Education Select Committee:
Call for Evidence on Further Education and Skills

March 2025

Summary

- Logistics UK advocates for a reformed national skills system to support the logistics sector, ensuring resilient supply chains and breaking barriers to opportunity
- Post-16 education should integrate AI, innovation, and smart logistics solutions, with regular curriculum reviews and industry partnerships to keep up with technological advancements
- Skills Bootcamps have proven effective in training LGV drivers quickly, and Logistics UK calls for continued funding alongside shorter apprenticeships to prevent funded training gaps
- The Generation Logistics campaign has significantly improved perceptions of logistics careers, and Logistics UK urges alternative funding mechanisms and greater engagement in education
- Logistics UK calls for fairer allocation of Levy funds, increased funding bands, and financial support for industry-recognised certifications to improve apprenticeship access
- The Growth and Skills Levy should support a wider range of training courses beyond apprenticeships, and Skills England must recognise logistics as foundational to economic growth with these funded courses
- Skills England must ensure that national employers can access standardised training and funding, preventing additional complexity from regional devolution policies

About Logistics UK

Logistics UK is one of the country's largest business groups, and the only trade association which represents all of logistics. Our mission is to support, shape and stand up for a safe, sustainable and efficient logistics sector. Our membership of more than 20,000 includes global, national and regional businesses and SMEs spanning road, rail, inland waterways, sea and air as well as the customers of freight services, such as retailers and manufacturers. We deliver services, representation and thought leadership, helping members and policymakers to seize new opportunities for the sector and the economy as a whole, right across the country.

The logistics sector

Logistics underpins our economy and is fundamental to our way of life. It supplies our hospitals, schools, factories, construction sites, shops and homes with everything they need, everywhere, every day – nothing moves without it.

The efficiency of logistics and the productivity of the economy are completely intertwined. Due to this relationship, Oxford Economics found in 2023 that getting the policy and infrastructure environment right for logistics would unlock up to £8 billion a year in productivity-led growth.

However, we are not currently going in the right direction. The UK fell from 4th to 19th place in the World Bank Logistics Performance index over the past decade, largely as a result of border friction and underinvestment in transport corridors.

Logistics is a major sector in its own right. It contributes £185 billion to the economy each year (12% of UK non-financial GVA), is one of the UK's largest employers, providing good jobs with strong career progression – 2.7 million people (8% of the UK workforce) are employed in logistics roles, and its key hubs provide a catalyst for further growth and investment, helping places to thrive.

Logistics has transformed the UK and is now delivering for the future. It helped deliver the country's canals, roads, railways, airports and ports, has driven revolutions in global trade and e-commerce and is now innovating to deliver decarbonisation and even greater efficiency.

Consultation response

Logistics UK believes that the UK needs a reformed national skills system that supports a thriving logistics sector and breaks down barriers to opportunity. To keep supply chains resilient, careers in logistics must be backed by reform to skills funding and a sustained commitment to attracting people, ensuring businesses have a strong pipeline of talent to draw from and nurture.

With roles in logistics unlocking opportunities from driving to robotics, delivering strong potential for social mobility, and being essential for maintaining supply chains, it is vital that government and educators work in partnership with our sector.

Curriculum and qualifications in further education: Post-16 curriculum

The curriculum should be dynamic and responsive to emerging trends and advancements in logistics, particularly in areas such as artificial intelligence (AI), innovation, and technology. As these factors continue to reshape supply chain management, automation, and data-driven decision-making, educational programmes must adapt to equip students with relevant skills and knowledge. This includes integrating AI applications, smart logistics solutions, and cutting-edge technologies into coursework, ensuring that graduates are prepared for the evolving industry landscape. Regular curriculum reviews, industry partnerships, and hands-on learning opportunities should be prioritised to foster adaptability, critical thinking, and technological proficiency in future logistics professionals.

How to resolve the skills shortage and narrow the gap between the skills that employers want and the skills that employees have

Skills Bootcamps

Until the end of March 2025, Skills Bootcamps – free, flexible courses that last up to 16 weeks – are funded by the Department for Education. The logistics sector has used bootcamps to train individuals to become LGV drivers, helping them to obtain a Category C or Category C+E licence. Participants who successfully complete the course are guaranteed a job interview with a local employer.

Logistics UK members report using Skills Bootcamps in preference to apprenticeships for LGV drivers; Level 2 LGV driver C+E starts dropped by the largest proportion of 33% in 2023/24, despite a funding band increase[1]. Skills Bootcamps are shorter than an apprenticeship and, as many learners reach the required skill level well before the end of a 12-month apprenticeship, Skills Bootcamps are preferrable.

Given the ongoing shortage of LGV drivers, Logistics UK requests that national Skills Bootcamps continue to be funded whilst devolved provision is put in place and shorter apprenticeships are rolled out, to prevent a gap in a funded model for LGV training.

Shorter apprenticeships

Logistics UK welcomes the recent news on shorter apprenticeships, as the rigid 12-month minimum duration has been a significant barrier, especially for roles such as warehouse operatives or LGV drivers, where the skills required can often be acquired in a shorter timeframe. The time required to complete an apprenticeship should be linked to competency acquisition, not arbitrary timelines. Similarly, End Point Assessments (EPA) must become more flexible. Once the required learning is completed – sometimes ahead of schedule – it is crucial that learners can proceed to their EPA without unnecessary delays. Prolonging this process risks disengagement, reducing completion rates and undermining the effectiveness of apprenticeship programmes.

Careers awareness

While reforming the Apprenticeship Levy, expanding eligible courses, and addressing structural barriers within the training system are essential steps to resolve the skills shortage, these efforts will be futile unless we first succeed in attracting new talent to the logistics profession. The sector faces not only a skills gap but a significant awareness and perception challenge – many potential candidates are simply unaware of the diverse, dynamic, and rewarding careers that logistics offers. Without proactive initiatives to engage and inspire the next generation, even the most flexible funding mechanisms and tailored training programmes will struggle to fill vacancies. This is why continued funding for the Generation Logistics programme is critical.

Generation Logistics is an award-winning careers awareness campaign that began in September 2022 and exists to challenge perceptions of and attract new entrants to the logistics sector to safeguard the resilience of the UK's supply chains and support economic growth. It is a collaboration between Logistics UK, CILT(UK) and over 40 businesses. By

[1] https://feweek.co.uk/starts-fell-for-most-apprenticeships-after-exceptional-funding-review, accessed 26 February 2025

attracting people to careers in logistics, it is supporting the government's missions of growth in all parts of the country and breaking down barriers to opportunity.

It is vital that the campaign continues, given the role it is playing in securing the next generation of logistics workers. Across the first two years of the campaign to October 2024, positive sentiment towards a career in logistics was increased by 212% and awareness of the sector by 37% amongst 13–24-year-olds. The campaign has generated over 1.37 million website hits to the Generation Logistics Hub, a dedicated resource for careers advice, and over 6.9 million engagements with social media, showing public appetite for information about logistics careers.

In addition to directly targeting young people through methods such as social media, Generation Logistics supports educators of those aged 13-18. The Generation Logistics Education Hub had over 3,700 downloads between December 2023 and October 2024 of curriculum-mapped activities that allow teachers and careers leads to include logistics in STEM subjects.

Generation Logistics is primarily funded by the private sector, with crucial support from the Department for Transport, which has helped expand the campaign's activities and reach in its first two years. Logistics UK urges the Department for Education to explore allowing residual levy funds—those unused by employers under the Growth and Skills Levy for expanded training and qualifications—to be redirected toward enhancing careers awareness campaigns. This would help position logistics as a sector of first choice, supporting both workforce development and economic growth.

Current challenges for apprenticeships, including employer engagement, funding issues, and apprentice pay

There is well-documented[2] disparity between the funds generated by the Apprenticeship Levy and the amounts allocated and spent on apprenticeship programmes, leading to significant sums being retained by HM Treasury. This under-allocation of funds hampers the potential growth of apprenticeship schemes and contributes to ongoing skills shortages.

Members contributing to the Apprenticeship Levy have identified two key areas where additional funds could be effectively deployed: expanding recognition for certification opportunities and increasing funding bands to reflect real-world costs.

Firstly, many sector-relevant courses require learners – or their employers – to cover additional fees for obtaining industry-recognised certifications, which are not currently funded by the Levy. For example, apprentices pursuing the Level 3 Health, Safety, and Environment Technician standard must pay nearly £300 out-of-pocket for the NEBOSH General Certificate, including registration and associated publications. This additional financial burden can deter participation and limits access to essential qualifications.

Following consultations with industry stakeholders, funding for the Level 2 LGV Driver and Level 2 Urban Driver apprenticeships was expanded to include approximately £200 in costs for associated theory and practical tests. This policy shift demonstrates how targeted adjustments to funding rules can alleviate barriers and enhance apprenticeship participation.

Such changes are facilitated through increases in funding bands, and Logistics UK advocates for similar adjustments across the sector's occupational map. The logistics sector is facing an ongoing shortage of vehicle technicians, with 51.8% of companies of businesses reporting severe recruitment issues[3]. A key cause of this shortage is the lack of Level 3 Heavy Vehicle Technician Apprenticeship courses available; there were over 100 colleges and training providers offering the qualification in 2010[4], yet in January 2025, there were only 38 providers[5], as the apprenticeship faces significant funding constraints.

While providers can recover costs for fuel and tyres, current Education and Skills Funding Agency (ESFA) rules prohibit the recovery of capital expenditures, vehicle leasing costs, and insurance. These restrictions disincentivise training providers from offering the programme, forcing employers to cover additional expenses for learner travel and subsistence when accessing geographically distant providers. This, in turn, exacerbates the existing skills gap in the logistics sector.

A final consideration: with 99.7% of employers in logistics being SMEs with fewer than 250 employees[6], it is imperative to consider the impact of increased uptake of training and qualifications through the Growth and Skills Levy by Levy-paying organisations on non-Levy paying organisations.

Considering these challenges, it is imperative that a fair settlement is established to expand recognition for certification opportunities, support necessary uplifts in apprenticeship funding bands, and enhance access for non-Levy paying

[2] See, for example, The Association of Employment and Learning Providers (AELP), January 2024
[3] Q3 2024 Skills and Employment Update, Logistics UK, December 2024
[4] https://www.rha.uk.net/news/news/detail/hgv-driver-apprenticeship-funding-increase-welcomed-but-more-needed-for-heavy-vehicle-technicians, 23 June 2023
[5] https://findapprenticeshiptraining.apprenticeships.education.gov.uk/courses/135/providers, accessed 26 February 2025
[6] The Logistics Report, Logistics UK, June 2024

organisations. This will ensure that training providers are adequately resourced, apprentices are not financially disadvantaged, and the workforce remains competitive and resilient.

The role of Skills England in meeting the Government's industrial strategy and boosting economic growth

Logistics UK welcomes Labour's commitment to reform the Apprenticeship Levy into a more flexible Growth and Skills Levy, which will allow 50% of the funds to be invested in non-apprenticeship training opportunities. The current Apprenticeship Levy has proven restrictive, limiting the training capacity essential for addressing the UK's skills shortages. Between the introduction of the Levy in 2017 and 2021/22, transport and logistics businesses paid in over £800 million. However, due to the constraints of the Levy and structural issues in the skills system, the total estimated amount of funding possible for the sector to have recovered in the same period was just £250 million [7].

For the reformed Growth and Skills Levy to effectively tackle the logistics sector's acute skills shortage, Skills England must rapidly identify and approve a broader range of courses eligible for Levy funding. This requires not only robust resourcing but also a strategic shift in focus. Currently, Skills England's approach appears limited to identifying skills needs within the highest potential growth-driving sectors outlined in the Industrial Strategy Green Paper. However, as the green paper rightly highlights, these sectors rely heavily on foundational industries – such as logistics – that ensure their smooth operation. Therefore, Skills England must adopt a more holistic view, ensuring that both departments within growth sectors and businesses outside them, like those in logistics, have access to Levy-funded training tailored to their specific workforce needs.

Additionally, Skills England should prioritise forward-looking workforce development. Mapping current and future training needs within the logistics sector must encompass emerging areas such as data analytics to mitigate supply chain risks, artificial intelligence for revolutionising inventory management, and skills related to decarbonisation and sustainability in line with the sector's commitment to greener operations.

The role of devolution in addressing regional skills needs and apprenticeships

The issue of English devolution must be carefully considered by Skills England to prevent additional complexity for national employers and disadvantaging employers in border areas. Logistics UK members already face challenges navigating training options, funding mechanisms, and online systems such as the Digital Apprenticeship Service. Further devolution could exacerbate these issues, making it harder for businesses to implement consistent training strategies across their operations, although Logistics UK appreciates that a national framework with a regional lens has merits, especially when considering pre-work programmes. Skills England must ensure that national employers retain access to standardised training and funding options, fostering a cohesive, efficient approach to workforce development across the country.

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[7] Analysis for Logistics UK by Jim French MBE, Road to Logistics, Co-Chair Trailblazer Group Transport and Logistics, 2022