

# Employ ULV Framework



## Labour Market Profile of the Logistics Sector in the Upper Lee Valley

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## **1.0 Introduction**

1.1 The aim of this report is to provide an accurate guide to the state of the logistics sector in the Upper Lee Valley. Logistics is included as a priority sector in the Employ ULV Framework for several reasons: it provides entry-level jobs and career progression routes, it has a range of choice in occupation types, it has stable job availability and is a growth sector in the ULV for employment. In terms of the overall objectives of the Employ ULV Framework, the logistics industry presents an opportunity for engagement. The logistics sector in Greater London is the second largest in the UK.

## **2.0 Opportunities in the Upper Lee Valley**

2.1 There are a total of 727,000 people in the Upper Lee Valley<sup>1</sup>. Of these, 480,000 (66%) are of working age. There are large pools of untapped labour in the ULV with huge economic potential, whilst at the same time the unemployment rates are over 8%, and higher for Black and Minority Ethnic (BME) communities. Members of the BME community form 39% of the total working age population, and measures to engage the diversity found within this community are crucial to the Employ ULV Framework.

2.2 Furthermore, the female population, which makes up 48% of the total working age population, form another pool of underused labour, and to which the Employ ULV Framework is focusing to develop employment. Economic activity rates overall in the ULV are poor, with only 82% of the working age population actually active. It is also the role of Employ ULV to encourage some of those groups of people who may have previously been unable to become economically active, such as disabled people, to engage with the labour market.

## **3.0 Workplaces in the ULV Logistics Industry**

3.1 There are currently over 400 businesses<sup>2</sup> in the logistics industry in the ULV. The largest sectors in the ULV are in land transport, the postal service, and in cargo handling and storage. Over 78% of these businesses employ less than 10 employees, and in the region of 80 logistics businesses in the ULV with between less than 200 employees.

3.2 This shows a high proportion of small businesses in the logistics sector of the ULV, however the number of businesses employing over 50 employees is higher than the all sector average in the ULV. The number of businesses in the logistics industry in the ULV has decreased by around 2% since 1998.

## **4.0 The Workforce of the ULV Logistics Sector**

4.1 According to the Sector Skills Council for Logistics<sup>3</sup> 'Skills for Logistics', the logistics industry in the fifth largest employer in the UK. Across the Upper Lee Valley (ULV), Logistics forms the sixth largest employer, however there are significant regional variations, with Enfield alone filling up to 50% of total logistics employment, forming the fifth largest employer in that Borough<sup>4</sup>.

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<sup>1</sup> Office of National Statistics, Census 2001

<sup>2</sup> ABI, 2004, as above

<sup>3</sup> Grey, 2004 'Greater London Logistics Sector Regional Profile', Skills For Logistics, UK

<sup>4</sup> Annual Business Enquiry Employee Analysis, 2003. Accessed from [www.nomisweb.co.uk](http://www.nomisweb.co.uk)

4.2 There are in the region of 6,500 employees in the wider logistics sector of the ULV. This number had increased by over 10% since 1998<sup>5</sup>. The ULV has several location advantages in London, most importantly are the proximity major northern intersections of the M25, as well as to the London, Stansted, Cambridge corridor<sup>6</sup>. Growth in other areas, such as those promoted through Local Borough Strategies for employment and business development have added to the demand for services of the logistics industry, for example, the food and beverage and clothing industries<sup>7</sup>.

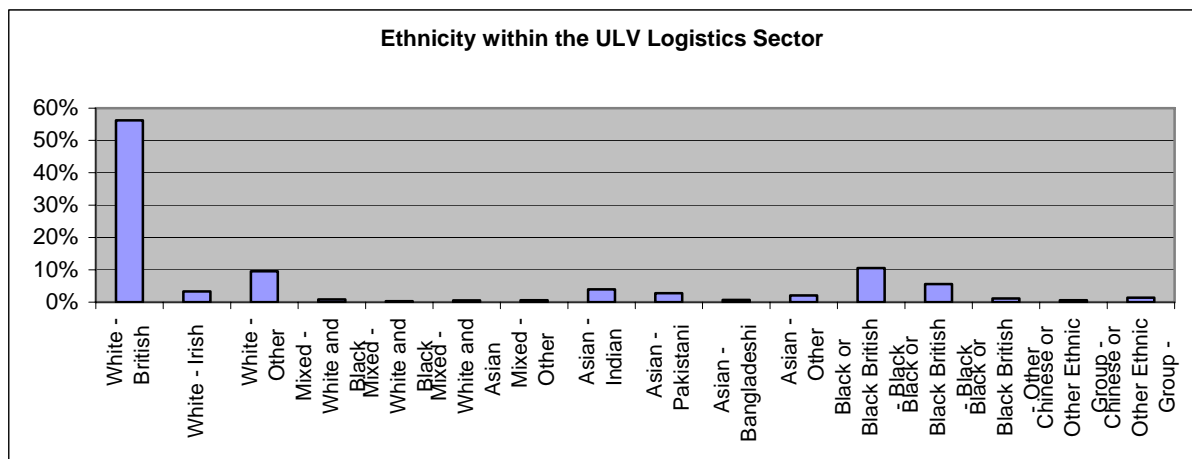
4.3 90% of jobs in ULV logistics are full-time, whilst only 10% are part-time. Whilst this may not be significant in terms of assisting people into part-time employment, it does provide a significant number of sustainable full-time jobs in the area.

4.4 The logistics sector is a major source of employment in the ULV, and particularly important is the rapidly increasing number of employees within the industry. However, the relatively low number of part-time jobs presents limitations for accessing employment opportunities for certain groups such as lone parents.

4.5 Industry location quotient for the logistics industry in the ULV is 0.75, with reference to London as a whole. This indicates that a relatively large proportion of employment in the logistics sector is not basic to the area – there is no regional specialisation in the logistics sector in the ULV<sup>8</sup>.

## 5.0 Ethnic Origin in the Logistics Sector

5.1 In the region of 40% of all employees in the ULV logistics sector are of Black and Minority Ethnic Origin. This figure is consistent with the overall employment ratio for the Upper Lee Valley, however is higher than that found in the Greater London logistics industry. The major ethnic groups in employment in logistics are the 'white other' (including Eastern Europeans, Turkish), and Black British and African<sup>9</sup>.



Source: Office of National statistics, 2001 (Nomisweb.co.uk)

<sup>5</sup> Annual Business Enquiry, 2004. Accessed from [www.nomisweb.co.uk](http://www.nomisweb.co.uk)

<sup>6</sup> North London Strategic Alliance, 2004 'Towards a Framework for Growth in North London', unpublished.

<sup>7</sup> Haringey City Growth Strategy, 2002. Accessed from [www.haringey.gov.uk](http://www.haringey.gov.uk)

<sup>8</sup> A calculated ratio between the local economy and the economy of some reference unit that. This ratio is calculated for all industries to determine whether or not the local economy has a greater share of that industry than expected. If an industry has a greater share than expected of a given industry, then that "extra" industry employment is assumed to be Basic because those jobs are above what a local economy should have to serve local needs (garnet.acns.fsu.edu).

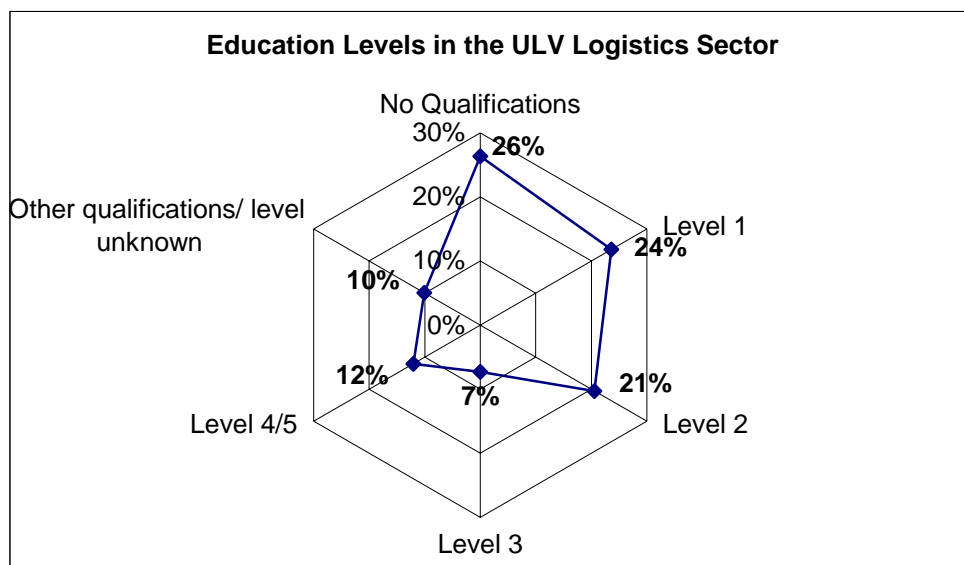
<sup>9</sup> Office of National Statistics, Census 2001. Accessed from [www.nomisweb.co.uk](http://www.nomisweb.co.uk)

5.2 70% of employees in the ULV logistics sector are male, 30% are female, which suggests the industry is relatively skewed toward male employment. This figure is similar for Greater London, and presents a challenge to the Employ ULV Framework in that engaging the sector in employment for females will be a high priority.

5.3 The logistics sector in both the ULV and Greater London employ a high percentage of the workforce from above 35 years old. This is a strong indication of an aging workforce, and highlights concerns in the industry of the need to attract younger employees, in particular within the road freight industry<sup>10</sup>.

## 6.0 Education and Skills in the Logistics Sector of the ULV

6.1 25% of all employees in the logistics sector in the ULV have no qualifications. 20% of employees hold level 1 qualification, with a further 20% holding level 2 qualifications.



Source: Office of National statistics, 2001 (Nomisweb.co.uk)

6.2 This shows that entry into the logistics industry is not strongly related to levels of formal qualifications. Along with Greater London, this highlights skills issues within the sector, in particular within levels 3 and above.

## 7.0 Occupations and Vacancies in the Logistics Sector of the ULV

7.1 The majority of jobs in the ULV logistics industry are the operatives, in administration, and in the management areas<sup>11</sup>. Major job types include postal workers, mail sorters and couriers, van and LGV drivers, as well as goods handling and storage occupations<sup>12</sup>.

7.2 There has been an average of 30 Job Centre Plus vacancies in the ULV logistics sector each month. Regionally, a vacancy rate of 9% is experienced, with only 3% of the jobs experiencing 'hard-to-fill' or skills shortage issues. Critically, those jobs that are 'hard to fill' include machine operatives (such as LGV drivers), as well as sales and customer service staff and administrative staff. The major causes of these

<sup>10</sup> Sector Skills Council, 2004 'Greater London Logistics Sector Regional Profile, SSCL, UK

<sup>11</sup> ONS, 2001. Accessed from [www.nomisweb.co.uk](http://www.nomisweb.co.uk)

<sup>12</sup> Sector Skills Council, 2004 'Greater London Logistics Sector Regional Profile, SSCL, UK

problems, according to the Sector Skills Council, are basic recruitment problems such as lack of interest in these jobs, and a lack of correctly skilled applicants<sup>13</sup>.

## **8.0 Skills Needs and Gaps in the Logistics Sector of the ULV**

8.1 The Sector Skills Council states that there are a lack of specific skills including communication skills, technical and practical skills, numeracy, team working, general IT and customer handling skills<sup>14</sup>.

8.2 Major skills gaps in the Greater London logistics industry are experienced predominately in administrative staff however machine operatives, managers and senior officials and sales and customer service staff also show gaps. Lack of experience has been sited as the major cause for skills gaps, in part due to the failure of logistics employers to train their staff<sup>15</sup>.

8.3 Key training issues within the industry are caused by barriers such as the lack of funding, time and cover for training. Employers in the industry undertake very little training, and in particular operatives are given far less training than senior managers and professionals<sup>16</sup>.

## **Annex 1: Definition of the Logistics Sector**

The following Standard Industrial Classifications (SIC) will be used to define the logistics industry, as stated by the Sector Skills Council for Logistics:

- 6024 – Freight Transport by Road
- 6210 – Scheduled Air Transport
- 6220 – Non-Scheduled Air Transport
- 6311 – Cargo Handling
- 6312 – Storage and Warehousing
- 6323 - Other Supporting Air Transport Activity
- 6340 – Activities of other Transport Agencies
- 6411 – National Post Activities
- 6412 – Courier Activities

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<sup>13</sup> Sector Skills Council, 2004 'Greater London Logistics Sector Regional Profile, SSCL, UK

<sup>14</sup> *ibid*

<sup>15</sup> *ibid*

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