional Competence (DCPC) through initial qualification (which represents new entrants to the industry who did not hold a category C licence prior to 10 September 2009) fell by 27.7% in Q2 2021 and was only 4.6% below pre-pandemic levels in Q3 2021.

Age of test takers

In the year to the end of March 2021, those aged 35 and under took 52.1% of all tests. In addition, the average age of a person taking a practical test was 35 years, which is moving towards the middle age band, consistent with the driver age band (see figure 15).

Gender of test takers

The number of women taking practical HGV tests rose to 9.4% in 2019/20 and then to 12.9% in 2020/21, but is likely related to the small sample size taking tests during the pandemic. The pass rates for women are consistently higher than their male counterparts (figure 22).

Why are HGV drivers leaving?

Over the past 10 years the median number of drivers leaving each Q2 was 11,000. In terms of numerical estimates, the APS reported that the largest decline in HGV drivers over the past four years was in the 46 to 55 years age bracket. However, since Brexit and the pandemic, this has changed. Therefore, using the LFS sheds light on the age demographics, and while it agrees that the largest numerical fall since 2019 is in the older age bracket, the largest proportional fall has been in the under 35s (see figure 16). Furthermore, comparing the most recent year of APS data (which includes both pre-pandemic and pandemic data) – July 20 to June 21 – with July 19 to June 20, the number of drivers in the 46 to 55 year age bracket fell by 13.6%, or 13,000 (figure 24). However, there were also 9,000 fewer in the under 35 age group in the same period. This would imply that there are reasons other than retirement such as pay, EU drivers leaving and facilities, that have impacted the decline in driver numbers. The average retirement age in the UK is currently 66 and a recent report (September 2021) published by the Department for Work and Pensions (DWP) has shown that the actual average exit age of men between 2020 and 2021 was 65.1 years, and 64.0 for women.

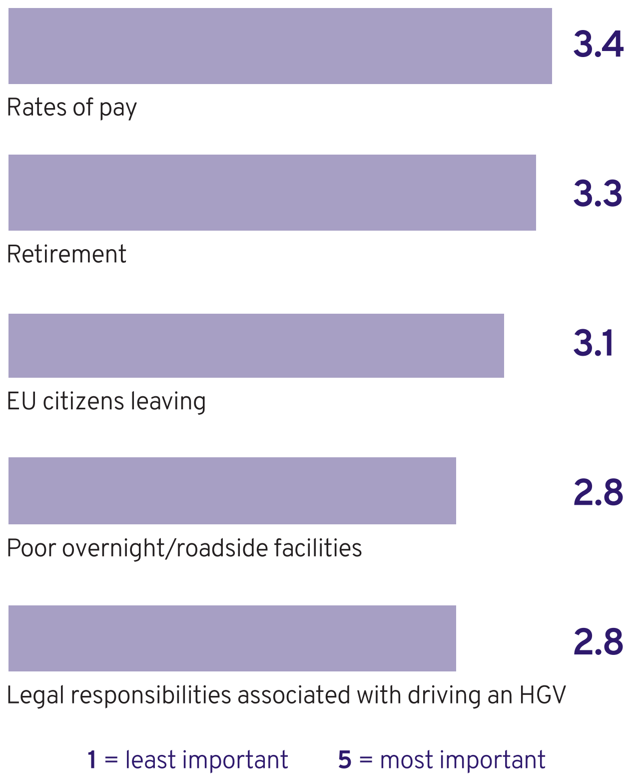
The Logistics Performance Tracker (Logistics UK, September 2021) found that the main reason drivers were leaving the industry was 'rates of pay' followed by

22 Pass rates for men and women

2015/16	55%	59%
2016/17	56%	61%
2017/18	58%	60%
2018/19	58%	62%
2019/20	59%	62%
2020/21	57%	65%

Source: Practical large goods vehicles (LGV) test pass rates (DRT0501), DfT, 2021

23 Reasons HGV drivers are leaving their roles



Source: Logistics UK, September 2021

24 HGV driver by age bracket (annualised using APS data)

	July 19- June 20	July 20- June 21	Change in number	% change
under 35	61,000	52,000	-9,000	-14.6%
age 36–45	53,000	56,000	3,000	6.0%
age 46-55	96,000	83,000	-13,000	-13.6%
age 56-65	80,000	69,000	-12,000	-14.3%
age 66+	9,000	9,000*	-1,000	-6.6%

* figures are rounded

Source: Office for National Statistics – Annual Population Survey (19 October 2021)

retirement (figure 23) and this is reflected to an extent in the ONS data.

In recent months the rates for HGV pay have been rising, but according to ONS data, HGV drivers earned a median of £13.08 per hour in 2021. It is unlikely that HGV drivers would have the economic means to retire early.

The current high demand for HGV drivers, coupled with only 80 HGV drivers claiming Jobseeker's Allowance in October 2021, make it unlikely that redundancy precipitated early retirement[15]. There is also a his rise in drivers losing their licence for medical reasons which is linked to the aging workforce. A Freedom of Information (FOI) request submitted to the Driving and Vehicle Licensing Agency (DVLA), by the Unite Union, found that illness may be a major factor in the shortage of HGV drivers. The FOI requested data over the past 10 years on the number of bus and HGV drivers whose licence was refused or revoked due to medical issues. The figure rose from 4,583 in 2005 to 12,242 in 2018. The requirement to undergo a medical assessment was suspended from March 2020 to January 2021,and the consequent 2020 figure was 7,209.

Finally, the demand for home deliveries and the associated demand for van drivers rose during 2020/21, indicated by the increase in the proportion of retail sales online, which was 27.7% in August 2021, significantly higher than the 19.7% in February 2020 before the pandemic. According to analysis of the LFS, the number of UK HGV drivers that left the industry in Q2 2021 compared with Q2 2019 (pre-pandemic) fell by 20.8%, while at the same time the number of UK van drivers increased by 16.4%. It is probable that some UK nationals who are HGV drivers have taken up van driving. Driving a van may be attractive due to more sociable hours and perceived lower stress

Occupations with similar pay levels to HGV driving

Occupations with similar pay levels to HGV drivers may provide an insight into the types of roles which HGV drivers may move into. There are 35 occupations with median gross hourly pay within 5% of HGV driver pay. Out of these 35 occupations, 20 fall into higher skill level classifications than HGV drivers. Several occupations of the same or higher skill level involve driving (eg, mobile machine drivers, construction related vocations, and others) and may be considered good options for HGV drivers (figure 25). Managers and directors in storage and warehousing have similar median pay and fall into the highest skill level bracket. Pay increases for drivers may render such managerial roles less attractive. 'Managers and directors in transport and distribution' has a median gross hourly pay of £19.72 and is therefore still a very desirable career progression option for HGV drivers despite recent pay rises for drivers.

Addressing the driver shortage

Several measures have been put forward to alleviate the immediate driver shortage with varying levels of success. As mentioned earlier, HGV driver numbers are affected by seasonality and the peak season for road haulage is late Q3 and Q4. In the run-up to Christmas, demand for drivers increases in September, so although there is a reduction in drivers in Q3 2021 it was not as severe had companies not raised pay and had measures not been taken to address the shortage. The measures were mostly time-limited, to ease acute shortages while the chronic issue of training, recruiting and testing British drivers is addressed. Some of the measures taken are now outlined. It will take some time to fully ascertain the outcomes of these efforts in addressing the driver shortage.

Skills Bootcamps

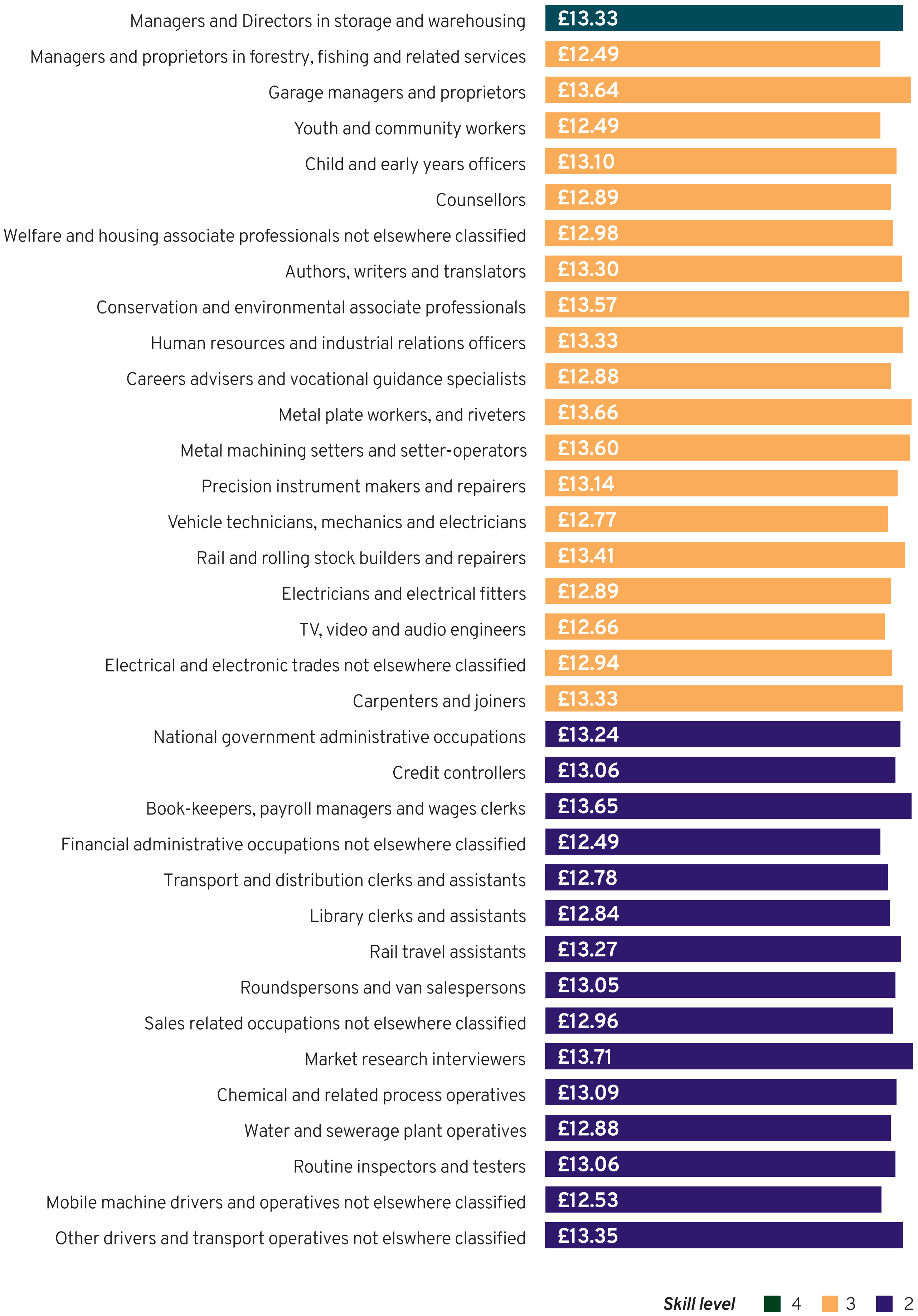
In order to ease the shortages of HGV drivers, the Department for Education, at the end of September announced a packet of measures where it would spend up to £10 million on new Skills Bootcamps. The Government wants 3,000 new HGV drivers through the bootcamp route and a further 1,000 new drivers to be trained up through the adult education budget.

Leveraging qualified drivers

Much has been reported on leveraging the pool of people with HGV driver qualifications but who currently do not work as HGV drivers. Nearly 590,000 people hold a Category C and C+E licence and 344,000 hold a category C licence (figure 26), but only 236,000 are in employment (see figure 2). In an attempt to leverage this workforce, the Department for Transport (DfT) and the DVLA sent a letter to one million HGV driving licence holders to encourage those not currently working to get back into the industry.

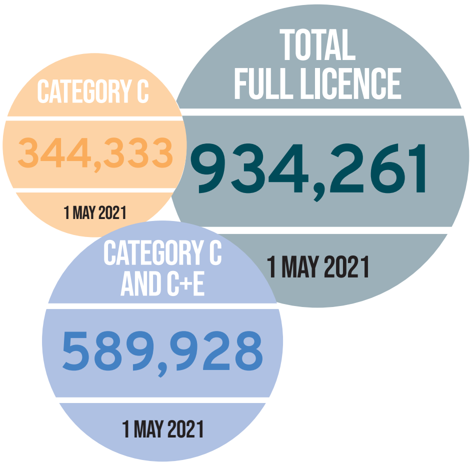
15 https://www.unitetheunion.org/news-events/news/2021/september/rising-ill-health-a-major-factor-in-lorry-and-bus-driver-shortages/

25 Occupations with similar pay levels as HGV drivers



Sources: Repgraph analysis for Logistics UK, Labour Force Survey, ONS, Q2 2021

26 Number of people in the UK with full Category licence and Category C and C+E licences



Source: DVSA, Vocational Population Analysis (May 2021)

Increasing the number of driving tests

Government has put in place measures including overtime and allocating additional employees into testing. It is also changing the law on towing a trailer with a car, the staging of HGV tests, and who can test the off-road exercises to increase the number of HGV tests. Processing of provisional HGV driving licences at DVLA has been prioritised which has reduced processing times to about 5 working days. HGV driver tests increased in October 2021 alone to 9,391 tests and practical tests are up 25.6% in Q3 this year compared to Q3 2019. Applications for vocational provisional licences are reported to be three times higher than pre-pandemic levels and renewal applications have risen by 25%.

Temporary visas

In the face of mounting fuel, food and goods shortages in September, it was announced that 5,000 visas would be available to lorry drivers until the end of February 2022, and a further 5,500 could be applied for by poultry workers that would last until 31 December 2021. We do not currently have sight of how many visas have been granted.

Changes to cabotage rules

Cabotage is defined as road haulage solely within one country by a vehicle registered in another country.

On 15 October 2021, transport secretary, Grant Shapps announced plans to allow foreign lorry drivers to make an unlimited number of pick-ups and drop-offs within a fixed period in the UK in a move aimed at tackling supply chain problems. According to the latest available statistics from DfT[16] cabotage accounted for only 1.0% of HGV activity within the UK in 2019. The level of cabotage within the UK is below the EU27 average penetration rate of 4.2%. Levels of cabotage are highest in Germany, France and Austria where rates are 8.0%, 7.0% and 5.8% respectively. This means hauliers on cabotage trips often offer lower prices than domestic carriers, making them very attractive to business. In light of the HGV driver shortage, the Government is now proposing that EU hauliers would be allowed to pick up and drop off goods an unlimited number of times during a two-week period, before the driver is required to leave the country.

16 International Road Freight Statistics, United Kingdom 2020, DfT, July 2021

27 Driver shortages in Europe

	Scale or Shortage	Last reported date
Poland	123,842	2020
United Kingdom	60,000–76,000	2020
Germany	45,000–60,000	2020
France	43,000	2019
Spain	15,340	2020
Italy	15,000	2019
Sweden	5,000	2017
Belarus	4,500	2019
Norway	3,000	2017
Denmark	2,500	2017
Ukraine	12,000–120,000	2019

Source: Transport Intelligence, August 2021

Driver shortage in Europe

According to a report by Transport Intelligence, the European road freight market is recovering well from the pandemic but also struggling with some serious problems brought about by supply chain disruption following COVID-19, labour shortages and Brexit.

The European road freight market will have nearly recovered fully from the pandemic by the end of 2021 – it will still be 1.5% smaller than it was in 2019 but the market did record a growth rate of 4.7% in 2021.

The report indicates that while this is most acute in the UK, there is a wider shortage across Europe of over 400,000 drivers.

The Transport Intelligence report indicates that the European market is also dealing with significant pressure from ongoing COVID-19 and supply chain disruption and widespread interventions in the market by governments in terms of regulations, customs changes (Brexit) and fiscal and monetary stimuluses driving inflation.

It was reported that Poland is short of around 124,000 drivers and Germany short of 45,000-60,000 (figure 27). However, European countries are not experiencing the same supply chain issues as the UK. As discussed earlier, the UK experienced an exodus of EU drivers due to the COVID-19 pandemic and Brexit; the number

28 Job trends in other logistics roles

	Q2 2021	% change since Q2 2020	% change since Q2 2019	% change since Q2 2011
Purchasing managers and directors	**95,899**	19.2%	36.7%	81.0%
Managers and directors in transport and distribution	**120,746**	29.3%	31.3%	43.7%
Managers and directors in storage and warehousing	**99,686**	0.8%	-14.7%	14.3%
Importers and exporters	**7,919**	73.6%	28.2%	-16.8%
Transport and distribution clerks and assistants	**85,016**	23.5%	51.0%	38.0%
Van drivers	**303,003**	12.1%	6.7%	68.5%
Forklift truck drivers	**58,833**	-17.0%	-31.5%	-35.0%
Postal workers, mail sorters, messengers and couriers	**172,137**	11.3%	11.3%	-4.6%
Elementary storage occupations	**432,479**	-7.8%	-1.6%	6.6%

Source: Repgraph analysis for Logistics UK, Labour Force Survey, ONS, Q2 2021

of cabotage transports conducted in UK post-Brexit has reduced capacity and presented extra challenges. European countries can avail of freedom of movement within the cabotage rules which helps ease the effects of the shortage.

Job trends for other logistics roles

In addition to HGV drivers, managers and directors in storage and warehouse, forklift drivers and elementary storage workers reduced in number between Q2 2019 and Q2 2021; other roles in the industry saw a rise in numbers (figure 28). Since 2011, the most notable shifts in job growth are among purchasing managers and directors, followed by van drivers and managers and directors in transport and distribution, reflecting the changing shopping habits and a shift to online retailing, which in turn leads to demand for more warehouse space.

Logistics roles: Warehouse workers

Warehouse worker shortage

There are severe shortages of staff in warehousing, especially among forklift drivers. Comparing Q2 2019 with Q2 2021, there was a fall of 31.5% in forklift drivers, 1.6% in elementary storage occupations and 14.7% in managers and directors in storage and warehousing. There is also an increase in demand for these workers as online consumers are purchasing more goods online than before the pandemic. In this section the demography of three warehouse occupations is explored to elucidate the structure of the warehouse sector.

Rise of online retail

According to the property group CBRE, vacant UK logistics space has fallen to 7.1 million sq ft in Q3 2021 resulting in a record low vacancy rate of 1.53%. In the equivalent period in 2020, the UK had a logistics UK vacancy rate of 5% and recorded 21.35 million sq ft of readily available warehouse space. Online retailers continue to lead take-up and this sector accounted for 39% of newly acquired logistics space in the quarter demonstrating the long-term shift in shopping patterns.

Online retail peaked in early May 2020, when online retail sales were 32.8% of total sales, rising by 75% compared to the previous year. This fell back to 25.9% of total sales in September 2021, which is up 7.8 percentage points compared with September 2019 and only slightly lower (0.2 percentage points) than September 2020.

According to Metapack[17], ecommerce delivery volumes used to stay relatively steady in the leadup to traditional peak, but this year has seen peaks and troughs due to the intermittent closure of non-essential physical retail. In addition, it predicts that UK ecommerce delivery volumes will increase by 9.8% compared with December 2020 and will be up 21.5% on December 2019.

Warehouse workers and sectors

Figure 2 indicates the majority of warehouse workers are employed in sectors other than logistics (66.7% of managers and directors in storage and warehousing,

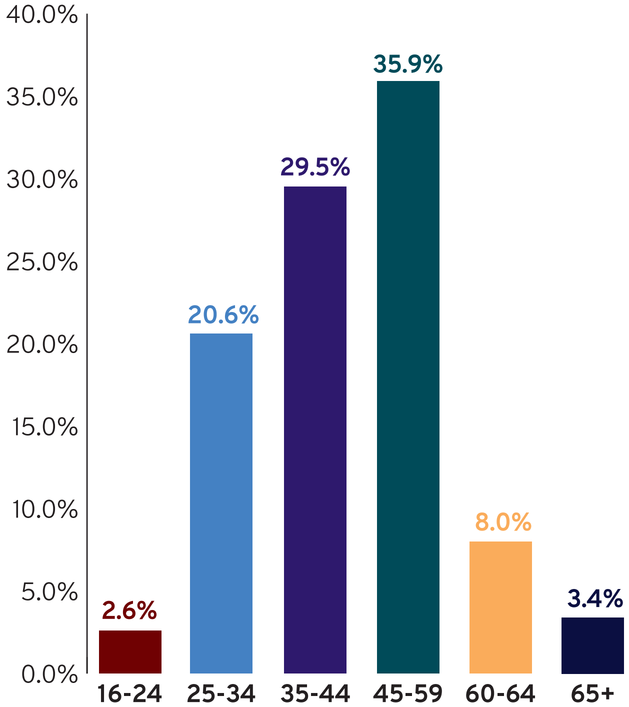
17 2021 Peak delivery trends, Metapack, October 2021

29 Top 5 non-logistics industries for warehouse workers

	Storage Managers and Directors	Forklift drivers	Elementary storage occupations
1	Retail trade, except vehicles	Manufacture vehicles and trailers	Retail trade, except vehicles
2	Manufacture of pharmaceuticals	Retail trade, except vehicles	Manufacture of food products
3	Manufacture of food products	Manufacture of beverages	Wholesale retail trade repair vehcls
4	Manufacture vehicles and trailers	Manufacture of other transport	Human health activities
5	Public admin, defence, social sec	Manufacture of chemicals	Manufacture rubber plastic products

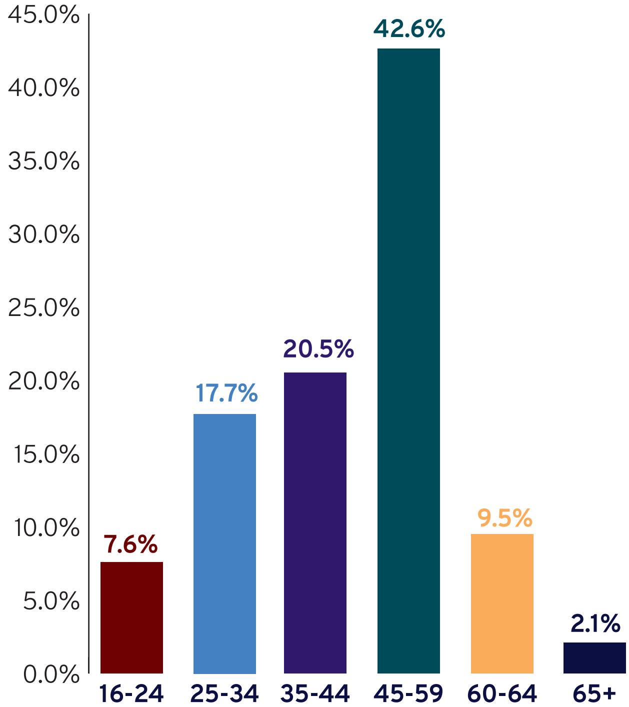
Source: Repgraph analysis for Logistics UK, Labour Force Survey, ONS, Q2 2021

30 Age profile for managers and directors in storage and warehouse



Source: Repgraph analysis for Logistics UK, Labour Force Survey, ONS, Q2 2021

31 Age profile for forklift truck drivers



Source: Repgraph analysis for Logistics UK, Labour Force Survey, ONS, Q2 2021

59.3% of forklift drivers and 59.0% of elementary storage occupations) and it is likely that the rise of online retail has led to shortages in these areas. Figure 29 outlines the top five sectors in which storage managers and directors, forklift drivers and elementary storage occupations are found. The retail sector is top for storage managers and directors as well as elementary storage occupations, whereas the manufacture of vehicles and trailers is foremost for forklift drivers.

Age profile

Managers and directors in storage and warehousing have a similar age profile to the general population; in Q2 2021, the proportion of managers and directors in storage and warehousing under the age of 45 was 52.7% (figure 30) while the proportion of the working population under 45 years was 56.6%. Forklift drivers have an older profile than the general working population with 45.8% under 45 years (figure 31), while elementary storage occupations have a significantly younger profile than the general population at 62.7% (figure 32).

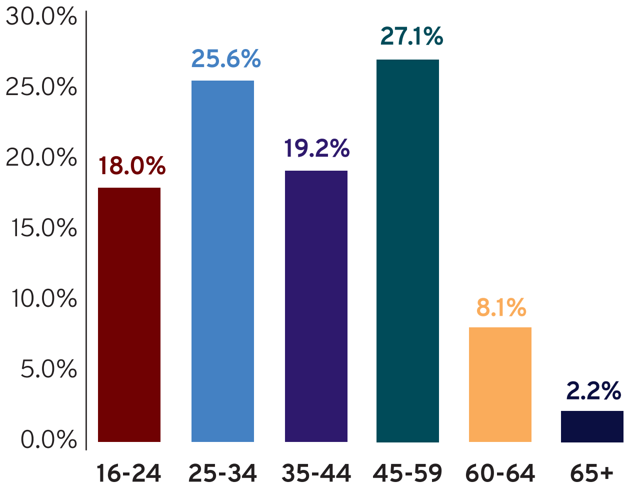
Focus on warehouse workers' pay

The skew in mean pay for storage managers and directors is indicative of some companies offering large salaries (figure 33). Detailed regional salaries from ASHE for forklift drivers and elementary storage occupations can be found in Appendix C.

EU workers in warehousing

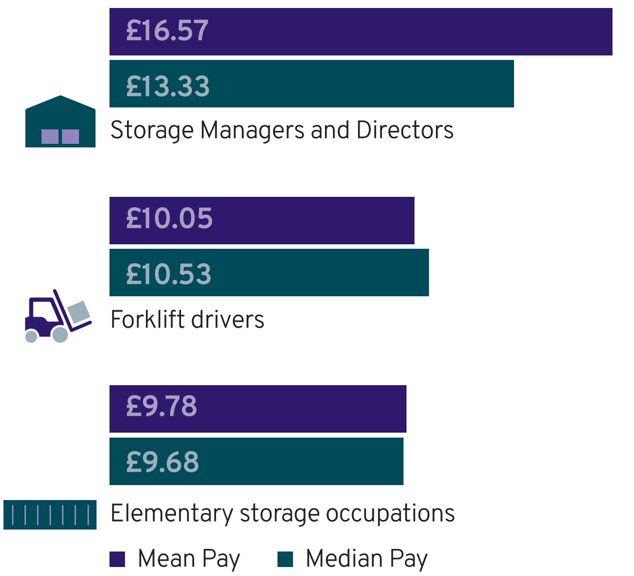
The impact of EU workers on the warehousing sector is seen in the fall in numbers since Q2 2016 for lower skilled jobs but a growth in number for managers and directors (figures 34-36). However, between Q2 2019 and Q2 2021, there was a fall of 22.8% in EU managers and directors and a sharp drop of 49.3% in EU forklift drivers while EU elementary storage occupations fell by 11.8%.

32 Age profile for elementary storage occupations



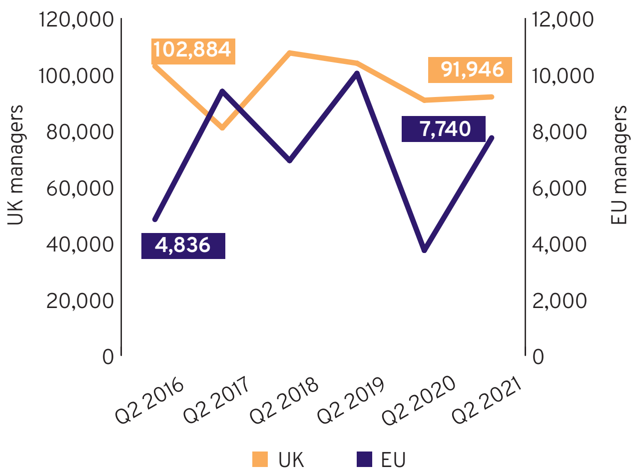
Source: Repgraph analysis for Logistics UK, Labour Force Survey, ONS, Q2 2021

33 Salaries for warehouse roles



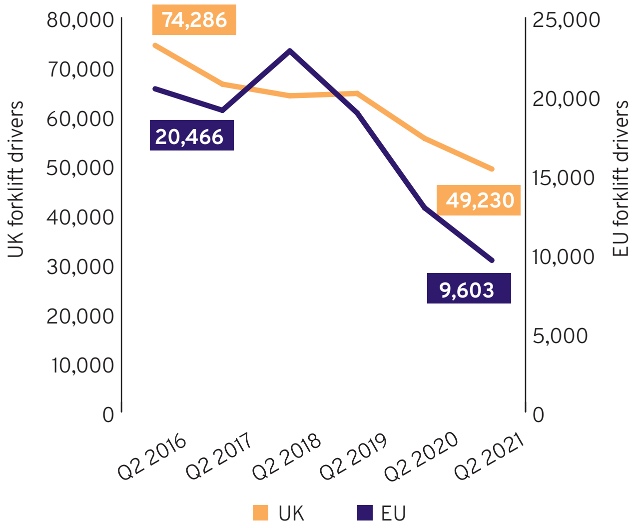
Source: Repgraph analysis for Logistics UK, Labour Force Survey, ONS, Q2 2021

34 UK and EU managers and directors in storage and warehouse



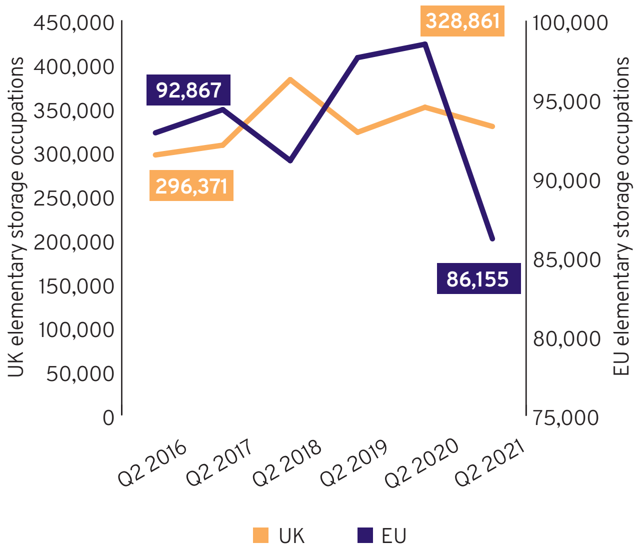
Source: Repgraph analysis for Logistics UK, Labour Force Survey, ONS, Q2 2021

35 UK and EU forklift truck drivers



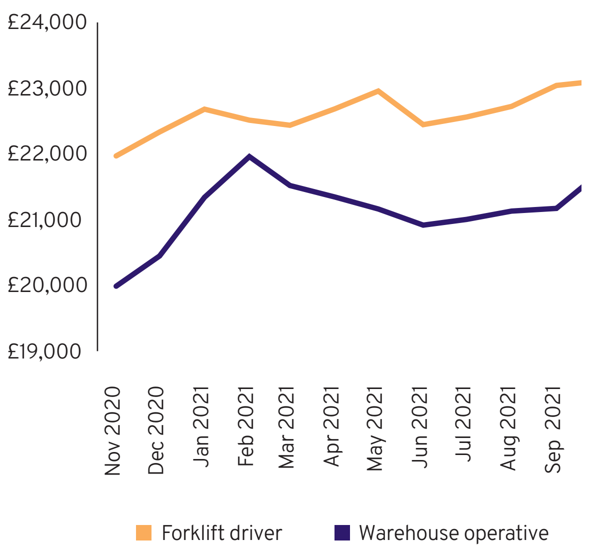
Source: Repgraph analysis for Logistics UK, Labour Force Survey, ONS, Q2 2021

36 UK and EU elementary storage occupations



Source: Repgraph analysis for Logistics UK, Labour Force Survey, ONS, Q2 2021

37 Forklift driver and warehouse average salaries over time



Source: Adzuna, November 2021

38 Number of warehouse workers claiming Jobseeker's Allowance (Q2 2008-Q2 2021)

	Fork-lift drivers	Elementary storage occupations	Storage and warehouse managers
Q2 2008	12,890	76,027	1,523
Q2 2009	24,543	126,823	3,773
Q2 2010	19,517	119,657	3,238
Q2 2011	15,535	120,573	2,870
Q2 2012	14,305	129,383	3,018
Q2 2013	11,850	122,112	2,812
Q2 2014	6,898	89,608	1,850
Q2 2015	3,270	53,292	755
Q2 2016	1,998	33,293	438
Q2 2017	1,277	22,810	300
Q2 2018	905	17,902	223
Q2 2019	518	9,480	135
Q2 2020	360	6,922	97
Q2 2021	285	5,138	85
Percentage change Q2			
Q2 2021 and Q2 2019	-45.0%	-45.8%	-37.0%
Q2 2021 and Q2 2009	-98.8%	-95.9%	-97.7%

Source: Jobseeker's Allowance by occupation, Nomis, ONS, July 2021

Forklift driver and warehouse operatives' salaries

A snapshot from the online job search engine Adzuna shows that forklift drivers' and warehouse operatives' average advertised salary in November 2020 was £21,972 and £19, 995 respectively. By the end of October 2021 these averaged £23,112 and £21,718 – an increase of 8.2% and 8.6%% respectively (figure 37). At the same time, vacancies for forklift drivers rose by 169.2% from 3,212 to 8,646 and vacancies for warehouse operatives increased by 25,352, or 143.3%.

Claimant count

As demand rises for warehouse workers, the number claiming Jobseeker's Allowance has fallen significantly (figure 38).

Logistics apprenticeships in the UK

The Apprenticeship Levy was introduced on 6 April 2017 to increase the number of people training at work by imposing a 0.5% tax on UK employers with payroll costs in excess of £3 million, minus an Apprenticeship Levy allowance of £15,000 per financial year. Employers are given a rolling 24-month deadline to spend it. If levy-paying employers do not reclaim their payments within the two years, they lose access to the money and unused funds are then available to small and medium-sized enterprises (SMEs) that do not pay the levy to train apprentices. To encourage apprenticeship starts, employers in England can apply for a payment of £3,000 from 11 January 2022, employers can apply for a payment of £3,000 for new apprentices of any age who have an employment start date of 1 October 2021 to 31 January 2022 and an apprenticeship start date of 1 October 2021 to 31 March 2022.

Apprenticeship Levy and Autumn Budget 2021

The Office for Budget Responsibility (OBR) in its Economic and fiscal outlook (accompanying the Spring Statement in October 2021), reported £2.8 billion was received in Apprenticeship Levy funds in 2019/20 and £3.0 billion in 2020/21, which was as forecast in the March 2020 budget. The forecast was revised up by £100 million to 3.2 billion for 2021/22, while the prediction for 2022/23 remains at £3.2 billion. Over the four-year period of 2019/20 to 2022/23, the levy is expected to bring in £12.2 billion in receipts.

Number of logistics businesses paying the levy

HM Revenue and Customs (HMRC) records indicate that the 'transportation and storage' sector paid £165 million* into the Apprenticeship Levy in 2020/21 up £5 million from £155million in 2018/19[18].

**Figures are rounded to the nearest £5 million.*

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 the academic year, 1 August to 31 July, while data for Scotland use different months, quarters and academic years (1 April to 31 March).

England

The latest available full year that identifies apprenticeship frameworks, covers the period from 1 August 2020 to 31 July 2021 when there were 713,000 people participating in an apprenticeship in England, with 321,400 apprenticeship starts and 156,500 apprenticeship achievements. The number of starts fell by 0.3% in 2020/21 compared with the previous year, and by 37% since 2015/16, before the levy was introduced.

18 Information provided by HMRC outside of the FOI Act on a discretionary basis, October 2021

There was little change in the number of starts in 2020/21 compared with 2019/20 and although falls in 2019/20 may be attributed to the impact of the coronavirus pandemic, the number of starts in 2018/19 was 22.8% lower than 2015/16, as companies did not participate. The pandemic and lockdown period saw a disproportionate negative impact on apprenticeship starts for those aged under 19, and those starting an intermediate level apprenticeship.

Transport apprenticeships

In October 2020 a four-year update by the Strategic Transport Apprenticeship Taskforce (STAT) revealed that just 11,254 had begun in road and rail client bodies and the supply chain since the taskforce was established in 2016, which is short of a revised 15,200 target set by DfT in 2016/17. The taskforce set an initial target of reaching 30,000 apprenticeship starts in road and rail client bodies by 2020. Following consideration of progress against the 30,000 target, DfT agreed to revise and reforecast that number to 15,200 apprentices by 2020. Of the 11,254 apprenticeship starts, 3,238 starts were reported in 2019/20, an increase of 8% from 2018/19.

BAME representation now stands at 21%, ahead of the target of 20%. However, the number of women starting technical and engineering apprenticeships is down to 12%, with the target at 20%.

Logistics apprenticeships starts

England

Figures indicate there were 5,980 new logistics apprenticeship starts in 2020/21 (figure 39). Driving goods vehicles (combined with new framework 'LGV driver') fell by 27.8%, with 2,180 starts. Warehousing and storage was 96.5% lower than the previous year. While some of this may be a result of the COVID-19 restrictions, there is an imbalance, with warehousing and storage affected.

Scotland

In 2020/21, there were 18,655 starts in modern apprenticeships in Scotland, which is a decrease of 33.1% on the previous year. Transport and logistics starts in the year to 31 March 2021 decreased by 23.6% compared with 2019/20 (figure 40).

Wales

Annual data for 2019/20 show the number of logistics apprenticeship starts decreased by 28.9% in 2019/20 compared with 2018/19 (figure 41).

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 to 30 April 2021 (figure 42).

39 Logistics apprenticeship starts – England (1 August–31 July)

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Driving Goods Vehicles	5,510	4,000	4,933	5,486	4,961	2,326	1,821	1,800	40
Heavy Vehicle Service and Maintenance Technician					9	593	787	980	920
International Freight Forwarding Specialist						15	207	230	170
International Trade and Logistics Operations	140	90	117	127	119	103	60	50	~
Large Goods Vehicle (LGV) Driver				15	208	1,271	1,756	1,220	2,140
Logistics Operations Management	1,480	580	777	792	869	457	327	280	20
Supply Chain Operator				45	8	95	119	60	80
Supply Chain Warehouse Operative					198	1,397	1,805	1,270	2,500
Transport Engineering and Maintenance	210	260	350	394	289	238	~	~	~
Vehicle Maintenance and Repair	8,390	8,500	9,008	9,495	9,454	5,937	4,337	2,260	90
Warehousing and Storage	7,070	7,110	8,435	8,065	7,109	2,532	1,501	570	20
Total logistics	**22,800**	**20,540**	**23,620**	**24,419**	**23,224**	**14,964**	**12,720**	**8,720**	**5,980**

Source: Apprenticeship and levy statistics, Department for Education, November 2021

40 Logistics apprenticeship starts – Scotland (1 April–31 March)

Sector and Occupation	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Transport and logistics*	2,058	1,530	1,683	1,476	1,106	1,570	1,223	1,452	1,110

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

Source: Modern Apprenticeship Statistics, Skills Development Scotland, June 2021

41 Logistics apprenticeship starts – Wales (1 August–31 July)

	Framework	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Retailing	Warehousing and Storage	260	105	95	120	125	150	130	65
Transportation	Driving Goods Vehicles	65	180	50	20	*	65	60	65
Engineering	Vehicle Maintenance and Repair	555	720	540	550	480	555	530	390
Transportation	Other sector frameworks – Transport	35	30	40	30	50	20	25	10
	Total logistics	**915**	**1,035**	**725**	**720**	**655**	**790**	**745**	**530**

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

Source: Learning programme starts in work-based learning provision, StatsWales, 2021

42 Logistics apprenticeship starts – Northern Ireland (1 August–31 July)

	Starts 01/08/2017 to 31/07/2018	Starts 01/08/2018 to 31/07/2019	Starts 01/08/2019 to 31/07/2020	Starts 01/08/2020 to 30/04/2021*
Distribution and Warehousing	54	93	34	83
Driving Goods Vehicles	5	5	1	0
Vehicle Body and Paint	26	39	48	25
Vehicle Fitting	6	4	8	8
Vehicle Maintenance and Repair	360	342	273	231
Vehicle Parts	12	31	7	6
Total	463	514	371	353

*9 month period August 2020 to April 2021.

Data are extracted from the Department's Client Management System, on 3 July 2021.

Source: NI Department for the Economy, Youth Training Statistics and Research Branch, October 2021

Appendices

APPENDIX A

Data sources

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 (ONS) 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 400 survey responses each quarter. For Q2 2020 the number of respondents was somewhat lower than usual, due to COVID-19 restrictions preventing in-person interviewing.

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 with 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).

Annual Population Survey (APS)

The Annual Population Survey (APS) is a continuous household survey, covering the UK and uses data from the Labour Force Survey (LFS). The data sets consist of 12 months of survey data and are broken down on a quarterly basis.

The LFS (and the APS) are the sources recommended for employment-related statistics, such as estimates of the number of people in employment or unemployed. They are also a unique source of comprehensive, coherent information about economic inactivity, as it separates information about people who want a job and those who do not.

The APS is not a stand-alone survey; it uses data combined from two waves of the main LFS as well as a booster sample.

The APS uses a longitudinal approach looking at the structural make-up of UK employment and has a larger sample size than the LFS, but is annualised and therefore, lags behind the LFS, which is a snapshot of quarterly data and indicates economic trends.

Because of coronavirus (COVID-19) and the suspension of face-to-face interviewing, the ONS made operational changes to the LFS, which moved to a "by telephone" approach. This introduced an increased non-response bias to the survey. A new weighting methodology has been introduced, which calibrates to UK, EU and non-EU-born weighting populations for periods from January to March 2020.

Pre-pandemic comparisons using the APS cannot be made until next year when the annualised data are available. For example, the latest report from ONS (19 October 2021) compares July 2020-June 2021 with July 2019-June 2020, and therefore it includes more than six months of pre-pandemic data blended with six months of pandemic data. This is the one reason the LFS, is used as it is possible to compare quarters year-on-year which reduces stale data effects, especially for big shocks like the pandemic. LFS is the way employment was reported by the ONS in a table called EMP04 published every Q2 (and ceased publication in September 2018). In addition, APS data for HGV drivers is not routinely available.

APPENDIX B

Driver shortage calculation

There are two methods for calculating the driver shortage figure. The first uses the quarterly Labour Force Survey data to track growth in HGV driver employment and general UK employment indexed to Q2 2007. The driver shortage number is then calculated by estimating the number of HGV jobs that would have been added to the economy should the HGV employment have followed the trajectory for the whole economy.

The second method looks at the HGV driver population and the number of vehicles specified on Operator (O) licences. LGV licence data were initially considered but rejected as the number of LGVs specified on O licences are updated weekly and more representative of vehicles-in-use for the purpose of transporting goods; furthermore, these data are more likely to exclude extraneous effects such as SORN. For example, in Q2 2020, the driver shortage number was estimated as 63,000 using the Labour Force Survey method, when we use number of vehicles specified on O licence approach, the figure was 66,000[1].

The method for calculating driver shortage number compares the growth in jobs as specified in the ONS Labour Force Survey statistics normalised to Q2 2007 to coincide with the period preceding the recession.

1 ONS has recently reweighted its Q2 2020 data which has led to different estimates on the same trajectory

Labour Force Survey analysis

1. In 2007 there was an estimated 321,455 LGV drivers in the UK.
2. As of June 2020 there were 294,649 LGV drivers[2].
3. At the same time, the total UK economy had added 10% more jobs compared to 2007.
4. Assuming that the industries employing LGV drivers have tracked the economy as a whole in terms of demand for jobs, then there should be a 10% increase in the demand for LGV drivers since 2007.
5. This equates to 357,793 LGV drivers required. Therefore, the shortfall in the number of drivers is estimated to be 354,287 – 294,649 = 63,144 as of Q2 2020.

Current driver shortage number and limitations

Between Q2 2011 and Q2 2020, the driver shortage number fluctuated, averaging 45,000 over the period. A driver shortage figure is not reported for Q2 2021. Due to Brexit and COVID-19, drivers in employment have diverged so much from the rest of the economy as to render calculating driver shortage figures unpredictable. It is recommended that the index of HGV drivers in employment be used in future.

2 Labour Force Survey, ONS, Q2 2020 (revised, June 2021).

APPENDIX C

Warehouse workers' pay

C1 Median forklift driver salary by region*

Region/Country	Gross annual pay (£)	Gross hourly pay (£)	Hours worked
United Kingdom	25,398	11.43	42.0
North East	23,988	n/a	41.5
North West	23,158	11.05	39.5
Yorkshire & Humber	26,677	12.03	45.6
East Midlands	19,746	10.88	40.1
West Midlands	24,119	11.02	40.0
East	25,938	10.72	43.3
London	n/a	n/a	40.3
South East	26,644	11.12	44.0
South West	n/a	12.61	44.4
Wales	n/a	n/a	43.8
Scotland	27,051	13.17	43.9
Northern Ireland	n/a	n/a	n/a

*These data are uprated using 7.2% from AWE for June-August 2021

Sources: Annual Survey of Hours and Earnings (ASHE) 2021, Office for National Statistics, October 2021. Average weekly earnings in Great Britain: October 2021, Office for National Statistics, October 2021.

C2 Average forklift driver salary by region*

Region/Country	Annual salary (£)	Gross hourly pay (£)	Hours worked
United Kingdom	27,291	12.62	43.3
North East	25,880	11.86	43.7
North West	24,861	11.91	40.0
Yorkshire & Humber	28,509	13.31	46.2
East Midlands	22,786	12.10	39.9
West Midlands	26,936	12.91	41.1
East	27,162	11.78	46.3
London	n/a	13.14	42.7
South East	28,769	12.65	47.2
South West	36,072	14.39	43.3
Wales	31,777	12.55	45.0
Scotland	30,910	14.33	44.5
Northern Ireland	n/a	n/a	n/a

*These data are uprated using 7.2% from AWE for June-August 2021

Sources: Annual Survey of Hours and Earnings (ASHE) 2021, Office for National Statistics, October 2021. Average weekly earnings in Great Britain: October 2021, Office for National Statistics, October 2021.

C3 Median elementary storage occupation salary by region*

Region/Country	Gross annual pay (£)	Gross hourly pay (£)	Hours worked
United Kingdom	23,663	11.26	39.9
North East	24,506	11.14	39.9
North West	23,520	11.27	38.8
Yorkshire & Humber	23,839	11.04	40.0
East Midlands	22,987	11.19	40.0
West Midlands	25,148	11.83	38.1
East	24,755	11.32	40.0
London	n/a	12.01	39.0
South East	23,086	11.20	39.1
South West	22,772	11.07	40.0
Wales	21,338	10.82	39.9
Scotland	23,482	11.03	39.7
Northern Ireland	n/a	n/a	n/a

*These data are uprated using 7.2% from AWE for June-August 2021

Sources: Annual Survey of Hours and Earnings (ASHE) 2021, Office for National Statistics, October 2021. Average weekly earnings in Great Britain: October 2021, Office for National Statistics, October 2021.

C4 Average elementary storage occupation salary by region*

Region/Country	Annual salary (£)	Gross hourly pay (£)	Hours worked
United Kingdom	25,122	12.64	41.4
North East	25,179	12.32	44.1
North West	25,075	12.89	40.4
Yorkshire & Humber	25,165	12.23	41.9
East Midlands	24,263	12.29	40.7
West Midlands	27,799	13.98	41.7
East	26,116	12.47	44.3
London	n/a	12.93	41.3
South East	23,999	12.31	40.3
South West	24,278	12.23	41.4
Wales	23,285	11.95	40.6
Scotland	24,856	12.64	41.7
Northern Ireland	n/a	n/a	n/a

*These data are uprated using 7.2% from AWE for June-August 2021

Sources: Annual Survey of Hours and Earnings (ASHE) 2021, Office for National Statistics, October 2021. Average weekly earnings in Great Britain: October 2021, Office for National Statistics, October 2021.

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