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Written evidence from University of Northampton (RHS0002)

1. I am currently engaged in the academic environment as a Senior Lecturer in Supply Chain management at the University of Northampton. I sit on both the local authority's Strategic Board for logistics and the Northamptonshire Police Modern Slavery supply chain board. Prior to my academic appointment I held a range of board-level appointments in the logistics and supply chain industry in the UK and overseas.
 - 1.1 I offer a contribution to the debate around logistics skills premised on the previous and current research in the area of innovation and development in the sector, allied to my previous experience within the supply chain arena and involvement in a regional and national sector skills strategy development role.

2. Introduction

2.1 The Centre of Excellence in Logistics and Supply [hereafter, CELAS] at the University of Northampton offers innovative approaches to addressing the challenges of logistics and supply chain operations, both at the local and global level. CELAS collaborates with the public, private and third sectors to foster collaborative and innovate solutions to foster continual value chain growth.

2.2 CELAS in 2014 undertook regional and national studies into the logistics and supply chain sector skills landscape and has been instrumental in working with the local authority [Northamptonshire], and associated professional bodies, in ensuring that education and training provision meets the needs of UK business, to overcome the identified cross functional logistics and supply chain skill shortage.

2.3 Our approach to skills gap analysis goes beyond mere identification of shortfalls and the acknowledged short-termism that characterises the sector [logistics]. Instead we considered the longer term strategic needs of industry across Europe, constructing a pathway of education with training providers, at FE and HE level, empowering business to source employees (from National Apprentices through to MBA graduates or holders of doctorates) with a cohesive, transferable and recognized qualification set, which will foster innovation and mobility, as well as enhancing national competitiveness.

2.4 Our response to the Transport Select Committee's inquiry into the UK's logistics skills shortage is focused on two areas of past and current research within CELAS:

2.4.1 The regional and national key drivers affecting the logistics industry today (Section 3).

2.4.2 A national approach to collaborative education, meeting the sustainable needs of organizational growth, which fosters greater industry wide inclusion and promotes awareness and interest of this industry as a career option for employees of all ages and backgrounds (Section 4).

3. Current themes affecting UK logistics

3.1 The UK is experiencing a rise in 're-shoring', which is validated by the Markit/CIPS Manufacturing and purchasing index for the UK, which in 2014 indicated the strongest period of manufacturing growth in the index's 22 year history.

3.2 A recent PwC supply chain report, estimates that there is a potential additional £6bn of output for the UK economy achievable through re-shoring, with an anticipated creation of 100,000 new jobs by 2020. However, the UK Warehousing Association (UKWA) suggests that investment and planning in the delivery of logistics and supply chain skills will not rise to meet this demand. Therefore, we can draw the logical inference that for UK growth, greater focus and investment is urgently needed to enable the logistics and supply chain sectors to compete on the global stage [re-shoring] and grow sustainably.

3.3 Outside of the potential upshift in resource requirement for re-shoring trends, the UKWA estimates that the logistics sector will require an **additional** 900,000 workers by 2020. In a bid to address this requirement additional funding has been put in place for apprenticeships, however this will still deliver a short fall of 889,680 based on 2014 predicted numbers. Note that this significant deficit excludes LGV drivers, a further – and even more critical skills shortages - according to the trade associations Chartered Institute of Logistics and Transport (CILT), Road Haulage Association (RHA) and Freight Transport Association (FTA).

- 3.4 As part of the drive for closing the skills gap, the aforementioned PwC report goes on to suggest that regional and national centres be established to serve organizational needs, citing the London Tech city model as an exemplar to model.
- 3.5 CELAS' report into the logistics and supply chain sector across the East Midlands indicates that a large proportion of employees have relocated from outside the UK to meet the current skills gap. One major Northamptonshire employer and global brand, cites 85% of workers are of Eastern European origin, and an employment agency in the sector [logistics & supply chain] asserts that 95% of workers on their books are of non-UK origin. This generates a critical risk and vulnerability for UK growth and sustainability in the sector if these workers that we have come to rely on in UK industry migrate and themselves 're-shore'.
- 3.6 Respondents in the research study reported that the top two critical issues affecting growth in their businesses today relate to (a) the availability of skilled operatives and (b) the availability of management personnel. This validates the position of the UKWA – that minimal impact in terms of additional skilled / qualified employees are available to the market - and CELAS's assessment that not enough is being done to showcase the rapidly expanding logistics and supply chain sector as a career destination.
- 3.7 We have identified a strategic shortfall at both operative and management levels, and it is beyond doubt that greater innovation and educational investment is needed to showcase a pathway of career opportunities in logistics, from entry-level through to board room (e.g, schools, Colleges, DWP).

4 A national approach to skills innovation

- 4.1 Current skills investment is clearly not going to bridge between organically increasing availability of employees and the present demand within the logistics and supply chain sector – let alone meet the future growth needs of industry. This puts the UK at risk in terms of abilities to compete on the global

stage, with many companies actively planning or considering relocation as a method of overcoming this challenge.

4.2 The industry (logistics) is not understood by schools careers counsellors or other influential opinion-formers - CELAS has evidenced gaps in current school careers advice to students. There are steps being taken on a local level to address this, but it is a piecemeal approach - more cohesive and coherent action is needed to raise the profile of logistics at school age. CELAS is addressing this with the local CILT chapter and STEM association, however this is a regional approach to a national problem. UK plc deserves better.

4.3 Following on from the need for the logistics industry to have its profile raised, more is also needed in terms of an innovative approach to education. Clearly (as noted above) identifiable skills gaps can be seen at operative and management level within the sector. However, little is being done to deliver a 'stairway' of education, such as a 'warehouse-wheels-supervisor-management' approach to career advancement in the sector. CELAS is working with a group of Nationally located colleges to dovetail lower level skills with a pathway of accredited FE/HE education which showcases careers in logistics with open opportunities (based on ability) for progression from warehouse operative, truck driver, to supervisor and manager, making the sector more 'career ready' to aspiring young professionals. Again however, this is being achieved on a regional basis, a national strategic approach is needed to truly address the progression challenges faced.

4.4 Ex-offenders are a body of workforce quite often overlooked in terms of retraining pathways and/or skills shift. With the correct framework – and on a national basis - CELAS has identified that a pathway of collaborative education between FE and HE can begin delivery in prisons, which, when underpinned by the correct 'return to society programme', can assist greatly with delivering social value, reducing recidivism and associated costs and social ills, as well as meeting these major business skills needs.

4.5 The UK could learn from the furrow ploughed by European partners - such as the Dutch with the Deltalinqs project. This [Deltalinqs] is a funded organization based in the port of Rotterdam that acts as an education and

advancement centre for the logistics sector, by making it [the sector] more appealing through education to school age students. It has served well in curbing the previous logistics skills shortages the port suffered in the past and acts as an exemplar to other European countries to follow.

4.6 CELAS research has identified that the skills shortage spans each element of the supply chain (not just drivers and operatives), thus a National logistics centre of excellence concept (such as Deltalinqs, NL) can not only act as a centre for education and skills, but also as an industry sector centre for *innovation*, supporting SME and Large enterprise alike. Furthermore, external actors such as schools, colleges and those looking for a career change, can make avail, serving to demonstrate understandable career pathways and industry awareness raising, which we [CELAS] have found in the report to be an issue.

4.7 Additionally, growth in this strategically important sector will only come from investment in closing industry-identified skills gaps - whether this be drivers, engineers, operatives, managers etc. Having a national centre of excellence in logistics will act as the conduit for global growth and attract to the UK markets who are suffering logistics skills shortages elsewhere across the globe.

5 Conclusion

5.1 CELAS has identified - by working with local authorities and business on a local and global basis - the logistics skills shortage is a barrier to growth. Without investment and a collaborative national alignment of a strategy to address logistics and supply chain skills, the UK will undoubtedly suffer challenges - not only in maintaining its current level of output, but will certainly also have development and innovation stifled.

5.2 It is the strong belief of CELAS that the UK has an opportunity to put itself at the centre-stage of global logistics, combining its expertise in education with a desire for innovation in creating a centre for excellence, a centre that will attract industry to do business in the UK.

5.3 This goes beyond driver shortages and a problem of isolation; this critical skills gap needs to be viewed as a holistic supply chain problem, a challenge to the strategic ambitions of the country and a threat to increased revenue and employment generation.

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