Response to Transport Committee Inquiry on Skills for transport manufacturing – 15 September 2025

Summary

- Manufacturing competitiveness depends on logistics. UK factories, including those focused on transport manufacturing, rely on complex, multi-leg supply chains managed by logistics providers. Producing a single car involves hundreds of logistics movements, for example.
- Logistics skills shortages directly constrain manufacturing output. Shortages of HGV drivers, technicians, and warehouse operatives risk slowing just-in-time production and disrupting exports.
- The logistics workforce is under pressure. Van driver vacancies rose 62% in the year to Q1 2025; 57.7% of operators face severe or very severe difficulties recruiting vehicle technicians; and the average HGV driver is 48, with over 50% aged 50+.
- Policy solutions are needed now, including the reform of the Apprenticeship Levy into a Growth and Skills Levy to fund short courses and support the Generation Logistics campaign to attract new and diverse entrants.

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, safely and efficiently planning, managing and coordinating the movement and storage of goods. It ensures the resilience of the UK's supply chains, and delivers for our factories, construction sites, hospitals, schools, shops and homes 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 more than £170 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 the sector's 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.

Response to the inquiry

Logistics UK urges the Committee to recognise that transport manufacturing cannot function without efficient, resilient logistics, and that logistics efficiency is only possible with a skilled workforce. Skills policy for transport manufacturing

must encompass the logistics roles that supply manufacturing sites, move components, and deliver finished products to market.

Without decisive action on logistics skills, UK manufacturing output, exports, and inward investment will be constrained by disrupted supply chains, higher costs, and reduced competitiveness. We are therefore urging the government to work with the logistics sector to address its attraction, recruitment, retention and training challenges.

Responses to selected questions

a) What are the current skills challenges facing the transport manufacturing sector?

Manufacturers face growing risk from shortages in the logistics roles that underpin their operations. According to the Logistics UK Q1 2025 Skills and Employment Update, these include:

- HGV and van drivers, who are critical for just-in-time component deliveries. Vacancies remain high, with ageing demographics; over 50% of HGV drivers are aged 50+.
- Vehicle technicians, who are essential for maintaining fleets. 57.7% of operators reported severe recruitment difficulties.
- A shortage of warehouse operatives, leading to wage inflation of 49% in a year.

These shortages threaten the reliability and cost competitiveness of manufacturing supply chains.

b) How do these challenges vary across sub-sectors?

Advanced manufacturing, such as in the automotive sector, relies on highly specialised logistics. There are hundreds of inbound and outbound movements per product, with precision timing essential to avoid production line stoppages.

c) What are the barriers to addressing skills shortages?

- The Growth and Skills Levy has not been fully realised, which limits upskilling. Employers report that this prevents them from addressing urgent skills gaps, for example where short, modular courses would be more effective than full apprenticeships. The inflexibility of the levy in its current form also results in underspend, with funds expiring before they can be applied, meaning valuable training opportunities are lost.
- There has been a loss of central government funding for HGV Skills Bootcamps, with funding now regionally devolved. It is therefore vital that combined authorities choose to use the funding to provide HGV Skills Bootcamps, to avoid a sharp drop in new driver training.
- The sector has an ageing workforce and low participation among under-35s, without a sufficient pipeline of new entrants.
- Logistics careers are not widely understood by or promoted through manufacturing-linked skills programmes, so the logistics sector is seeking to address this through the Generation Logistics campaign. Generation Logistics is a collaboration between Logistics UK, CILT(UK) and over 40 businesses. The programme is now in its third year and between August 2022 and September 2024, it raised awareness of the logistics sector by 37% and increased positive sentiment about careers in logistics by 212% amongst 13 to 24 year olds.

d) What should Government and industry do to address these barriers?

- Complete the reform of the Growth and Skills Levy to enable employers to plan their workforce. The levy must be flexible enough to fund short, modular, accredited training, as well as apprenticeships, allowing businesses to respond quickly to skills gaps. This would support long-term workforce planning, reduce levy underspend, and help ensure training provision aligns with emerging needs across logistics and manufacturing supply chains.
- Encourage devolved authorities to fund HGV Skills Bootcamps.
- Support sector-led campaigns like Generation Logistics to raise awareness of logistics careers and attract younger, more diverse talent.
- Embed logistics skills in manufacturing sector skills strategies, recognising logistics as a foundational enabler.

f) How can industry, education providers, and government work together more effectively?

- Co-design training with input from manufacturing and logistics employers to reflect the realities of integrated supply chains.
- Share labour market data across sectors to anticipate and address pinch points before they disrupt production.
- Include logistics workforce planning in manufacturing cluster strategies, ensuring co-location of skills provision with freight-intensive manufacturing hubs.

g) What does good practice look like in addressing these skills needs?

- Alongside initiatives in the engineering and manufacturing space, the Generation Logistics campaign demonstrates how coordinated, cross-industry action can raise awareness and attract talent.
- HGV Skills Bootcamps have trained over 20,000 drivers since 2022, showing the value of targeted, government-supported training.

Contact:

Bethany Windsor
Head of Skills Policy and Generation Logistics
Logistics UK
bwindsor@logistics.org.uk

Ben Garratt
Deputy Director – Public Affairs
Logistics UK
bgarratt@logistics.org.uk