



Leicester & Leicestershire
Enterprise Partnership

Logistics & Distribution Sector Growth Action Plan

June 2015

The LLEP area – the heart of UK logistics

80% of the UK within 4 hours by road transport.

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Foreword

On behalf of the Leicester and Leicestershire Enterprise Partnership (LLEP) I am delighted to present this growth action plan for the logistics and distribution sector.

The Local Enterprise Partnership provides the opportunity for a wide range of partners to come together to lead on development and regeneration activity and to drive economic growth. We are passionate about working collectively to make sure that Leicester and Leicestershire capitalises on, and grows its economic strengths, generating employment and prosperity.

Our ambition to drive economic growth across the whole of Leicester and Leicestershire is focused on the sectors where we have key strengths such as a significant market presence or where there are strong economic and employment opportunities for us. A number of our economic sectors are of national importance. Our sectors are: Food & Drink; Textiles; Business & Financial Services; Engineering & Advanced Manufacturing; Tourism; Creative; Low Carbon; and Logistics & Distribution.

To make sure we focus on our strengths and develop the key drivers of growth, Sector Growth Action Plans have been prepared. This plan for Logistics and Distribution is one of a set of eight prepared in 2015.

We recognise the strengths and the importance of logistics, distribution and transport to our economy. As a reminder, there are over 51,000 jobs across the LLEP area in the logistics and distribution sector. This accounts for 12% of local employment. The economic value of logistics and distribution is substantial, contributing around £3bn in GVA to the LLEP economy. Add transport and it's even more valuable. So this is why the sector is important and why we are working hard to secure its future and accelerate growth.

We have a 'Golden Triangle' of logistics and distribution activity in Leicestershire. Magna Park sits at its heart with around 10,000 on-site jobs. We also have MIRA, and the area around Junction 21. Further north we have the area around the Airport – the East Midlands Enterprise Gateway.

As well as giving us a direction to drive forward logistics and transport growth, the output from our Growth Plans will influence our financial decisions and how we spend our European Structural Fund settlement. This is worth £111m to us over the next five years. The Growth Plans will also form the basis of future funding bids as well as making sure that we capitalise on our strengths and opportunities.

The actions in our Growth Plans need to be owned by businesses across the sector and by our stakeholders and partners. This is why the Logistics and Distribution Growth Plan has been greatly informed by input from employers who attended a valuable engagement event at the Scania Training Centre in March 2015. At this event we considered how, as a partnership, we can work together to grow and capitalise on one of the area's nationally significant economic strengths. The direct input from businesses in the sector, and key

stakeholders, has and will continue to be absolutely crucial in helping shape and deliver our future ambitions.

The Growth Plan focusses on tangible, realistic and deliverable actions that are directly focussed on what our sector's businesses need to grow their business, to increase turnover and deliver future employment.

It is vital that Leicester and Leicestershire work collectively to retain and grow its significant economic strength in logistics and distribution. Thank you to everyone who has contributed so far, but we want to keep businesses and stakeholders involved as we implement our plans, so please keep in touch with the LLEP team. We also intend to host a further gathering of logistics and distribution businesses in spring 2016.

In the meantime please take the opportunity to read our Growth Plans for Leicester and Leicestershire's most important industrial sectors and I look forward to working with you as we fully capitalise on our opportunity to grow and further strengthen our important national economic assets.

Thank you

Andy Cliffe

Managing Director at East Midlands Airport

LLEP Board Member and LLEP Board Champion for Logistics and Distribution



Introduction

Leicester and Leicestershire is an area primed for economic success. Building on the strength of our local collaboration and competitive advantages, the Leicester and Leicestershire Enterprise Partnership (LLEP) is delighted to introduce eight Sector Growth Plans for our area.

The LLEP is a partnership consisting of key private, public and voluntary sector partners to lead economic development and growth in the area. Through development of plans for our priority sectors, we will outline actions for the LLEP and other partners to support the delivery of objectives outlined in our Strategic Economic Plan (SEP).

- Create at least 45,000 new private sector jobs
- Attract over £2.5bn private sector investment
- Increase Gross Value Added (GVA) by £4bn to £23bn

The LLEP area has a mixed and diverse economy in which all sectors have a role to play. The LLEP is also supporting the needs of some of the large employing sectors such as health, retail and construction through its theme boards - People, Business and Place. The LLEP is also working with partners to develop emerging sectors such as space engineering.

Sector Growth Plans have been developed by appointed expert consultants in collaboration with partners and stakeholders from a wide range of backgrounds and specialisms. Following extensive engagement with businesses, intermediaries and key institutions from across priority sectors, action plans have been produced to outline the key opportunities for business growth and to strengthen the local economy.

LLEP Priority Sectors:

- Advanced Manufacturing & Engineering
- Creative Industries
- Food & Drink Manufacturing
- Logistics & Distribution
- Low Carbon
- Professional & Financial Services
- Textiles Manufacturing
- Tourism & Hospitality



Reports will begin by highlighting the importance and current status of the sector within the LLEP area as well as providing an overview of the national position. This will be followed by analysis and interpretation of data and intelligence gathered through engagement; including in-depth interviews, online surveys and findings from a series of business engagement events held.

This information will then be presented in the form of a Strengths, Weakness, Opportunities and Threats (SWOT) analysis; highlighting key findings in line with the three key strands of our SEP: Business, People and Place before presenting an action plan. Action plans will outline strategic objectives as well as actions to be undertaken to ensure successful delivery.

LLEP Logistics & Distribution Sector Growth Action Plan

Executive Summary

This plan sets out a series of actions which Leicester and Leicestershire LEP can take to facilitate the sustained growth of the logistics and distribution sector in the LLEP area. These actions respond to an analysis of strengths, weaknesses, opportunities and threats to the sector in the LLEP area which were identified in a programme of research and employer engagement in early 2015. The Action Plan identifies actions related to People, Business, Place and the Environment which are summarised below and set out in detail in the main report.

The Heart of UK Logistics

The LLEP area forms the eastern side of the logistics 'Golden Triangle' – formed by the M1, M/A42 and M6 motorways – from where 95% of the UK population can be accessed within 4 hours truck drive. This is vital to the logistics and distribution sector where low transport costs and timely arrival of goods are of the essence in contract fulfilment.

80% of the UK population is within four hours' drive by road from the LLEP area.

These road travel times to UK markets have made the LLEP area the UK 'location of choice' for national distribution centres. It is able to offer large, flat sites with motorway access and is now home to some of the largest warehouse and storage facilities in England. Sites for further distribution centres are available and the Leicester and Leicestershire Strategic Distribution Sector Study (LLSDSS) a strategy to bring forward further sites, is in progress.

East Midlands Airport offers fast international access and is the UK base for two of the world's top four air express freight operators; DHL and UPS and the site has space to meet predicted future freight volumes. Large sites for further distribution centres are available and further sites are being identified.

The Future

As retailing evolves from high street shopping to internet retail, the LLEP area will benefit from this favoured location and this will continue to drive economic growth in the region. One key dependant will be workforce; actions must be taken to find the future workforce, train it, help it get to work and develop its skills in the workplace.

The future will see an increasing significance placed on distribution sites which can offer rail and road interchange opportunities, particularly where rail provides a fast link for bulk freight to be brought to the site. The LLEP area has opportunities to bring forward sites such as the East Midlands Gateway which includes a proposed Rail Freight Interchange which will include a rail freight terminal with lines to the major eastern and southern UK ports.

Strategic Summary

The Employer Engagement Event on 20th March 2015 set a positive tone of communication. *'We need to be listened to'* was the strong message from the employers in attendance and they articulated the needs of the sector.

Based on the analysis of the sector and the ambitions and views of sector employers, the Action Plan (summarised on page 9) sets out actions which will support growth in the LLEP logistics and distribution sector. These are presented in line with the three key strands of the LLEP Strategic Economic Plan: People, Business and Place with a final theme of Environmental actions.

Overarching Action

The plan identifies a crucial overarching action – support for the creation and operation of the Logistics & Distribution Business Group. This builds on the engagement between LLEP and the sector which was engendered by the Employer Event. With membership open to any sector employer, it should be chaired by an employer elected from the membership and meetings arranged at a frequency which enables the group to fully engage with LLEP planning processes. Through Business Gateway, a dedicated web location for the Group should be created and maintained. This will assist Group members and promote the work of the Group.

People Actions

There are many opportunities for LLEP employers, training providers and others (both individually and collectively) to align the way they meet their employment and skills requirements. Across all stakeholders it was recognised that two areas of logistic recruitment are a barrier to growth both locally and nationally; the recruitment of Drivers, and Warehouse operatives. The sector offers high quality and well paid jobs but does not recruit well from the young or unemployed.

Whilst the majority of roles in the sector have qualifications and local training provision is available, there is no single point for information and advice in selecting training provision. The forthcoming new 'Trailblazer' apprenticeships are an opportunity to re-launch apprenticeships to the sector alongside colleges and universities who are keen to develop and promote initiatives to create links. The Sir Frank Whittle Studio School based in Lutterworth and the Stephenson College and Studio School at Coalville are providers offering Science Technology, Engineering and Maths (STEM) to 14-19 year olds linked to logistics traineeship.

Higher-level skills and career development routes are in short supply to meet the needs of the next generation of Logisticians. Foundation Degrees and higher level Apprenticeships need to be more readily available as a career development route.

Employers have already implemented visits to schools, company open days and 'Warehouse to Wheels' to increase skills. This is excellent practice but confined to small pockets, such best practice should be made available to a wider block of employers.

Funding support for LGV licence acquisition and Driver CPC should be promoted as skills training for employability. An LGV driver starting their career at 24 falls outside current apprenticeship funding models. These focus on under- 19 apprenticeships leaving individuals unable to obtain licence/skills for employment.

Working with LLEP and the other close LEP's (Northants, SEMLEP and D2N2) sector initiatives and business support services could engage employers to understand funding to deliver apprenticeships, new training programs and attract funding to support 'in house' career progression. Developing programmes with DWP/JCP to help prepare unemployed workers for the sector would bring in new candidates to logistics.

Business Actions

The Business Gateway provides a timely opportunity for LLEP to take action in a number of areas relating to business advice and support. In a crowded market place, it will be important that LLEP promote Business Gateway to the sector through the logistics and distribution Business Group and through the trade bodies and professional bodies serving the sector.

Alongside on-demand advice, the Action Plans suggest that LLEP and its partners adopt a key account approach to ensure that major national and international businesses already in the LLEP area have a single point of contact to discuss issues where public organisations may be able to provide assistance and support their growth plans.

Business Gateway can facilitate access to the universities who can give advice and practical support including access to funding related to the adoption of new technology (hardware and software) which maximises efficiency. It can also assist local businesses to access business development finance from commercial lenders and from national, regional and local funds (e.g. ESIF) for projects to support workforce development and the adoption of new technology which maximises efficiency.

The Action Plan proposes that the Logistics and Distribution Business Group works to identify a group of large logistics and distribution businesses and approach them to discuss opportunities to increase local sourcing of materials and service so that economic activity.

Place Actions

The LLSOSS study highlighted the benefits of continued long-term strategic and collaborative planning across the county of Leicestershire to ensure that suitable sites come forward in local plans. The LLEP area is rich in level accessible space for large scale logistics warehouse opportunities and this will go a long way to assisting company expansion needs.

The improvement of roadside facilities in the LLEP area is a measure that will benefit recruitment and retention of all drivers but will particularly encourage women to join the driver workforce. Toilet facilities and secure parking areas are highlighted as key improvements needed to roadside facilities.

Government have raised the question as to why Logistic/courier companies 'intently break the law' (Lord Atlee 2013) whilst carrying out their work. Local companies have to include a budget for the parking fines issued either when delivering to businesses or when having to take a 'legal / drivers hours' break due to the lack of parking provision by the area. Employers put forward that the use of large parking sites; stadiums or park and rides could be used (when not in normal use) with smart phone technology to pre book parking.

The increased use nationally of 'Smart motorways' has increased awareness to the 'pinch point' issues raised by all companies through this research. Companies need to increase their technical abilities in delivery, software and driver, along with increased traffic management surveillance of pinch points in the area.

Environmental Actions

While transport activities clearly have an impact on the environment, there is a powerful economic driver to reduce fuel use and maximise the energy efficiency of storage and distribution facilities. The sector could do more to promote the improvements to LGV efficiency achieved by manufacturers in recent years and measures to reduce the energy used by buildings. The Action Plan suggests that Business Gateway should provide or signpost advice about low carbon measures appropriate to the logistics & distribution sector.

These technologies need to be used properly in order to achieve maximum benefit and the Action Plan identifies training of van and lorry drivers in fuel efficient driving techniques and the adoption of procedures during deliveries that minimise environmental impact as a priority.

While alternative (to petrol and diesel) fuels offer significant environmental benefits, without a local network of supply and technical support, progress will be limited so the Action Plan recommends a review of provision and as required, a strategy to increase availability of alternative fuels.

Existing vehicles can be used more efficiently, by minimising the number of journeys required to carry a given volume of goods. The employer round table suggested exploration of the basis for collaborative approaches on issues including deliveries and collections in the LLEP area and proposals for consolidation centres and vehicle sharing.

| OVERARCHING ACTIONS (ACTIONS WHICH SUPPORT PEOPLE, BUSINESS AND PLACE AMBITIONS) | |
|--|---|
| Objectives | Actions |
| Promote the importance to the national economy of logistics & distribution activity in the LLEP area and adjoining LEP areas in the region | <p>Action 1: A Working party of LEP and other logistics & distribution sector stakeholders in the region tasked to identify:</p> <ul style="list-style-type: none"> • target audience/s, • the messages to be conveyed • the media to be used |
| Promote the logistics & distribution sector in a positive light to the general public in the LLEP area | <p>Action 2: Create the LLEP Logistics & Distribution Business Group (LDBG). A group of logistics and distribution businesses in the LLEP area willing to work collaboratively to promote the sector and create and implement actions which support the continued growth of the logistics & distribution sector.</p> |
| PEOPLE (ACTIONS CONCERNING RECRUITMENT, SKILLS, TRAINING AND FE/HE INSTITUTIONS) | |
| Objectives | Actions |
| Ensure a long term labour supply for the logistics & distribution sector in the LLEP area through improved workforce planning | <p>Action 3: Provide the LDBG with clear terms of reference to develop collaborative actions related to workforce planning and development. LDBG to consider actions related to:</p> <ul style="list-style-type: none"> • Leadership and Management skills • The employment and skills needs of major logistics & distribution sites in the LLEP area • Partnership working with sector trade bodies and professional organisations |

| | |
|--|---|
| Increase the flow of young people from LLEP area schools, further education colleges and universities into logistics & distribution organisations in the LLEP area | Action 4: Work through the LDBG to identify existing national and local materials which provide practical advice and tools to support LLEP L&D businesses to engage with local schools, colleges and universities. |
| Raise awareness of existing training programmes which meet the needs of the logistics & distribution sector | Action 5: The LDBG work with colleges and training providers in the LLEP area to agree a plan to promote existing training programmes to the logistics & distribution sector. |
| Develop industry and area specific training programmes | Action 6: The LDBG work with colleges and training providers in the LLEP area to identify common training needs (related to specific skills or specific locations) and develop training to meet those needs. |
| Increase Apprenticeship take up in the logistics & distribution sector | Action 7: The LDBG work with colleges and training providers in the LLEP area to agree a programme of activities to promote the new ‘trailblazer’ Apprenticeships to sector employers and school pupils |
| Improve level and focus of Apprenticeship funding for logistics & distribution sector programmes | Action 8: The LDBG work with LLEP Apprenticeship Hub and regional networks to provide evidence to Skills Funding Agency of: <ul style="list-style-type: none"> • the true cost of training apprentices in logistics occupations • the inappropriate nature of the 16-19 focus for the sector |
| Improve access to the logistics & distribution sector for the adult unemployed | Action 9: The LDBG work with DWP, colleges and training providers in the LLEP area to develop programmes to increase flow of work ready candidates for the sector, including LGV drivers. |
| Promote the opportunities in the logistics & distribution sector for those aged over 45 whether in work or unemployed | Action 10: The LDBG work to produce case studies of older entrants to their companies and others in the sector. Promote case studies through local newspapers and their websites to reach potential ‘career changers’ and through Jobcentre Plus to reach unemployed workers. Promote LLEP area to Armed Forces resettlement organisations |
| Improve the accessibility of logistics employment locations to lower paid workers | Action 11: Collaboration between local authorities, employers and transport operators to find solutions to the travel to work requirements of workers in 365/24/7 logistics operations |

| BUSINESS (ACTIONS CONCERNING BUSINESS SUPPORT, ADVICE, ACCESS TO FINANCE, SUPPLY CHAINS AND NETWORKS) | |
|--|--|
| Objectives | Actions |
| Ensure logistics & distribution sector companies are aware of the services available in the LLEP area via the Business Gateway | Action 12: Create a logistics & distribution area as part of the Business Gateway website Promote LLEP Business Gateway to the sector through LDBG, Institute of Couriers and other trade bodies and professional bodies. |
| Ensure logistics & distribution sector companies make best use of current business development funds | Action 13: Through Business Gateway, assist local businesses to access business development finance from commercial lenders and from national, regional and local funds (e.g. ESIF) for projects to support workforce development and the adoption of new technology which maximises efficiency |
| Ensure logistics & distribution sector companies have access to expertise and funding for technological innovation | Action 14: Business Gateway establish processes to ensure that L&D companies have access to the universities in the LLEP area to gain advice, practical support and funding related to the adoption of new technology (hardware and software) which maximises efficiency |
| Improve linkages between large logistics & distribution businesses and SMEs in the LLEP area | Action 15: The LDBG work to identify key businesses and approach them to discuss opportunities to increase local sourcing of materials and services. Specific actions: <ul style="list-style-type: none"> • Events and other activities which promote business to business networking • Identify any funding which can be used to support collaboration • Produce case studies of linkages and the cost and other benefits achieved |
| Ensure national and international logistics & distribution businesses already in the LLEP area remain and further invest in the area | Action 16: Create a key account approach to ensure that national and international businesses in the LLEP area have a single point of contact to discuss issues where public organisations may be able to provide assistance and support. |

| PLACE (ACTIONS CONCERNING INFRASTRUCTURE, TRANSPORT, CONNECTIVITY AND WORKSPACE) | |
|---|--|
| Objectives | Actions |
| Ensure that the LLEP area remains a location of choice for the Logistics and Distribution sector | Action 17: Implement the recommendation in the Leicester and Leicestershire Strategic Distribution Sector Study (LLDSS) for collaboration between local planning authorities to ensure that site and premises provision continues to meet sector needs in the short, medium and long term. |
| Ensure that LLEP area remains a location of choice for the Logistics and Distribution sector | Action 18: Collaboration between local authorities, land and property owners to promote the LLEP area as a location for logistics and distribution operations . Work with LLEP Logistics & Distribution Group members to provide case studies of successful operations in the LLEP area. |
| Ensure that LLEP area remains a location of choice for the Logistics and Distribution sector | Action 19: Collaboration between local authorities, employers and transport operators to find solutions to the travel to work requirements of workers in 365/24/7 logistics operations |
| Ensure the public policy and planning environment in the LLEP area supports the growth of the Logistics and Distribution sector | Action 20: LDBG to identify public policy and planning issues which may hinder sector growth and work with local authorities and other stakeholders to address these Specific issues identified: Parking Controls – how to avoid the industry having to incur PCNs during deliveries? Congestion caused by planned infrastructure works Provision of roadside facilities, particularly in relation to major distribution hubs |

ENVIRONMENTAL ACTIONS

| Objectives | Actions |
|---|--|
| Reduce the impact of the Logistics & Distribution sector on the environment | Action 21: Through LDBG create a sector narrative about current activity in the logistics & distribution sector that reduces environment impact. Promote local best practice across all transport modes and ensure the L&D sector is part of LLEP cross sector low carbon initiatives |
| Reduce the impact of the Logistics & Distribution sector on the environment | Action 22: Provide advice through Business Gateway about low carbon measures appropriate to the logistics & distribution sector. Draw on expertise in local universities and Low Carbon initiatives. |
| Reduce the impact of the Logistics & Distribution sector on the environment | Action 23: Support training of van and lorry drivers in fuel efficient driving techniques and the adoption of procedures during deliveries that minimise environmental impact |
| Reduce the impact of the Logistics & Distribution sector on the environment | Action 24: Review the availability of alternative fuels in the LLEP area; establish if they meet the needs of the logistics and distribution sector. If provision is lacking, develop a strategy to increase availability of alternative fuels collaborating in particular with D2N2. |
| Reduce the impact of the Logistics & Distribution sector on the environment | Action 25: LDBG to work with LLEP Business gateway to explore the basis for collaborative approaches on issues including deliveries and collections in the LLEP area and proposals for consolidation centres and vehicle sharing. |

1. Logistics and Distribution in the LLEP area

The LLEP area – the heart of UK logistics



Overview

The UK logistics industry is worth £74.45 billion to the UK economy and employs around 2.2 million people in over 196,000 companies. This means that 1 in 12 working people in the UK is employed in Logistics (Office for National Statistics 2013). In 2014 the UK rose to 4th in the World Bank's list of top logistics performers, a table led by Germany, with Netherlands and Belgium in second and third place. Freight logistics companies either manage their own distribution system (own account operators), or manage it on behalf of another as 'third-party logistics' (3PL) or 'hauliers'. Over 60% of UK freight is carried as 3PL. The UK transport industry is huge and comprises a small number of large employers together with many small and medium-sized enterprises (SMEs), sole traders and self-employed operators. There are approximately 126,000 people working in aviation, 159,000 in rail and 10,000 in transport planning.

Logistics and distribution is a sector that plays a major role in the UK and global economy. Although affected by the economic downturn over the past few years, the sector is still in a good position. There had been a reduction in customer spending power, but there has also been a surge in public transport usage and a greater demand for effective and integrated transport/freight solutions. Logistics enables efficient management of the supply chain by ensuring that goods or services are available where and when they are needed in good condition and at competitive prices.

1.1 Logistics and Distribution Organisations in the LLEP area

1.1.1 Location, Location, Location

Leicestershire is a desirable location for Logistics Operators. The East Midlands has the largest combined floor space and the largest mean size of warehouse floor space of any region, housing 20% of the national total. Leicestershire has more floor space and warehouse units than Nottinghamshire and Derbyshire combined and 72% of Logistics Operations in the East Midlands sit in Northamptonshire and Leicestershire. Impressively, Logistics and Distribution in the LLEP area contributes 1.4% GVA to the total GVA footprint nationally. As such, though ports and neighbouring LEP areas are competing to attract operators, many would prefer to remain in or locate to the LLEP area. To maintain this position, the LLEP area needs new development sites to come forward and allied to this attention to the road and rail networks and to labour supply issues. Therefore there needs to be strong cooperation between Leicestershire Planning Authorities and LLEP in terms of commissioning land use and skills and training strategies.

In 2014, MDS Transmodal undertook the Leicester and Leicestershire Strategic Distribution Sector Study (LLSDSS) examining the strategic distribution sector in the city and county. The main objectives of the study were to enable a better understanding of the sector and objectively determine future need, together with managing change and supporting sustainable economic growth. One of the main outputs from the study was a forecast of future land requirements for distribution buildings in the region up to 2036 using the MDS Transmodal GB Freight Model. Broad criteria were established to assess suitable locations for future demand, based upon road and rail access, scale and policy objectives.

Key considerations to the identification of new development land for the logistics sector include accessibility to a sustainable workforce, location in proximity to the existing road and rail networks, unsuitable land including land subject to flood risk and the balance between development and the Green Belt. With this in mind, the LLSDSS identified the three best areas to develop within are the Leicester – Hinckley corridor, the Midland Main Line – North Leicestershire corridor and the EMA to South Derbyshire corridor. The benefit to the LLEP area of developing and **redeveloping Logistics and Distribution sites is that it could generate over 7,000 jobs and contribute £297m to the local economy** generated by the employment. The LLSDSS study warns that failure to invest in additional warehouses would lead to a reduction in the local economy of between £250m and £550m.

1.1.2 Road Network & the Logistics ‘Golden Triangle’

The LLEP area forms the eastern side of the logistics ‘**Golden Triangle**’ – formed by the M1, M/A42 and M6 motorways – from where 95% of the UK population can be accessed within 4 hours truck drive. This gives the LLEP area a unique logistical advantage over any other LEP areas providing access to 22 million consumers within a 3 hour journey and supports Leicestershire being a considerable net contributor to the Logistics and Distribution sector.

To the South and East, Leicestershire is served by the M1 providing a travel time of 2 hours to London and the Home Counties, and 3 hours to the South East. The M1 and A6 South also acts to link the county to the A14 serving Kettering, Corby and the East of England, alongside the A47 connecting the East of the county and Rutland to Peterborough, Southern Lincolnshire and the A1M. These roads connect the ports of Harwich/Felixstowe, London and Boston to the Golden Triangle and East Midlands Airport, whilst the A46 links the North East of the county to the A1 North corridor and the Port of Humber. To the West, the LLEP area is served by the M69 linking the county to Birmingham and M42, whilst the A511, A42M and A50 connect the north west of the county to the rest of the West Midlands, the North and the North West.

The majority of Logistics and Distributing activity within the Golden Triangle sits within Leicestershire. Magna Park is a 500 acre site sitting at the heart of the Golden Triangle and employs just under 10,000 people locally in 25 businesses including Asda George, Britvic, Argos Distribution, Disney, Unipart, TNT and Toyota. The A5 corridor cuts through the Golden Triangle and is home to MIRA a world-class advanced engineering and vehicle testing centre. Junction 21 of the M1 sits to the north of the Golden Triangle and is an area incorporating Meridian Business Park, Grove Business Park and Fosse Park.

The LLEP area has a strong motorsports heritage, containing Mallory and Donington race tracks and motorbike manufacturers Norton and Triumph based at Hinckley, South West Leicestershire. Noble are a British sports car maker producing and distributing the M600 globally. Noble are supported by a complex supply chain within a 60 mile radius of their production site incorporating the entire LLEP area and cross border areas with other LLEPs.

Beyond Leicestershire, the Golden Triangle lies within Northamptonshire and Warwickshire. In Northamptonshire, the Daventry International Rail and Freight Terminal (DIRFT) and Eurohub in Corby are planned for growth over the next 5 years and, in Warwickshire, Birch Coppice which sits on the A5 / M42 junction continues to offer job creation with both Ocado and DPD (UK) expanding their operations at the park.

1.1.3 East Midlands Airport Area, North West Leicestershire and the A6 Corridor

East Midlands Airport's vision is to develop an airport and a business that contributes to the competitiveness of the region, promotes inward investment, provides high-quality jobs and meets the travel needs of local people. In 2014 the Airport handled over 4.5 million passengers and 309,000 tonnes of cargo. The Airport is the UK's largest pure-cargo airport and is the UK base for DHL and UPS. East Midlands Airport has the capability and the capacity to grow the volume of flown cargo and it is forecast to annually handle some 700,000 tonnes within the next 25 years.

The Airport's Sustainable Development plan sets out the opportunities for the development of additional cargo capacity. These include a £90m extension to the DHL facility that is scheduled to open in late 2016.

The East Midlands Distribution Centre (EMDC) at Castle Donington lies to the north of the airport offering 200,000 sq. m of Logistics and Distribution infrastructure to the LLEP and D2N2 cross border

area, housing Marks and Spencer (M&S), Birela and Interlevin. M&S are continuing to develop their distribution centre at EMDC and are partnering with Mark Group of Leicester to install the largest solar panel array to cover the centre's 900,000 sq. ft. roof and reduce M&S' carbon footprint by 48,000 tonnes by 2035. From industrial, technological and pharmaceutical manufacturing to hauliers, Loughborough offers Logistics and Distribution Operations an excellent location with easy access to M1 J23 and the A6 corridor both north to East Midlands Airport and south to Leicester and the A46.

1.1.4 Rail Interchange

The LLSOSS researched the baseline position, key challenges and plans for growth within the LLEP area and established that the development of new, **commercially-attractive sites directly served by rail is of utmost importance for Leicestershire** to remain one of the strategic locations for Logistics and Distribution. Currently Leicester and Leicestershire remains the "location of choice" for national distribution centres (NDCs) and regional distribution centres (RDCs) with an estimated 7:3 ratio between the two. This ratio is significant as it demonstrates that the South East Midlands, of which Leicestershire is part, is a favoured location for national distribution operations due to its central location and that a driver can take inbound and / or outbound cargo from both deep-sea and Dover Straits ports within a shift.

Central Government strategic policy¹ recognises the key characteristics of facilities that will encourage rail freight, *"Because the vast majority of freight in the UK is moved by road, proposed new rail freight interchanges should have good road access as this will allow rail to effectively compete with, and work alongside, road freight to achieve a modal shift to rail."*

In the north west of the LLEP area the East Midlands Enterprise Gateway unites air, road and passenger and rail freight in a central location and has been identified as a Growth Area in the LLEP Strategic Economic Plan. A key part of this plan is the development of the East Midlands Gateway Strategic Rail Freight Interchange which is one of the LLEP 'Transformational Priorities' The development will provide 7,000 jobs and lever private investment of £500m and will create a rail linked infrastructure to compete with sites such as DIRFT and CIRFT to the south.

The LLSOSS identified that there is a shortfall in non-rail warehouse sites which would start to have a negative impact on the LLEP area's ability to retain and attract new operators within the next 6 years. The study suggests that a combination of new build and replacement build are required to meet the need of over 450 hectares of development over the next 20 years. It also recommended a high replacement plan to not only develop new sites in the immediate term but also to replace builds that are currently functional but that are technologically obsolete.

¹ Dept. for Transport, National Policy Statement for National Networks, December 2014 para 4.84

1.2 The Logistics & Distribution Sector in the LLEP economy

1.2.1 Employment in the Logistics & Distribution Sector

This section uses data gathered in 2013 by the Department for Business, Innovation and Skills through their Business Register and Employment Survey (BRES). Details of the categories used to describe the Logistics & Distribution sector can be found in Annexes 1 and 2.

1.2.2 Significance of the sector in the local economy

Table 1 shows that compared with England as a whole, the sector is more important to the LLEP area as a source of employment. The 48,800 jobs in the LLEP area in 2013 represented 11.3% of total employment, while the sector accounted for 9% (2.06m jobs) of employment in England.

The data identifies six SIC sub-sectors (Table 1) and these show that the LLEP has a clear specialism within the sector.

| SIC Code | England Employees | LLEP Area Employees | England % of all employees | LLEP Area % of all employees | England % Sub - Sector Share | LLEP % Sub-Sector Share |
|------------------------------------|-------------------|---------------------|----------------------------|------------------------------|------------------------------|-------------------------|
| 46 : Wholesale | 992,000 | 22,500 | 4.2 | 5.2 | 48.1 | 46.0 |
| 49 : Land transport | 398,700 | 6,700 | 1.7 | 1.6 | 19.3 | 13.7 |
| 50 : Water transport | 10,900 | 0 | 0.0 | 0.0 | 0.5 | 0.0 |
| 51 : Air transport | 67,100 | 700 | 0.3 | 0.2 | 3.3 | 1.4 |
| 52 : Warehousing | 387,000 | 14,000 | 1.6 | 3.3 | 18.8 | 28.7 |
| 53 : Postal and courier activities | 207,600 | 4,900 | 0.9 | 1.1 | 10.1 | 10.1 |
| Sector Total | 2,063,400 | 48,800 | 9.0 | 11.3 | 100.0 | 100.0 |
| All sectors | 23,631,900 | 430,200 | 100.0 | 100.0 | | |

In the LLEP area, as in England as a whole, **Wholesale** businesses are the major source of employment, accounting for almost half the jobs in the sector in England (48.1%) and the LLEP area (46.0%). This represents 4.2% and 5.2% respectively of all jobs in England and the LLEP area. Wholesaling activities encompass a wide range of activity which includes business trades such as food wholesalers and building merchants, many of whom now mix traditional business to business activity with direct sales to domestic consumers. Employment in **Warehousing and support activities** for transportation accounts for 3.3% of all employment in the LLEP area, compared with 1.6% in England as a whole. Within the LLEP area, it represents nearly 30% of all jobs in the sector, compared with 18.8% of sector jobs in England. Conversely, the proportion of employment provided by **Land Transport** businesses in the LLEP area is 13.7% compared with 19.3% in the whole of England.

With the major freight airport at East Midlands Airport, the fact that only 700 jobs are in the **Air transport** sub-sector, representing 1.4% of all jobs compared to 3.3% in England may appear odd,

but the operations of the many non- airline, air freight-related businesses located at the airport are counted in the Warehousing and Land transport sub-sectors. Water transport in Leicestershire relates to inland waterways and the data set is blank because the very low numbers of employees are below the BRES threshold which ensures employer confidentiality.

1.2.3 Recent changes in the composition of the sector

The BRES data shows the changing composition of the sector both nationally and locally. Data from 2009 is compared with that for 2013 to show the overall difference in employment in England and the LLEP area. Table 2 shows that while overall employment in the sector remained almost static, falling by 0.3% in England and rising by 0.6% in the LLEP area, there were significant changes at sub-sector level.

| SIC Code | England Employees in the sub-sector difference 2009-2013 | | | LLEP Employees in the sub-sector difference 2009-2013 | | |
|-------------------------|--|---|--|---|---|--|
| | Actual increase or decrease | Percentage point change in share of sector employees | Percentage change in employee numbers | Actual increase or decrease | Percentage point change in share of sector employees | Percentage change in employee numbers |
| 46 : Wholesale trade, | 11,200 | -0.1 | 1.1 | -600 | -0.2 | -2.7 |
| 49 : Land transport | -36,900 | -0.2 | -8.5 | -1,200 | -0.2 | -14.9 |
| 50 : Water transport | -500 | 0.0 | -4.4 | * | 0.0 | -100.0 |
| 51 : Air transport | -3,700 | 0.0 | -5.2 | -1,200 | -0.2 | -63.2 |
| 52 : Warehousing | 73,300 | 0.2 | 23.4 | 6,000 | 1.4 | 75.6 |
| 53 : Postal and courier | -40,200 | -0.2 | -16.2 | -500 | -0.2 | -8.6 |
| Sector Total | 3,200 | -0.3 | 0.2 | 2,600 | 0.6 | 5.7 |
| All Sectors | 567,200 | 0.0 | 2.5 | 1,900 | 0.0 | 0.4 |

This data shows the strong national growth (23% more jobs in the sub-sector) of **Warehousing** employment in England with very significant growth (75%) in the LLEP area, adding over 6,000 net jobs between 2009 and 2013. This was the only sub-sector to show an increase in employment, with the wholesale trades remaining static while most other sub-sectors saw small losses in jobs.

The exception was the Air Transport sector which saw large actual and percentage falls at both England and LLEP area level.

Within the sub-sectors this apparently static pattern can mask significant changes in the economic structure of the sector. While employee numbers in the Postal and Courier sector fell by around 8%, there has been a significant loss of public sector jobs in the Post Office/Royal Mail business, and new employment created in the Courier sector.

1.2.4 Significance of the Sector in the LLEP Local Authority Areas



Tables 4 and 5 show the relative importance of the sector and its sub-sectors to the economies of Leicester City and the seven local authority areas in Leicestershire County that comprise the LLEP area.

| Sub-sector | Leicester | Blaby | Charnwood | Harborough | Hinckley & Bosworth | Melton | NW Leicestershire | Oadby & Wigston | LLEP Area TOTAL |
|-------------------------|---------------|--------------|--------------|--------------|---------------------|--------------|-------------------|-----------------|-----------------|
| 46 : Wholesale trade | 6,700 | 2,200 | 3,100 | 2,800 | 1,900 | 800 | 3,900 | 1,000 | 22,500 |
| 49 : Land transport | 1,600 | 900 | 1,000 | 900 | 400 | 400 | 1,200 | 300 | 6,700 |
| 51 : Air transport | * | * | * | * | * | * | 700 | 0 | 700 |
| 52 : Warehousing | 1,800 | 1,500 | 400 | 5,600 | 1,100 | 300 | 3,200 | 100 | 14,000 |
| 53 : Postal and courier | 700 | 1,000 | 400 | 400 | 200 | 100 | 2,000 | 100 | 4,900 |
| Sector Total | 10,900 | 5,600 | 4,900 | 9,700 | 3,700 | 1,600 | 11,000 | 1,400 | 48,800 |
| All Sectors | 158,500 | 49,600 | 60,100 | 36,200 | 39,700 | 19,100 | 49,900 | 17,200 | 430,200 |

Table 5: % of all employees In each local authority area in 2013 Source BRES

| Sub-sector | Leicester | Blaby | Charnwood | Harborough | Hinckley & Bosworth | Melton | NW Leicestershire | Oadby & Wigston | ALL LLEP Area |
|-------------------------|-----------|-------|-----------|-------------|---------------------|--------|-------------------|-----------------|---------------|
| 46 : Wholesale trade | 4.2 | 4.3 | 5.2 | 7.7 | 4.9 | 4.2 | 7.8 | 5.8 | 5.2 |
| 49 : Land transport | 1.0 | 1.8 | 1.7 | 2.5 | 1.0 | 1.9 | 2.4 | 1.8 | 1.6 |
| 51 : Air transport | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.3 | 0.0 | 0.2 |
| 52 : Warehousing | 1.2 | 3.0 | 0.7 | 15.4 | 2.9 | 1.7 | 6.4 | 0.4 | 3.3 |
| 53 : Postal and courier | 0.5 | 2.1 | 0.6 | 1.2 | 0.4 | 0.5 | 4.0 | 0.4 | 1.1 |
| Sector Total | 6.9 | 11.3 | 8.2 | 26.8 | 9.2 | 8.3 | 22.1 | 8.3 | 11.3 |
| All Sectors | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

The **Wholesale** trades provide employment throughout the LLEP area, accounting for at least 4% of all employment in every local authority area. It is of most significance in the **Harborough and North West Leicestershire districts** where nearly 8% of jobs are in wholesale trades.

Land transport mainly consists of road haulage and distribution companies and provides employment in all the local authority districts. The largest numbers of jobs are in **Leicester City and North West Leicestershire district**, but the sub-sector shows the largest percentage share of all employment (2.5%) in **Harborough**.

There are 700 employees designated as working in **Air Transport**, who are located at East Midlands Airport and therefore in **North West Leicestershire**, where they account for 1.3% of employees in the district. Employment at and associated with the airport site is of course much larger than this and is included in the 10,300 other sector jobs in the district.

There are just over 14,000 employees in **Warehousing** in the LLEP area. These are focussed in **Harborough District (5,554, 40% of the total) and North West Leicestershire (3,205, 30% of the total)**. In Harborough the sub-sector accounts for over 15% of all employees in the District, and 6.4% in North West Leicestershire. The Postal and Courier sector provides employment throughout the County with the sub-sector being most significant to North West Leicestershire where it accounts for 4% of all employment.

2. Analysis, Appraisal & Assessment

2.1 National Trends, Prospects and Drivers of Change

2.1.1 National Trends

The sector is emerging from recession. Department for Transport data for 2103 showed a rise in demand for the movement of goods. 58% of Freight Transport Association members surveyed in Q4 of 2013 expected increased activity in 2014 (FTA Logistics Report 2014). Sales of light and heavy commercial vehicles increased more than 10% in 2014 (CV 2015). The sector will need new workers and is set to grow. Working Futures IV 2012 forecast that employment across the UK logistics sector will need a net 820,000 new workers between 2010 and 2020 – a 10% increase. This is a dynamic sector. Traditional models of warehousing and distribution have been transformed in response to changes driven by online retailing, while vehicle design and operation is changing in response to environmental concerns and the use of technology to provide real time monitoring of vehicles and loads.

2.1.2 National Drivers of Change

The accelerating shift from high street shopping to on-line shopping has already dramatically changed the way the sector works. These changes will have a continuing impact on the nature and structure of Logistics & Distribution businesses, the location of warehousing and goods handling facilities, the modes of transport used and the skills of people working in the sector.

2.2 LLEP area trends, prospects and drivers of change

2.2.1 Introduction

With that wider context of anticipated growth allied to rapidly changing business models, the LLEP Sector Growth Plan needs to be based on an understanding of how these changes will impact on People, Business, Places and Sustainability in the LLEP area in the short, medium and long term.

The LLEP area contains a range of logistics and distribution organisations operating in local, regional, national and world-wide markets. This is clearly a sector which has grown to become a key component in the economy of the LLEP area, in turn making the LLEP area central the UK logistics and distribution sector. This plan is therefore about using the resources and influence that LLEP has in a way that will bring the greatest benefits to the economy and residents of the LLEP area by securing and enhancing the relationship between the sector and the LLEP area. To do this we need to understand the current and anticipated barriers to the operation of the sector and the opportunities to sustain or accelerate the performance of the sector, particularly to ensure that local economies and local residents gain the maximum benefit from that growth.

2.2.2 Issues of Concern to LLEP Logistics and Distribution employers

In this study we have used evidence and taken views from a range of sources and contacts. This section brings together material from:

- **The LLEP Employer Engagement Event** on 20th March attended by 25 employers and 20 stakeholders (including HEIs and business support organisations (Annex 4))
- The **LLEP Business Survey 2015** which included 89 logistics and distribution organisations
- The **IOC's on-line survey of LLEP logistics and distribution organisations** conducted by IOC & Manchester Metropolitan University which was completed by 230 respondents (Annex 6)
- **In-depth interviews with 20 major employers** operating in the LLEP area (Annex 5)

2.2.3 People

The LLEP Business Survey 2015 found that just under 40% of logistics and distribution sector companies had undertaken recruitment activity in the past 12 months, with 18% reporting difficulties in filling vacancies. These issues are concentrated on two job roles – vehicle drivers accounting for 73% of all hard to fill vacancies and warehouse operatives a further 15%.

The sector is clearly aware that the highly competitive, low margin nature of the sector has an impact on its ability to recruit. 13% of companies cited poor employment terms and conditions as the reason for their recruitment problems, while only 28% blamed a lack of applicants with the required skills. 36% expect to recruit in the next 12 months, but apprentices are unlikely to be a major part of that recruitment with 9% of companies currently having an apprentice and only 19% reporting it to be likely that they would recruit an apprentice and 25% indicating that they might offer unpaid work experience.

Respondents to the IOC online survey echoed these views: 68% of respondents indicated that worker commutability and the availability of skilled workers will impact either “very strongly” or “strongly” on their businesses over the next two years.

The employer engagement roundtable event concluded that the sector struggles to recruit because it has failed to explain its importance to the national and local economy. Employers feel it has failed to explain the range and quality of employment opportunities and struggles to make links with schools, colleges and the wider public in a way that will encourage recruitment into the sector. Transport, it was said in the roundtable is seen as ‘the evil outcome of manufacturing’; it is not seen as a key outcome of business and the economy. Employers recognised that the 365 day, 27/7 nature of logistics results in many jobs having elements of ‘unsociable hours’ which impact on perceptions of the sector and practical issues such as journey to work.

Recruitment and Raising the Profile of the Logistics Sector

Within the Logistics sector, recruitment has been identified as an issue hampering business growth. Research by Skills for Logistics (2011) suggested that jobs within the Logistics sector, and more specifically LGV driving roles, were often seen as a last resort. As a result, the sectors inability to attract employees is in part contributing to the ‘quality’ mismatch between skills, competencies and companies.

More specifically in the LLEP area, 14.2% of working age adults in Leicester have no qualifications compared to the England average of 9.5%. Further to this, LLEP area residents sit below the national average in holding Level 2, Level 3 and Level 4 qualifications.

A skills gap problem has also been identified by LLEP employers, with 50% suggesting that there is a disparity between the job requirements and the skills currently held by their workforce. This includes a need for foundational skills in core subject areas such as English and Maths and in the use of IT. Employees are required to be multi-skilled in a variety of job roles including management, drivers, warehousing and transport operations.

This is very much an issue of finding people rather than training people. Few companies in the LLEP Survey reported issues related to finding or undertaking training, with 60% describing it as 'easy to find'. The roundtable discussions suggested that while the local markets for driver and operative training are generally well understood by employers, there is less certainty about where to go to improve higher level business and management skills in their workforce.

Employers did report local examples of links being established with local schools, typically involving a truck being sent to the school. Interestingly, despite the positive impact this can have, a cautionary note was that this can re-inforce the image of the sector as being about 'trucks' and failing to convey messages about other transport modes and about the higher level jobs in the sector.

Driver Shortage

In January 2015 the Road Haulage Association (RHA) reported that the Logistics sector had a current national shortage of 40,000 drivers, suggesting that the tightening labour market and barriers to entry, including skills levels, have combined to significantly reduce the number of candidates for driving positions through both direct employment and agency recruitment.

There is clear evidence that the national shortage of LGV and other drivers is reflected in the LLEP area. A range of specific issues emerged:

- As a pre-requisite for employment, drivers generally have to pay around £2500 to acquire their own licence; as a result the unemployed are unlikely to move directly into driving jobs.
- There is little respect for the profession, despite the demanding role and level of responsibility.
- Insurers are unwilling to provide commercial cover to drivers with less than 2 years' experience.
- Fines for vehicle defects can be passed to driver
- Reducing numbers of EU Drivers, home market picking up = driver shortage
- Only 2 % of drivers are female, and the job remains unappealing to many women
- The ageing driver workforce resistant to technical advances and some are leaving the occupation rather than train for their Driver CPC
- Lack of drivers with right licences hinders succession planning
- Thus use of driver agencies increases costs without addressing long term shortage of drivers

In 2002, the Logistics sector's Large Goods Vehicle (LGV²) driver shortage was eased by the migration of LGV drivers from the A8 Nations within the EU and from 2008 the sector declined in growth as the UK faced an economic downturn. Today, the UK economy is in recovery and, with economic growth related to the transport of goods, the LGV driver shortage is deepening and acting to severely impact the Logistics sector's ability to supply demand. The shortage in drivers has been compounded by the European Union (EU) Directive 2003/59/EC where existing drivers are required to complete 35 hours of periodic training to achieve a certificate of professional competence (Driver CPC) every 5 years from September 2009. 2014 marked the first gatekeeping step where drivers who did not choose to complete such training, retired and exited the role. Furthermore, the sector has seen a reduction in the number of LGV applications by 50% over the last 6 years, combined with more rigorous licence requirements including completion of Initial Driver CPC for new drivers.

The chief problem which has led to the LGV driver shortage is that the Logistics sector as a whole has a narrow demographic, an ageing workforce; 98% of drivers are male and just 2% of drivers are less than 25 years of age. Further to this, 50% of LGV drivers are aged over 45 years and 16% are aged 60 or above. Skills for Logistics research in 2012 estimated that some 48,000 LGV drivers will retire from the sector over the 5 years to 2017 with a similar figure in the next five year period - a potential replacement demand of 100,000 over the decade to 2022.

Current apprenticeship funding, which focuses on 16-19 year olds does little to assist the industry. The minimum age to apply for a Category C LGV provisional licence is 18 and the driver must already hold a Category B (car) licence to do so. As a result, the vast majority of driver apprentices are supported at the 19+ rate – which represents 50% of the cost of the programme, while a candidate aged over 24 who enters a driving apprenticeship only has access to learning loan scheme.

Employers in the employer engagement roundtable event reported that the problems in recruiting new LGV drivers are being exacerbated by the closure of DVSA Test Centres. The Leicester centre is currently booked up for a number of weeks, thus extending the time it takes to pass the DVSA test. It was suggested that further opportunities for private sector organisations to conduct tests should be explored as a way to increase capacity in the system. The quality of training of LGV drivers also came in for some criticism. Typical commercial courses to take a driver from a Category B (car/van) licence

² HGV or LGV?

The terms **Heavy Goods Vehicle (HGV)** and **Large Goods Vehicle (LGV)** are interchangeable and refer to a **goods vehicle where the combined weight of vehicle and goods exceeds 3.5 tonnes**. Such vehicles are commonly described as lorries. To drive lorries, a Large Goods Vehicle (LGV) test must be taken in order to obtain a licence. There are three LGV licences.

- A Category C1 licence is needed for vehicles where the combined weight of vehicle and goods is between 3.5 and 7.5 tonnes.
- A Category C licence permits driving of a rigid HGV/LGV where the combined weight of vehicle and goods is over 7.5 tonnes.
- A Category C+E licence permits driving of an articulated lorry or a draw bar (lorry and trailer) combination where the combined weight of vehicle and goods is over 7.5 tonnes.

Note that a **van** is a goods vehicle where the combined weight of vehicle and goods **does not exceed 3.5 tonnes**. A van can be driven using a Category B licence – this is the licence required to drive a car and no further test is required.

to a Category C licence last 5 days. However the national LGV test pass rate in December 2014 was 54.5% which suggests that improved or perhaps longer training might be considered by employers.

Impact of poor roadside facilities

In March 2015, the Freight Transport Association announced plans to campaign for improved roadside facilities for drivers. The need to improve off road parking, rest, toilet and eating facilities for driver was identified by the roundtable groups as an issue for all drivers. The current poor facilities are seen as a major deterrent to women and young people entering the sector and a demotivating factor for all drivers. Motorway service area provision for LGVs is considered to have fallen in quality in recent years.

Warehouse Workers

In relation to warehouse work, the location of key logistics sites at motorway junctions remote from urban areas creates access problems for workers on relatively low wages. Zero hour contracts were mentioned as these stop people being attracted to the sector (can't get mortgage with zero hours). Specific issues raised were:

- Lack public transport to sites especially doesn't fit with shift patterns
- Magna Park – lack of public transport from for Rugby
- No standard shift patterns – unsociable hours so no buses

A small number of employers reported that their success in 'warehouse to wheels' programmes, training existing employees and getting them LGV driving licences had resulted in difficulties in recruiting to the vacant position created in the warehouse.

Management and higher level technical skills

Middle and senior management skills are an issue across the sector. Again the poor understanding among young people and those that influence them, of the roles in the sector and the range of high level skills needed in warehouse management and logistics planning were cited as a reason for the low profile of the sector as a graduate destination.

The sector employs a range of management staff in IT, Accounts and HR roles and technical staff in robotics, process control and vehicle maintenance, but again the sector is rarely regarded as a preferred destination for people with those skills.

Across all sectors, Logistics sits within the lowest five sectors to provide training and is the least likely to internally fund or arrange training which will lead to an accredited, nationally recognised qualification (UKCES 2014a). Though there has been an improvement of 10% over the last 3 years, the majority of training provided has been industry compliance-based and strongly linked to Driver CPC. Management was the least invested in with 34% receiving training within the Logistics sector compared to 66% of other job roles across all sectors. Further to this, a recent FTA survey suggested that 80% of transport managers do not hold a Level 3 qualification or higher in any discipline with 52% of managers not qualified to the minimal skill level. Directors and senior managers within the Logistics sector were recognised as more proficient at their job roles and more motivated to develop professionally. 80% of Transport Managers surveyed by the FTA were interested in studying for a nationally recognised qualification. Barriers to learning for these managers in the Logistics sector

were identified and were perceived to lie outside of the manager's control, including workload, administration and budget constraints. However, junior and middle management were considered more likely to be below the proficiency levels the job roles required by 35% of employers surveyed within the sector.

The implication of such skills shortages included having difficulties meeting customer service objectives (Key Performance Indicators) directly and indirectly. At recent Transport and Logistics Forum meetings held by the East Midlands Chamber of Commerce, the key topics of discussions raised by local SME and large Logistics Operators have been performance improvement techniques and assessment methods, efficiency savings including in-vehicle technology and site location, recruitment and succession planning for management roles. Logistics business leaders at these events suggested that the root of these issues lay with management and leadership within the organisation.

The sector recognises that it bears responsibility here. It has not generally been active in developing links with the Universities and Colleges in the LLEP area. There was general frustration that the sector had been poor in talking to colleges to develop courses not only in logistics disciplines, but also in areas such as customer service, IT and project management which reflect the specific needs of the sector, despite the potential volume of candidates they can bring to institutions.

There was a recognition that in 10 years, job roles will have evolved and changed and that in order to have people with skills to deal with this, better workforce planning and more training will be needed.

The main message from the stakeholder prioritisation event was that issues relating to image and defining career pathways would be most likely to succeed as collective/collaborative effort. Indeed suggestions were made to look to the regional level and collaborative with adjoining LLEPs (D2N2, SEMLEP, Northamptonshire) with similar logistics sector profiles.

A range of specific actions were identified which relate to engaging schools, school pupils and those that influence them, such as their parents. Concern was expressed at the low level of funding and resources for careers advice in schools and the need to improve that if real progress is to be made in promoting the sector. These sought to combine better information and promotion of the sector with tools and expertise which will help employers build and sustain links with schools and colleges in their area. As part of this activity the forthcoming new Apprenticeships for the sector will need to be promoted and supported.

The discussion groups also considered new approaches to training and qualifications and to the funding of training and suggested measures including collaboration between employers and local education and training organisations to lobby for funding to secure training – based on a clear definition of local needs. There was seen to be scope for closer working between employers, local authorities and the Department of Work and Pensions on training to help unemployed residents to come into the sector.

There was support for efforts to create local training funds through Section 106 planning agreements linked to major logistics developments.

2.2.4 Business

Business Confidence

The LLEP Survey shows that business confidence in the sector is rising in line with that among LLEP area businesses in all sectors. 5% of Logistics & Distribution sector companies compared to 7% across all sectors, expect rapid business growth in the coming 12 months and 66% (64% across all sectors) expect steady growth. Headcount had risen in 34% (35%) of businesses in the past 12 months and sales turnover had risen in 49% (55%). However In the same period, profits had risen in 47% of business (54%) the smallest level of improvement in any sector, reflecting the highly competitive nature of the logistics sector.

The sector shares a similar outlook to other sectors, looking ahead 12 months, 38% (38%) expect business conditions to improve and only 11% (10%) expect them to get worse.

Asked to comment on a range of business issues and concerns, the sector showed little deviation from the general experience of operating a business in the LLEP area. The only issues of significantly greater concern to the sector were fuel costs and petrol and diesel costs which reflect the large proportion of total business costs accounted for by fuel. The FTA reported in 2014 that In the case of road freight, fuel now represents around 40 per cent of total HGV operating costs for a 44 tonne lorry.

Impact of Internet Shopping

Employer engagement event identified the internet based shopping revolution as an important driver for change in the sector in LLEP. Operators who don't adapt to changes in customer demands brought about by increases in on-line sales will fall behind. This new market has created a number of issues.

- Different delivery models change the way distribution centres work. More people want home delivery
- Consumers are creating barriers to companies – free delivery, timed delivery
- Retailers offering low prices – profit margins of logistic operators affected. Once got customers hooked, distribution companies then need more realistic prices to retain them.

Better management and planning are required to cope with e.g. the Xmas rush. Operators need to plan earlier to react to crisis – Black Friday 2014 experience

Business Planning

Business Planning in the sector appears less formalised than most, with 22% describing their business plans as unwritten or informal – the highest of any sector. That said, the sector appears open to external advice with 42% (26%) having sought advice from Government agencies, 29% (33%) from a trade association and 18% (16%) from a university.

The smaller, locally owned and managed businesses at the employer engagement roundtable event felt that they were not able to assess and evaluate all the funding opportunities open to them – grant funding, support for capital expenditure, innovation funding and working more closely with Universities to unlock new Research and Development funds and tax relief.

Technology and Business Growth

Technology is important. The importance of technology to local logistics companies is also illustrated by another finding of the survey: 73% of respondents described their software systems (widely used in the sector including to plan routes, track vehicles, manage warehouse inventories) as “important” or “very important”.

IT systems (satellite navigation, the internet, and software) play a major part in the operations of local logistics firms. Internet speed and connection stability are areas that could be improved

Short term opportunities to improve business performance are seen to be centred on vehicle scheduling and real time management via smarter satellite navigation equipment which is installed in the majority of vehicles in 77% of LLEP logistics & distribution sector companies. The potential to optimise the environmental efficiency of equipment second-hand vehicles, warehousing technology by cascading it to SMEs and subcontractors was suggested at the roundtable.

2.2.5 Place

Site Allocation

Historically, distribution activities have been regarded as less likely to create high value, long term jobs than the manufacturing sector. Land use planning policies have sometimes identified and protected strategic sites for manufacturing purposes; in part because of the number and quality of jobs that manufacturing can create. These sites are therefore not available for logistics developments despite the high quality jobs that distribution hubs bring. The roundtable groups recommended that this view should be challenged and sites released for logistics activities. LLEP and its partners will want to adopt strategies which achieved a balanced economy – accommodating both manufacturing activities and logistics services. It was seen that such a policy shift needs high level support in national government for the sector which is perhaps best achieved by joining W Northants, SEMLEP/D2N2 to lobby government. A short term opportunity to influence the incoming government team following the election in May 2015 was identified. Such lobbying should it was suggested, seek a new, bigger and more flexible Regional Growth Fund – bigger and more flexible and seek to influence next government about the need to improve the M1 corridor – specifically Junction 21.

Some employers interviewed commented that the planning approval process can still be slow to respond to urgent business needs to find new premises or make changes to their current operations.

Impact of congestion and restrictions

For existing businesses based in urban areas, an important factor is the easy access for their workforce, so restrictions on site expansion or movement of vehicles may impose costs or lead them to leave the LLEP area. The cost impact of traffic congestion caused by roadworks was identified as an issue and the groups called for better co-ordination between public bodies and consultation with logistics businesses in planning roadworks.

In the IOC on-line survey, a small majority (52%) reported that premises-related restrictions (planning permission and availability of premises) would affect their business either “very strongly” or “strongly” over the next two years. In light of the question (demand outpacing capacity), this finding might be illuminating: 52% believe that premises issues could impact their businesses strongly, and the previous finding showed that 53% indicated neutral or negative opinion regarding the ability of their businesses to keep pace with demand.

Roadside Facilities

The issue of poor roadside facilities had been raised as a workforce issue. It was suggested that Local Authorities in the LLEP are could look at the scope for requiring lorry park facilities as part of planning consent. Another option to provide overnight parking for LGVs as to investigate goodwill from commercial operators – e.g. to allow park and ride facilities, stadiums or tram parking areas barriers to be raised for a certain time period to allow lorries to park. It was seen that improved parking and driver facilities could be a competitive edge for the LLEP area.

2.2.6 Environmental

The employer engagement roundtable event groups identified the potential for the LLEP area to take a lead in delivering improved sustainability for the sector by linking the 3 universities and MIRA in a project to help companies evaluate and implement environmental measures. As part of the broader efforts to improve the image of the sector it was suggested that more should be made of the significant improvements already made to LGV efficiency.

A range of potential actions were identified. These encompassed enhanced routeing and scheduling, changes to work and delivery patterns to maximise road capacity and localised consolidation centres to reduce vehicle movements. A specific potential was identified in the development and encouragement of ‘Click and Collect’ which has the potential to meet customer needs as effectively as home delivery but with reduced environmental costs.

In the IOC survey, while all reported use of diesel-fuelled vehicles in their fleets, only a small minority reported mixed fleets: 12% had at least one electric vehicle, 8% had at least one LPG vehicle, and 4% had at least one petrol-fuelled vehicle. Use of vans is likely to increase as a result of the growth of online shopping. Barriers, in terms of the licence requirements to van driving are lower than those for driving large goods vehicles so this is seen as an opportunity to diversify the workforce.

There was consensus in the employer engagement roundtable event that in the long term the ambition of all in the industry is to reduce the amount of traffic by road – either for environmental or cost reasons or both. While it was agreed that efforts to explore and maximise any rail freight expansion (SFRI), including more rail connected sites and use of existing road/rail sites should continue, it was noted that rail has huge infrastructure costs, projects take a long time to develop and there can be local planning issues to resolve.

2.3 Assessment of the Logistics & Distribution sector in the LLEP area

2.3.1 The need for action

The preceding sections of this report have demonstrated the importance of the logistics & distribution sector to the economy of the LLEP area. They have also highlighted the international, national and local challenges and issues that need to be addressed if existing businesses and employment are to be sustained and new businesses and employment are to be created or attracted to the LLEP area. The findings of the research and consultation carried out in this study are brought together in this analysis of the SWOT (Strengths, Weaknesses, Opportunities and Threats) faced by the LLEP area. These are categorised against the Strategic Growth Plan themes of **Place, Business or People**. The Action Plan which follows in Section 3 is based on responding to this SWOT analysis.

| STRENGTHS | WEAKNESSES |
|---|--|
| Aided by the M1/M69/M42, road travel times to UK markets make the LLEP area the UK 'location of choice' for national distribution centres | Motorway network is congested at peak times |
| East Midlands Airport is the UK base for two of the world's top 4 air express freight operators (DHL and UPS) | Local 'pinch points' on road network increase journey times |
| Large sites for distribution centres are available | Poor roadside facilities deter new entrants to driving jobs and particularly women |
| Air Freight hub at East Midlands Airport | Sector is seen as damaging to the environment |
| Well served by road and rail networks | Lack of LPG filling stations deters operators from switching |
| Mix of national and regional businesses underpinned by dynamic SMEs | Sector characterised by low margins, low profitability |
| Well integrated into local manufacturing and extractives sectors | High cost of vehicles and capital equipment |
| Employers are open to external advice | SMEs find public funding schemes too complex |
| Operational efficiencies improve green performance of the sector | National lorry driver shortage |
| Sector is key employer in the LLEP area with significant local concentrations | 365/24/7 working patterns create access issues for lower paid workers |
| Universities and FE colleges in the LLEP area are keen to understand and work with sector | Workforce planning in the sector is typically short-term |
| | The best graduates don't consider the sector a first choice |
| | Logistics Apprenticeship take up is low |
| | Low level of public understanding of importance of the sector to the economy and what jobs it offers |
| | Limited engagement of employers with schools and colleges to explain and promote the sector |

| OPPORTUNITIES | THREATS |
|---|--|
| <p>Potential new sites such as Magna Park extension and East Midlands Gateway/Strategic Rail Freight Interchange could sustain LLEP area as a favoured location in the short/medium term.</p> | <p>The existing warehouse stock/existing sites in LLEP area no longer have the plot sizes now required by the market</p> |
| <p>The MIRA development will enhance logistics sector confidence in the location</p> | <p>Over medium to long term, some sites identified in local plans no longer meet changing sector needs in terms e.g. of size, location, access to rail</p> |
| <p>The LLSOSS study highlighted the benefits of continued long-term strategic and collaborative planning across the county of Leicestershire to ensure that suitable sites come forward in local Plans.</p> | <p>Investment in new premises is hampered by lack of profitability</p> |
| <p>Improve roadside facilities in the LLEP area including enhancing the local network of LPG filling stations</p> | <p>Other locations in the region and beyond bring forward more and better sites and promote them aggressively</p> |
| <p>There is employer support for promotion of the 'Leicestershire Logistics' brand</p> | <p>HS2 bypasses the LLEP area</p> |
| <p>Potential for sub-regional collaboration to address weaknesses and lobby central government on common agenda</p> | <p>Failure to address local congestion pinch points</p> |
| <p>Collaboration in supply chains to address 'green issues'</p> | <p>Logistics operations move to sites at UK ports - 'port-centric' logistics</p> |
| <p>Colleges and Universities are keen to develop and promote initiatives to create links with sector employers</p> | <p>Failure to invest in new/updated property</p> |
| <p>Sector offers high quality, well paid jobs</p> | <p>A replacement for Carbon fuel is not found before it becomes too expensive</p> |
| <p>New 'Trailblazer' apprenticeships are an opportunity to re-launch apprenticeships to the sector</p> | <p>Recruitment to extra-urban sites is hindered by access issues for lower paid workers</p> |
| <p>Develop long term workforce planning at company and area level</p> | <p>Best graduates from LLEP area universities leave the area to find work</p> |
| <p>Develop programmes with DWP/JCP to help prepare unemployed workers for the sector</p> | |

3. Strategic Summary

The Employer Engagement Event on 20th March 2015 set a positive tone of communication. ‘We need to be listened to’ was the strong message from the employers in attendance and they articulated the needs of the sector.

Based on the analysis of the sector set out in the preceding pages and the ambitions and views of sector employers, the Action Plan sets out a series of actions which will support growth in the LLEP logistics and distribution sector. These are presented in line with the three key strands of the LLEP Strategic Economic Plan: People, Business and Place, with a final theme of Environmental actions.

Overarching Action

The plan identifies a crucial overarching action – support for the creation and operation of the Logistics & Distribution Business Group. This builds on the engagement between LLEP and the sector which was engendered by the Employer Event. With membership open to any sector employer, it should be chaired by an employer elected from the membership and meetings arranged at a frequency which enables the group to fully engage with LLEP planning processes. Through Business Gateway, a dedicated web location for the Group should be created and maintained. This will assist Group members and promote the work of the Group.

People, Business, Place & Environmental Actions

People Actions

There are many opportunities for LLEP employers, training providers and others (both individually and collectively) to align the way they meet their employment and skills requirements. Across all stakeholders it was recognised that two areas of logistic recruitment are a barrier to growth both locally and nationally; the recruitment of Drivers, and Warehouse operatives. The sector offers high quality and well paid jobs but does not recruit well from the young or unemployed.

Whilst the majority of roles in the sector have qualifications and local training provision is available, there is no single point for information and advice in selecting training provision. The forthcoming new ‘Trailblazer’ apprenticeships are an opportunity to re-launch apprenticeships to the sector alongside colleges and universities who are keen to develop and promote initiatives to create links. The Sir Frank Whittle Studio School based in Lutterworth and the Stephenson College and Studio School at Coalville are providers offering Science Technology, Engineering and Maths (STEM) to 14-19 year olds linked to logistics traineeship.

Higher-level skills and career development routes are in short supply to meet the needs of the next generation of Logisticians. Foundation Degrees and higher level Apprenticeships need to be more readily available as a career development route.

Employers have already implemented visits to schools, company open days and ‘Warehouse to Wheels’ to increase skills. This is excellent practice but confined to small pockets, such best practice should be made available to a wider block of employers.

Funding support for LGV licence acquisition and Driver CPC should be promoted as skills training for employability. An LGV driver starting their career at 24 falls outside current funding models that focus on under- 19 apprenticeships, leaving individuals unable to obtain licence/skills for employment.

Working with LLEP and the other close LEP’s (Northants, SEMLEP and D2N2) sector initiatives and business support services could engage employers to understand funding to deliver apprenticeships, new training programs and attract funding to support ‘in house’ career progression. Developing programmes with DWP/JCP to help prepare unemployed workers for the sector would bring in new candidates to logistics.

Business Actions

The Business Gateway provides a timely opportunity for LLEP to take action in a number of areas relating to business advice and support. In a crowded market place, it will be important that LLEP promote Business Gateway to the sector through the logistics and distribution Business Group and through the trade bodies and professional bodies serving the sector.

Alongside on-demand advice, the Action Plans suggest that LLEP and its partners adopt a key account approach to ensure that major national and international businesses already in the LLEP area have a single point of contact to discuss issues where public organisations may be able to provide assistance and support their growth plans.

Business Gateway can facilitate access to the universities who can give advice and practical support including access to funding related to the adoption of new technology (hardware and software) which maximises efficiency. It can also assist local businesses to access business development finance from commercial lenders and from national, regional and local funds (e.g. ESIF) for projects to support workforce development and the adoption of new technology which maximises efficiency.

The Action Plan proposes that the Logistics and Distribution Business Group work to identify a group of large logistics and distribution businesses and approach them to discuss opportunities to increase local sourcing of materials and service so that economic activity.

Place Actions

The LLSDDS study highlighted the benefits of continued long-term strategic and collaborative planning across the county of Leicestershire to ensure that suitable sites come forward in local plans, the LLEP area is rich in level accessible space for large scale logistics warehouse opportunities and this will go a long way to assisting company expansion needs.

The improvement of roadside facilities in the LLEP area is a measure that will benefit recruitment and retention of all drivers but will particularly encourage women to join the driver workforce. Toilet facilities and secure parking areas are highlighted as key improvements needed to roadside facilities

Government have raised the question as to why Logistic/courier companies 'intently break the law' (Lord Atlee 2013) whilst carrying out their work. Local companies have to include a budget for the parking fines issued either when delivering to businesses or when having to take a 'legal / drivers hours' break due to the lack of parking provision by the area. Employers put forward that the use of large parking sites; stadiums or park and rides could be used (when not in normal use) with smart phone technology to pre book parking.

The increased use nationally of 'Smart motorways' has increased awareness to the 'pinch point' issues raised by all companies through this research. Companies need to increase their technical abilities in delivery, software and driver along with increased traffic management surveillance of pinch points in the area.

Environmental Actions

While transport activities clearly have an impact on the environment, there is a powerful economic driver to reduce fuel use and maximise the energy efficiency of storage and distribution facilities and the sector could do more to promote the improvements to LGV efficiency achieved by manufacturers in recent years and measures to reduce the energy used by buildings. The Action Plan suggests that Business Gateway should provide or signpost advice about low carbon measures appropriate to the logistics & distribution sector.

These technologies need to be used properly in order to achieve maximum benefit and the Action Plan identifies training of van and lorry drivers in fuel efficient driving techniques and the adoption of procedures during deliveries that minimise environmental impact as a priority.

While alternative (to petrol and diesel) fuels offer significant environmental benefits, without a local network of supply and technical support, progress will be limited so the Action Plan recommends a review of provision and as required, a strategy to increase availability of alternative fuels.

Existing vehicles can be used more efficiently, by minimising the number of journeys required to carry a given volume of goods. The employer round table suggested exploration of the basis for collaborative approaches on issues including deliveries and collections in the LLEP area and proposals for consolidation centres and vehicle sharing.

4. Logistics and Distribution Sector Growth Action Plan

4.1 Basis of the Action Plan

The Action Plan is informed by data and evidence that was obtained through six research activities. To provide both breadth and detail, this five-phase methodology comprises both qualitative methods (activities 1, 4 and 5.) and quantitative methods (activities 2 and 3).

1. Desk Research/Data Review

Existing national, regional and local research reports were reviewed to build a picture of the sector. A key source was the Leicester and Leicestershire Strategic Distribution Sector Study (LLDSS) which considered strategic site supply for the sector.

2. The LLEP Employer Engagement Event

An employer engagement roundtable event was held in Loughborough on March 20th, 2015. LLEP & IOC selected participants: the 40 employers who participated were local logistics and distribution companies and each table was facilitated by a LLEP team member. The attendees at this event are listed on Annex 4.

3. The LLEP Business Survey 2015 (LLEP)

This LLEP survey included 89 logistics and distribution organisations who were interviewed between November 2014 and January 2015.

4. The LLEP Transport and Distribution Survey (IOC)

In March 2015, the IOC conducted a sector-targeted online survey. Respondents were managers at logistics and distribution companies operating in the LLEP area. Details of the findings can be found in Appendix 6.

5. Case Studies by Interview (IOC)

During March 2015, the IOC interviewed 20 senior directors of locally operating logistics and transport companies and logistics infrastructure-relevant organisations, such as East Midlands Airport. A semi-structured interview template was developed from the LLEP Transport and Distribution Survey. Laddering was used to expand on areas of particular importance and extract details on issues not covered by the survey. Details of each interview/case study can be found in Appendix 5.

6. Stakeholder Prioritisation Event

The stakeholder prioritisation event was held on April 21st, 2015. Present were 25 representatives of councils, universities, and colleges.

4.2 Action Plan

The Action Plan which follows recommends a series of following actions to be taken to support growth in the LLEP logistics and distribution sector.

These are presented in line with the three key strands of the LLEP Strategic Economic Plan: People, Business and Place with a final theme of Environmental actions.

Logistics & Distribution Sector Growth Action Plan

| OVERARCHING ACTIONS (ACTIONS WHICH SUPPORT PEOPLE, BUSINESS AND PLACE AMBITIONS) | | | | | |
|--|--|--|---|--|--|
| Specific | Measurable | Actions | Resources | Timeframes | Lead |
| <i>Objectives to be achieved</i> | <i>How this will be assessed</i> | <i>Required actions for achievement</i> | <i>Requirements for actions</i> | <i>Short, Medium or Long term delivery</i> | <i>Strategic lead/Operational lead</i> |
| Promote the importance to the national economy of logistics & distribution activity in the LLEP area and adjoining LEP areas in the region | <ul style="list-style-type: none"> National economic and land use planning policies are more positive to the logistics & distribution sector. Logistics & distribution sector has 'priority' status in economic strategies of LEPs | <p>Action 1: Working party of LEP and other logistics & distribution sector stakeholders in the region to identify:</p> <ul style="list-style-type: none"> target audience/s, the messages to be conveyed the media to be used | Secretariat resource to establish the group, convene initial meetings and support work to develop actions | Short/ongoing | LLEP/Other LEPs in East Midlands/South East/West Midlands |
| Promote the logistics & distribution sector in a positive light to the general public in the LLEP area | <ul style="list-style-type: none"> Logistics & distribution sector employers report that recruitment has become easier. More school pupils cite the logistics & distribution sector as a career destination of choice | <p>Action 2: Create the LLEP Logistics & Distribution Business Group (LDBG). A group of logistics and distribution businesses in the LLEP area willing to work collaboratively to promote the sector and create and implement actions which support the continued growth of the logistics & distribution sector.</p> | Secretariat resource to establish the group, convene initial meetings and support work to develop actions | Short/ongoing | LLEP/ to be determined through commissioning |

| PEOPLE (ACTIONS CONCERNING RECRUITMENT, SKILLS, TRAINING AND FE/HE INSTITUTIONS) | | | | | |
|---|--|---|--|--|---|
| Specific | Measurable | Actions | Resources | Timeframes | Lead |
| <i>Objectives to be achieved</i> | <i>How this will be assessed</i> | <i>Required actions for achievement</i> | <i>Requirements for actions</i> | <i>Short, Medium or Long term delivery</i> | <i>Strategic lead/Operational lead</i> |
| Ensure a long term labour supply for the logistics & distribution sector in the LLEP area through improved workforce planning | <ul style="list-style-type: none"> • Establishment of group • Terms of reference • Membership of group • Actions taken | <p>Action 3: Provide the LLEP Logistics & Distribution Business Group (LDBG) with clear terms of reference to develop collaborative actions related to workforce planning and development. LDBG to consider actions related to:</p> <ul style="list-style-type: none"> • Leadership and Management skills available to the logistics & distribution sector in the LLEP area • The employment and skills needs of major L&D sites in the LLEP area • Partnership working with logistics & distribution sector trade bodies and professional organisations | Secretariat resource to establish the group, convene initial meetings and support development of projects and bids for project resources | Short/ongoing | LLEP/ to be determined through commissioning |

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|---|---|--|---|-----------------------|--|
| <p>Increase the flow of young people from LLEP area schools, further education colleges and universities into logistics & distribution organisations in the LLEP area</p> | <ul style="list-style-type: none"> Increasing number of businesses using support materials and working with schools/colleges/universities Increasing number of schools/colleges/universities participating Increasing number of students engaged | <p>Action 4: Work through the LDBG to identify existing national and local materials which provide practical advice and tools to support LLEP L&D businesses to engage with local schools, colleges and universities. Specific actions to include; Feasibility study for a Logistics Experience Centre open to all, careers activities, presentations to staff and students in schools and colleges, creation of information materials</p> | <p>Staff time to identify materials and make those materials available to businesses, schools, colleges and universities</p> | <p>Short/ongoing</p> | <p>LLEP People Board/to be determined through commissioning</p> |
| <p>Raise awareness of existing training programmes which meet the needs of the logistics & distribution sector</p> | <ul style="list-style-type: none"> Increased take up of programmes Fall in number of businesses reporting recruitment difficulties and skills shortages | <p>Action 5: The LDBG work with colleges and training providers in the LLEP area to agree a plan to promote existing training programmes to the logistics & distribution sector.</p> | <p>Staff time to develop plan and organise promotional activities</p> | <p>Short/Medium</p> | <p>LLEP People Board/Business Gateway</p> |
| <p>Develop industry and area specific training programmes</p> | <ul style="list-style-type: none"> Increased take up of programmes Fall in number of businesses reporting recruitment difficulties and skills shortages | <p>Action 6: The LDBG work with colleges and training providers in the LLEP area to identify common training needs (related to specific skills or specific locations) and develop training to</p> | <p>Staff time to work with employers, colleges and training providers to develop and implement programmes, identify funding</p> | <p>Medium/ongoing</p> | <p>LLEP People Board/to be determined through commissioning</p> |

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| | | meet those needs. | streams (such as ESIF). | | |
| Increase Apprenticeship take up in the logistics & distribution sector | <ul style="list-style-type: none"> Increasing number of businesses taking on apprentices Increasing number of L&D apprentices in LLEP area | Action 7: The LDBG work with colleges and training providers in the LLEP area to agree a programme of activities to promote the new ‘trailblazer’ Apprenticeships to sector employers and school pupils | Staff time to develop materials and organise activities | Medium/ongoing | LLEP People Board/Apprenticeship Hub |
| Improve level and focus of Apprenticeship funding for logistics & distribution sector programmes | <ul style="list-style-type: none"> Improved funding tariff applied to logistics & distribution sector Apprenticeships compared with other sectors | Action 8: The LDBG work with LLEP Apprenticeship Hub and regional networks to provide evidence to Skills Funding Agency of: <ul style="list-style-type: none"> the true cost of training apprentices in logistics occupations the inappropriate nature of the 16-19 focus for the sector | Staff time to collate and present evidence | Medium | LLEP People Board/LLEP Apprenticeship Hub |
| Improve access to the logistics & distribution sector for the adult unemployed | <ul style="list-style-type: none"> Increasing number of businesses participating in programme/s Increasing number of new employees recruited through the programme/s | Action 9: The LDBG work with DWP, colleges and training providers in the LLEP area to develop programmes to increase flow of work ready candidates for the sector, including LGV drivers. | Staff time to work with employers and DWP to develop programmes and identify funding streams (such as ESIF). College and provider staff time to put | Short/ongoing | LLEP People Board/DWP |

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| | | | programme/s in place | | |
| Promote the opportunities in the logistics & distribution sector for those aged over 45 whether in work or unemployed | <ul style="list-style-type: none"> Fall in number of businesses reporting recruitment difficulties and skills shortages | <p>Action 10: The LDBG work to produce case studies of older entrants to their companies and others in the sector. Promote case studies through local newspapers and their websites to reach potential 'career changers' and through Jobcentre Plus to reach unemployed workers. Promote LLEP area to Armed Forces resettlement organisations</p> | Staff time to collate and present case studies | Short/ongoing | LLEP People Board/LDBG |
| Improve the accessibility of logistics employment locations to lower paid workers | <ul style="list-style-type: none"> Reduced number of employees and employers citing transport issues in LLEP Business Survey | <p>Action 11: Collaboration between local authorities, employers and transport operators to find solutions to the travel to work requirements of workers in 365/24/7 logistics operations</p> | Staff time to call meetings and develop the evidence base for action | Medium/ongoing | LLEP Place Board/to be determined through commissioning |
| | | | | | |

| BUSINESS (ACTIONS CONCERNING BUSINESS SUPPORT, ADVICE, ACCESS TO FINANCE, SUPPLY CHAINS AND NETWORKS) | | | | | |
|--|--|--|--|---|---|
| Specific <i>Objectives to be achieved</i> | Measurable <i>How this will be assessed</i> | Actions <i>Required actions for achievement</i> | Resources <i>Requirements for actions</i> | Timeframes <i>Short, Medium or Long term delivery</i> | Lead <i>Strategic lead/Operational lead</i> |
| Ensure logistics & distribution sector companies are aware of the services available in the LLEP area via the Business Gateway | <ul style="list-style-type: none"> Increased number of logistics & distribution sector businesses using Business Gateway | <p>Action 12: Create a logistics & distribution area as part of the Business Gateway website Promote LLEP Business Gateway to the sector through LDBG, Institute of Couriers and other trade bodies and professional bodies</p> | Staff time to develop web content and liaise with business organisations | Short/ongoing | LLEP Business Board/LLEP Business Gateway Team |
| Ensure logistics & distribution sector companies make best use of current business development funds | <ul style="list-style-type: none"> Increased number of bids made Increased value of bids made Increased number of successful bids Fall in businesses citing access to finance as a barrier to growth | <p>Action 13: Through Business Gateway, assist local businesses to access business development finance from commercial lenders and from national, regional and local funds (e.g. ESIF) for projects to support workforce development and the adoption of new technology which maximises efficiency</p> | Staff time to work with employers and develop plans and bids | Short/ongoing | LLEP Business Board/LLEP Business Gateway Team |

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|---|---|--|--|-----------------------|--|
| <p>Ensure logistics & distribution sector companies have access to expertise and funding for technological innovation</p> | <ul style="list-style-type: none"> • Increased number of bids made • Increased value of bids made • Increased number of successful bids • Fall in businesses citing access to advice as a barrier to adoption of technology | <p>Action 14: Business Gateway establish processes to ensure that L&D companies have access to the universities in the LLEP area to gain advice, practical support and funding related to the adoption of new technology (hardware and software) which maximises efficiency</p> | <p>Staff time to work with employers and develop ideas, plans and bids</p> | <p>Short/ongoing</p> | <p>LLEP Business Board/Universities in LLEP area/Business Gateway</p> |
| <p>Improve linkages between large logistics & distribution businesses and SMEs in the LLEP area</p> | <ul style="list-style-type: none"> • Increased value of supplies and services sourced from with the LLEP area | <p>Action 15: The LDBG work to identify key businesses and approach them to discuss opportunities to increase local sourcing of materials and services. Specific actions:</p> <ul style="list-style-type: none"> • Events and other activities which promote business to business networking • Identify any funding which can be used to support collaboration • Produce case studies of linkages and the cost and other benefits | <p>Staff time to discuss with employers and develop plans and bids for collaborative actions</p> | <p>Medium/ongoing</p> | <p>LLEP Business Board/LDBG</p> |

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|--|--|---|--|--|--|
| | | achieved | | | |
| Ensure national and international logistics & distribution businesses already in the LLEP area remain and further invest in the area | <ul style="list-style-type: none"> Increased number of companies with key account status | Action 16: Create a key account approach to ensure that national and international businesses in the LLEP area have a single point of contact to discuss issues where public organisations may be able to provide assistance and support. | Staff time to discuss with key employers and develop service offer | Medium | LLEP Business Board/LLEP Business Gateway Team |
| PLACE | | | | | |
| (ACTIONS CONCERNING INFRASTRUCTURE, TRANSPORT, CONNECTIVITY AND WORKSPACE) | | | | | |
| Specific | Measurable | Actions | Resources | Timeframes | Lead |
| <i>Objectives to be achieved</i> | <i>How this will be assessed</i> | <i>Required actions for achievement</i> | <i>Requirements for actions</i> | <i>Short, Medium or Long term delivery</i> | <i>Strategic lead/Operational lead</i> |
| Ensure that the LLEP area remains a location of choice for the Logistics and Distribution sector | <ul style="list-style-type: none"> Creation of standing group Monitoring process in place Actions taken to bring sites and premises forward | Action 17: Implement the recommendation in the Leicester and Leicestershire Strategic Distribution Sector Study (LLDSS) for collaboration between local planning authorities to ensure that site and premises provision continues to meet sector needs in the short, medium and long term. | Staff time to create group and monitoring process | Short/ongoing | LLEP Place Board/Strategic Planning Group, local planning authorities, Highways England |

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| <p>Ensure that LLEP area remains a location of choice for the Logistics and Distribution sector</p> | <ul style="list-style-type: none"> Improved LLEP area ranking in independent business location surveys | <p>Action 18: Collaboration between local authorities, land and property owners to promote the LLEP area as a location for logistics and distribution operations. Work with LLEP Logistics & Distribution Group members to provide case studies of successful operations in the LLEP area.</p> | <p>Staff time to develop materials and organise activities</p> | <p>Short/ongoing</p> | <p>LLEP Place Board/LEDON</p> |
| <p>Ensure that LLEP area remains a location of choice for the Logistics and Distribution sector</p> | <ul style="list-style-type: none"> Reduced number of employees and employers citing travel to work transport issues in LLEP Business Survey | <p>Action 19: Collaboration between local authorities, employers and transport operators to find solutions to the travel to work requirements of workers in 365/24/7 logistics operations</p> | <p>Staff time to call meetings and develop the evidence base for action</p> | <p>Short/ongoing</p> | <p>LLEP Place Board/ local planning authorities, Highways England</p> |
| <p>Ensure the public policy and planning environment in the LLEP area supports the growth of the Logistics and Distribution sector</p> | <ul style="list-style-type: none"> Reduced number of PCNs incurred during deliveries Reduced number of employees and employers citing transport issues in LLEP Business Survey Reduced number of employees and employers citing lack of roadside facilities as an issue in LLEP Business | <p>Action 20: LDBG to identify public policy and planning issues which may hinder sector growth and work with local authorities and other stakeholders to address these</p> <p>Action 20 Cont'd Specific issues identified: Parking Controls – how to</p> | <p>Staff time to call meetings and develop the evidence base for action</p> | <p>Short/ongoing</p> | <p>LLEP Place Board/ local planning authorities, Highways England</p> |

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| | Survey | avoid the industry having to incur PCNs during deliveries? Congestion caused by planned infrastructure works Provision of roadside facilities, particularly in relation to major distribution hubs | | | |
| | | | | | |

| ENVIRONMENTAL ACTIONS | | | | | |
|---|---|---|---|--|--|
| Specific | Measurable | Actions | Resources | Timeframes | Lead |
| <i>Objectives to be achieved</i> | <i>How this will be assessed</i> | <i>Required actions for achievement</i> | <i>Requirements for actions</i> | <i>Short, Medium or Long term delivery</i> | <i>Strategic lead/Operational lead</i> |
| Reduce the impact of the Logistics & Distribution sector on the environment | <ul style="list-style-type: none"> Increased number of alternative fuel vehicles in use Increased number of hybrid electrics in use | Action 21: Through LDBG create a sector narrative about current activity in the logistics & distribution sector that reduces environment impact. Promote local best practice across all transport modes and ensure the L&D sector is part of LLEP cross sector low carbon initiatives. | Staff time to develop narrative and identify best practice | Medium/ongoing | Low Carbon Advisory panel/ |
| Reduce the impact of the Logistics & Distribution sector on the environment | <ul style="list-style-type: none"> Increased number of companies using advice service | Action 22: Provide advice through Business Gateway about low carbon measures appropriate to the logistics & distribution sector. Draw on expertise in local universities and from LLEP low carbon initiatives. | Staff time to develop advice services | Short/ongoing | Low Carbon Advisory panel/ |
| Reduce the impact of the Logistics & Distribution sector on the environment | <ul style="list-style-type: none"> Increased number of drivers and other operatives trained | Action 23: Support training of van and lorry drivers in fuel efficient driving techniques and the adoption of procedures during deliveries that minimise environmental | Staff time to develop funding package and identify appropriate training providers | Short/ongoing | Low Carbon Advisory panel/ |

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|---|--|---|--|----------------|-----------------------------------|
| | | impact and increase road safety. | | | |
| Reduce the impact of the Logistics & Distribution sector on the environment | <ul style="list-style-type: none"> Increased number of alternative fuel stations in LLEP area freely available to logistics & distribution sector users | Action 24: Review the availability of alternative fuels in the LLEP area; establish if they meet the needs of the logistics and distribution sector. If provision is seen as lacking, develop a strategy to increase availability of alternative fuels Collaborating with D2N2. | Staff time to develop the evidence base regarding alternative fuels and develop a strategy as required | Short/ongoing | Low Carbon Advisory panel/ |
| Reduce the impact of the Logistics & Distribution sector on the environment | <ul style="list-style-type: none"> Increased number of businesses engaged in collaborative actions Increased value of low carbon funding opportunities successfully accessed by organisations in the LLEP area Improvement to Air Quality in town centres | Action 25: The Logistics and distribution Consultative Group to work with LLEP Business gateway to explore the basis for collaborative approaches on issues including deliveries and collections in the LLEP area and proposals for consolidation centres and vehicle sharing. | Staff time to work with LDBG members to identify potential collaborative actions. | Medium/ongoing | Low Carbon Advisory panel/ |

5. Acknowledgements

Thanks, firstly to the many employers in the area who contributed to this document across all sectors of road, rail, air and warehousing.

Secondly to the stakeholders from local authorities to Universities and colleges all of whom added great depth to this report. From DVSA to VOSA, David Higginbottom of DFA & CILT (UK) Leicestershire Group chair Alison Lawton-Devine.

Thanks to Viscount, Lord Falkland, hosting the employer launch of the project Feb 6th 2015.

Particular thanks to Secretary of State for Education, Nicky Morgan for her support at the employer group in Loughborough March 20th 2015 and presenting apprenticeship certificates for warehouse, transport and motor vehicle.

Thanks to Andy Cliffe, LLEP board member and champion for the transport and distribution sector.

IOC leads, Carl Lomas and John Bowman & Charles Dall'Omo from Train Together.

The LLEP project team; Sharon Wiggins, Narinder Pooni, Jon Bottomley, Joanna Ellershaw, Caroline Boucher, Ian Nelson and Samantha Brooman.

Paul Walker DVSA, for speaking at the employer event.

London Metropolitan University, Prof Tracey Worth. Chair of Stakeholder prioritisation event.

Manchester Metropolitan University provided support on survey work and at Multi Modal Trade show. Thanks to Prof Tony Hines, Dr David Lascells, PHD thesis students Ken Wilkinson, Reham Fakieh & Kate Mcloughlin, Logistics masters students, Semina Mohammed and Martyna Kowalczyk.

Not least many thanks to Scania (GB), Dr Arif Jafferji Business Development and Marketing Director, David Hickman, Laurence Medina, Mathew Watson & all the staff at the Scania (GB) Training Centre, Loughborough for hosting the March 20 event with the Secretary of State for Education.



Andy Cliffe & Carl Lomas with the Loughborough Scania GB team hold the LLEP launch documents March 20th

Logistics & Distribution Sector Growth Plan

Annexes

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Annex 1

Occupations and Skill Levels in the UK Logistics and Distribution sector

This annex explains the definitions used to define job roles in the sector and the limitations of some analyses in understanding the sector and the skills it needs.

Definitions of Occupations in the Logistics and Distribution sector

Most analysis of the sector workforce using ONS statistics indicates that this is a sector with half the workforce (49 %) being employed in the 'lower skilled occupations' of *Process, plant and machine operatives* and *Elementary occupations* and this is compared unfavourably with the whole UK economy figure for lower skilled occupations (which is at 17 %) (ONS, 2013).

This presents a rather misleading picture of the skills of the workforce and reduces the relative attractiveness of the sector to job seekers. The definition of *Process, plant and machine operatives* includes all vocational drivers – of powered fork lift trucks, vans and lorries and those operating lifting and positioning equipment in warehousing and storage areas. These occupations all require significant training and external examination relating to theory accompanied by practical testing before a licence or certificate of training is issued. LGV Drivers now have to undertake a form of compulsory professional development through their Driver Certificate of Professional Competence.

The definition also includes warehouse operatives. They now use increasingly sophisticated ICT to locate goods and record and monitor the progress of their work, this requires higher level of basic literacy and numeracy than were accepted in past years.

Logistics & Distribution Occupations in the UK economy in 2012

| Occupation | Number in Logistics & Distribution Sector | Number in all other Sectors | Total Number | % of Logistics & Distribution sector employment |
|---|---|-----------------------------|------------------|---|
| Purchasing Managers and Supply Chain Directors | 4,000 | 40,000 | 44,000 | 2% |
| Managers and Directors in Transport | 35,000 | 35,000 | 70,000 | 3% |
| Managers and Directors in Storage and Warehousing roles | 27,000 | 60,000 | 87,000 | 4% |
| Import/Export staff | 4,000 | 2,000 | 6,000 | Less than 1% |
| Traffic Office staff | 21,000 | 38,000 | 60,000 | 3% |
| LGV Drivers | 171,000 | 102,000 | 273,000 | 12% |
| Van Drivers | 84,000 | 110,000 | 194,000 | 9% |
| Fork-Lift Truck Drivers | 35,000 | 59,000 | 94,000 | 4% |
| Postal Workers and Couriers | 142,000 | 38,000 | 180,000 | 8% |
| Elementary Storage Occupations | 172,000 | 224,000 | 395,000 | 18% |
| Other Occupations | 802,000 | | | 36% |
| Total | 1,495,000 | 709,000 | 2,200,000 | 100% |

Source: UKCES analysis of data from the ONS Annual Population Survey (Jan – Dec) 2012

With this context in mind, the analysis of the occupations in the UK Logistics & Distribution sector show that the driver workforce (vans and lorries) accounts for 21 % of all employment, with a further 8% of employment in the fast growing courier sector (see Key Trends below). A further 20% are engaged in the Warehousing and Storage duties described above.

A smaller but key occupation group and one at the centre of technological change in the sector are Traffic Office staff, responsible for the vehicle fleet and the routeing and scheduling of goods movements.

Annex 2

Global and National Overview and growth prospects

This annex draws together recent analysis of the value of the sector to the UK economy and the broad prospects for growth.

1 Importance and Value of the Sector

A range of critical economic activities are encompassed by the term Logistics & Distribution. The world-wide export and import of manufactured goods, the storage, handling and distribution of every product that is sold or purchased through to the collection and delivery of mail and parcels to the home. Without efficient logistics, a local economy will not succeed. **In the UK, Logistics & Distribution activities employ 2.2 million people, representing 8 % of the UK's workforce.** The sector has some 200,000 companies operating, with an approximate Gross Value Added (GVA) in the UK economy of just under £100bn. This means that the sector represents 10 % of the total UK economy (ONS, 2013)

In common with other UK sectors, this activity is shared by large, often overseas owned, national and international business working alongside (and sometimes in partnership with) very many regionally and locally owned small and medium-sized enterprises (SMEs). Thus 80 % of enterprises employ fewer than 10 employees and only one % employs more than 100.

The breadth of this economic activity and the various modes of transport involved are demonstrated by the activities which comprise the Logistics & Distribution sector in the Office for National Statistics Standard Industrial Classification (SIC):

- SIC 46 Wholesale trade, except of motor vehicles and motorcycles
- SIC 49.20 Freight transport by rail
- SIC 49.41 Freight transport by road
- SIC 49.42 Removals services
- SIC 50.20 Sea and coastal freight water transport
- SIC 50.40 Freight transport by Inland waterway
- SIC 51.21 Freight transport by air
- SIC 52.10 Warehousing and storage
- SIC 52.22 Services incidental to water transport
- SIC 52.24 Cargo handling
- SIC 52.29 Other transportation support services

- SIC 53.10 Postal activities (Royal Mail)
- SIC 53.20 Other postal and courier activities

This definition also indicates the range of interactions that the sector has with the manufacturing and retail sectors and directly with consumers. It is therefore sometimes regarded as a sector with little control of its own economic fortunes, at the mercy of fluctuations in manufacturing activity or consumer demand. However the Department of Business, Innovation and Skills' Industrial Strategy in 2012 was clear that investment by the state in transport infrastructure and by individual businesses in transport and logistics equipment and processes can stimulate economic activity (BIS, 2012). This ability to support growth in other sectors extends to export activity, where the creation and implementation of logistics systems to deliver goods around the world in a timely manner and in good condition is crucial.

The impact the sector has in creating and providing employment in the UK can be underestimated. UK Commission for Employment and Skills recently reported (UKCES 2014) that in 2012, nearly 1.5 million individuals were directly employed by companies whose SIC code is within the logistics sector in 2012 (Winters *et al.* 2014). They then observed that many individuals working in manufacturing, retail or construction business are undertaking Logistics & Distribution roles such as driving, storage or supply chain planning. With this wider perspective, the number of individuals working in Logistics & Distribution is 2.2 million individuals, some 8 % of the UK workforce. This also demonstrates that the demand for Logistics & Distribution skills extends across the economy.

2 Structure of the Sector

The Logistics & Distribution sector has a number of distinct business models. The simplest common form is generally referred to 'hire and reward' or sometimes 'second party logistics or '2PL'. This involves a Logistics & Distribution business providing a one-off transport and/or storage service to a manufacturer or retailer, collecting and delivering specified goods and moving them to a specified location for an agreed price. Single purchases of Courier services are included in this definition.

Where a longer term contract for such services is placed with a logistics & distribution company, this is generally called third party logistics or '3PL'. This is essentially the outsourcing of the transport and logistics function. Typically this involves the logistics & distribution company being integrated into the client business, assisting in the planning and scheduling of goods movements, sometimes basing their staff within the client business and having dedicated vehicles liveried in the client company colours. The majority of retail logistics & distribution services are provided by 3PL companies operating warehouses and vehicles on behalf of retailers, typically within contracts of 3-5 years duration. This provides powerful incentives to the 3PL to reduce costs and improve service during the contract. The nature of contracts varies but many involve a high level of information and risk sharing, enabling rapid response to evolving or new customer requirements or to external factors such as the cost of fuel. When contracts change from one 3PL provider to another, the staff often transfer to the new provider under TUPE rules.

The planning and supply chain management skills needed to provide these services have led to the development of fourth party logistics providers or '4PLs'. These businesses have no transport assets or warehouse capacity. They have an overview about the whole logistics market to choose the ideal

3PL for their client's logistic activities. The ability to offer these services and the quality of their services has risen with the development of IT systems

The majority of freight in the UK is transported by road. Department for Transport statistics (Transport Statistics Great Britain 2011) report; 72% by road, 7% by rail, 16% by inland water and inshore shipping and 4% by pipeline. The motorway network and trunk roads carry 72% of the nation's road freight with 80% of all the miles covered by articulated vehicles in the UK being on the motorway and trunk road network.

Logistics & Distribution activities take place throughout the UK, transport businesses and storage facilities being located in every town and city and in rural areas, serving business and domestic customers. Since the 1960's the concentration of road transport on the motorway network and the faster journey times the motorways permitted resulted in certain locations emerging as 'distribution hubs'. Typically these are locations on motorway intersections between major conurbations where extensive facilities can be built so that products can be stored or sorted for delivery to manufacturing, retail or domestic customers. Other favoured locations relate to airports where high value goods are moved in and out of the country, sea ports, where bulk goods such as minerals or goods such as cars are imported and rail terminals where large consignments are long distances in the UK or Europe. Such 'strategic sites' have become increasingly important in the spatial plans of national and local government and access to such these Logistics & Distribution services is a key part of the decision making process for manufacturers seeking to expand or create new facilities.

3 The UK is the most 'online' retail environment

The UK Logistics & Distribution sector is being transformed by the rapid adoption of online shopping by consumers and the need to provide delivery and collection services to support online purchasing. The FTA report that "Britain has the highest rate of online shopping in Europe". In 2013, 72 % of British adults shopped online, up from 53 % in 2008. PwC predicts that online sales will be 25 % of non-food and 10 % of food by 2018.

But footfall on the high street has fallen 8.1 % since 2010 although the number of store closures is slowing. Regardless of the means they are purchased by the consumer, these goods need to be delivered.

The Total Retail Survey offers some interesting insights into UK trends in online deliveries. The dominance of postal/doorstep delivery as a preference is clear, although the popularity of in-store collection and appointment deliveries in the mix underlines that retailers need to offer a range of options if they are to appeal to all consumers. Parcels returns are growing faster than deliveries at around 10 % a year. The debate over the sustainability and cost of free returns continues as online purchasing gains ground; 80 % of consumers in the Total Retail Survey said free postage for returns was important to them compared to 53 % for global respondents.

Many of these goods reach customers by means of parcels home delivery. The UK B2C (Business to Consumer) parcel market, including all deliveries and returns, is due to grow by 4.8 % a year, mainly as a result of increasing use of online shopping by consumers. PwC predicts that home delivery volumes will increase by 3.7 % per year to 2018; over 1 billion parcels are expected to be home delivered in 2018.

Annex 3

Overview of Trends in the Logistics and Distribution Sector

This annex draws together recent reports into trends and changes in the UK Logistics and Distribution Sector.

A3.1 Industry Trends

The Freight Transport Association conducts an annual review of sector performance and surveys member companies across the UK. The *FTA's Logistics Report 2014* therefore provides an up to date review of the changes in the sector and this section highlights key sections from that report.

The increase in online shopping and consequent home deliveries goes some way to explaining the rise in van use in recent years. Around 1 in 10 vehicles on the UK's roads is now a van, with van traffic predicted to rise at twice the rate of cars and almost double by 2040. The number of light commercial vehicles (goods vehicles up to 3.5 tonnes gross vehicle weight) registered in the UK has increased by 29 % over the past 10 years to 3.28 million.

Over the same 10-year period, the number of HGVs has decreased by 9 % to 386,000. Possible explanations of the increase in van activity include; increased popularity of just-in-time deliveries, more deliveries of critical importance that cannot be stored, greater difficulty of hiring HGV drivers and operating HGVs, various restrictions on HGVs in urban areas (such as weight, emissions, height, width) more home deliveries – resulting from increased popularity of internet shopping and an increased number of households requiring more homewares and shopping deliveries.”

The *RAC/AECOM report Van Travel Trends in Great Britain*, records that 47 % of vans are commercially owned; that is, registered in the name of a business. For these vehicles, 35% of the travelling time is spent collecting or delivering goods. There is indirect evidence that light commercial vehicles (Vans) have been used to substitute for HGVs (Lorries) due to the rise in home deliveries to which vans are better suited. Home shopping is growing at twice the rate of retailing as a whole, and figures show that internet shopping increased by 11.8 % in December 2013 compared with December 2012 and by 1.8 % compared with November 2013. In terms of total retail sales (excluding automotive fuel) 11.8 % of all sales were made online. There is an implied relationship between the state of online food sales and home deliveries and it would not be unreasonable to assume that a large percentage of these would be delivered by light commercial vehicles through the supermarkets' home delivery network. Non-food retailers are also undertaking e-commerce. Thus, a greater number of vans are required to cope with the increased demand.

A3.2 Workforce Trends and Challenges

As a sector where demand for volumes of goods to be carried can rise and fall quickly in response to economic conditions, an on-going challenge for Logistics & Distribution companies is to maintain an appropriate workforce. This has created a market where short term peaks and troughs of demand – such as the increased demands prior to Xmas - are met by recruitment of drivers and warehouse staff from recruitment agencies. This is generally successful and a proportion of 'agency workers' commonly move into fulltime employment, providing a recruitment route for the sector. A longer

term addition to the workforce in the past decade has come from EU migration, which was generally considered to have averted a critical UK driver shortage in the early 2000's.

The current improvement in the UK economy is causing concern that a new driver shortage is about to emerge. The predicted shortage of available drivers arises from a number of factors. Firstly the number of young people taking their (Category B; car) driving test is falling as acquisition costs and the cost of running a car rise, thus reducing the number of driver able to drive vans or progress to the (Category C; lorry) licence. Secondly, there are concerns that the Driver CPC, with an ongoing requirement for regular compulsory training in order to maintain their entitlement to drive vocationally will lead some drivers – mostly older drivers or part time drivers – to leave the industry. Allied to this, companies are concerned at the extent to which the existing workforce will need updating training in order to get the best economy and environmental performance from new vehicles and to gain the consumer-facing skills needed for home deliveries.

A more positive trend for is that changes to the design and equipment of vans and lorries including power steering, automatic transmission and more ergonomic cab and seating designs have reduced the physical demand on vocational drivers. Allied to a growing recruitment of women into the van-based home delivery sector, this may increase and diversify the driver workforce. Companies engaged in logistics report a range of issues relating to recruiting and retaining staff. The most recent information is contained in the *UK Commission for Employment and Skills (UKCES) report; 'Understanding Skills and Performance Issues in the Logistics Sector'*. This reports their *Employer Skills Survey in 2013*.

When asked to define the skills needed in various logistics roles, employers noted a range of communication, management, customer service, ICT and interpersonal skills that are commonly required in other sectors. This indicates that with the exception of vehicle driving, the skills needed by the Logistics & Distribution sector are held by people working in other sectors. UKCES report that employers in the sector find it difficult to attract people with these skills at the levels required and in that respect it shares a problem with the manufacturing and agriculture sectors, where skills deficiencies when recruiting are most concentrated and persistent. Employers anticipate the need to retrain the existing workforce to use the technology and systems being introduced in the warehouse and planning function and to provide the levels of customer service demanded by online retailing.

A3.3 Number of workers needed 2012 to 2022

In any sector, the demand for new entrants arises from a combination of the need to replace existing workers as they retire or move to other sectors and the need to fill wholly new jobs resulting from business growth.

The UKCES, Working Futures report for the Logistics & Distribution sector calculated that replacement demand alone will generate an additional 1 million job openings in the sector, meaning that with growth there is a total requirement of nearly 1.2 million individuals in the period of 2012 to 2022. Over a fifth of replacement is expected in the driving roles, which as noted elsewhere are already experiencing recruitment difficulties. Therefore it is likely that there will be further increases in skills shortages, wages and migration if the supply of labour is not able to meet this future demand.

A3.4 Key Industry Challenges

Urban deliveries

The cumulative volume of goods being moved as the result of delivery and collection decisions made by individual consumers, retailers and other business is huge. Transport for London calculates that in the capital 15,000 tonnes of goods are picked up or dropped off each hour by lorries alone. This means that road and kerbside networks have to accommodate these trucks and many more vans. The industry is concerned that measures to reduce congestion and improve environmental quality often increase delivery costs, this increasing the price of goods and ultimately raise the cost of living.

More vans, more congestion?

While vans may have less direct environmental impact than HGVs, the increased number of vehicles on the road and engaged in deliveries is not without consequences, as the FTA report discusses.

“Technology can be used to consolidate transport flows into, out of and within urban areas, so companies engaged in e-commerce will continue to seek to rationalise their logistics and increased efficiencies should be anticipated – the regulatory framework needs to enable this. However, an articulated lorry can carry as much as up to 10 vans, so there are potential implications for kerbside delivery space and congestion arising from any shift towards smaller vehicles. They too will need to be accommodated – possibly in ever greater numbers. “

One strategy to reduce the number of van deliveries is to encourage ‘Click and Collect’. This means the consumer orders goods online but collects them from the retailer’s high street store or at another convenient point near their home. Such local collection points can be dedicated ‘Parcel shops’ or more commonly neighbourhood convenience retail stores or filling station forecourt stores. Examples of this model are emerging in both urban and rural areas and while these collection points currently account for only a small part of the domestic consumer parcel market (around 1 to 2 %) it is growing rapidly. For this reason, it is even more difficult than one might initially suppose, to pinpoint the exact relationship between e-commerce and van usage. Agile and reliable logistics is central to the delivery of these products. Unreliable transport networks mean late deliveries and mitigating inefficiencies in the road network involves costly additional use of vehicle and human resources to ensure that goods reach their destination on time.”

Deliveries and PCNs

Local authorities are responsible for enforcement of parking controls and have the authority to issue penalty charge notices (PCNs) - ‘parking fines’. These are frequently issued to freight vehicles making deliveries to retailers in older urban areas where there is no space to park and unload a freight vehicle other than by infringing parking controls. This arises because the current law does not differentiate between ‘parking’ and ‘delivering’.

In October 2013 the House of Commons Transport Select Committee urged greater clarity on the rules for loading and unloading and urged local authorities to work with the industry to devise pragmatic local solutions.

Industry Image

The industry is concerned that the public – which includes potential employees does not understand the importance of the sector to their daily lives and particularly does not understand the progress in the sector regarding road safety and environmental concerns. The FTA Logistics Industry Survey 2013/2014 asked members to rank company board priorities for the coming year. Site and road safety are top of the list, followed closely by staff security.

There is still a perception that logistics is misunderstood by politicians and voters; this gap in understanding matters because it can lead to the adoption of policies that harm logistics' efficiency and cause unintended economic consequences.

Environment and Air Quality

The Department for Energy and Climate Change report that 21 % of UK greenhouse gas emissions are from transport (DECC, 2013), and of all transport emissions, large goods vehicles (LGVs) account for 21 %. Allied to the increased cost of fuel , these concerns about the impact of transport on the environment mean that systems based on large regional 'hubs' are being questioned, with a new focus on smaller urban aggregation facilities from which deliveries made to multiple customers in city centres.

Logistics companies, in collaboration with manufacturers are testing vehicle technologies which reduce levels of noise and air pollution. This adoption of diesel-electric hybrid vehicles and electric vehicles has created new skills demand in planning the use of the vehicles and in the skills and knowledge needed to service and repair them. The efficiency of diesel and petrol engines has improved significantly, Department for Transport statistics (Transport Statistics Great Britain 2011) note significant reductions in emissions from transport since 1990. Emission of carbon monoxide have fallen by 82%, Nitrogen oxide emissions have fallen by 61% and amounts of Benzene and 1,3 butadiene (involved in the formation of ground level ozone) have fallen by 82% and 89% respectively.

There are growing concerns that the UK's continued failure to meet European Air Quality standards will result in policies and controls that will increase costs to the Logistics & Distribution sector. The European Commission in February 2014 issued infringement proceedings against the UK for breaches of nitrogen dioxide levels. Air pollution limits were regularly exceeded, declared the Commission, in 16 zones across the UK – Greater London, the West Midlands, Greater Manchester, West Yorkshire, Teesside, the Potteries, Hull, Southampton, Glasgow, the East, the South East, the East Midlands, Merseyside, Yorkshire and Humberside and the North East.

The UK, said the Commission, had not presented any 'credible or workable plan' for achieving compliance with air quality standards by 2015. In presenting their case for the European Commission in July 2014, lawyers for the Commission were reported (*The Guardian*, 10 July 2014) to have described the UK's continued failure to comply as 'perhaps the longest running infringement in EU history'.

In July 2014, the UK government produced revised figures for nitrogen oxide and dioxide levels anticipating compliance with NO₂ levels 'after 2030' for Greater London, the West Midlands and West Yorkshire, 2025 for many other areas such as Greater Manchester, Tyneside, Liverpool,

Sheffield, Nottingham, Bristol, Leicester, Teesside, the Potteries, Kingston Upon Hull, and 2030 for Southampton.

The Logistics & Distribution sector is therefore concerned that in order to meet these targets, measures might include a tightening of controls on vehicles in cities, with many investigating equivalents to London's Low Emission Zone; further controls on emissions from vehicle engines, particularly diesel engines. Such measures could increase the cost and complexity of deliveries. Indeed in February 2013 the Mayor of London announced that he had asked Transport for London to put together plans for an ultra-low emissions zone (ULEZ) to cover all vehicles by 2020.

However HGVs account for only a small part of emissions from road transport and, in turn, road transport is only one source of air quality emissions. Nationally, Heavy Duty Vehicles (HGVs and buses combined) account for just 13 % of NOx emissions and 27 % of Particulate emissions. Electricity generation and other stationary combustion are responsible for almost 55 % of NOx and 70 % of Particulates.

In 2013, Sheffield, one of the UK cities noted above as being in breach of the air quality directive, undertook a Low Emission Zone Feasibility Study. The study showed that buses rather than HGVs were the main source of transport related pollutants in the city centre, while cars were responsible for much of the pollution on its arterial roads. The study concluded that rather than instituting a low emissions zone action should focus on continued promotion of a fuel-efficient driving programme.

Regulation

Logistics & Distribution business operate in a highly regulated environment. The operation of a goods vehicle fleet is the subject of an operator licensing scheme overseen by the Traffic Commissioners who have extensive legal powers which at the extreme, can bar a company from operation. Vocational Drivers are subject to initial statutory testing and all driving hours are recorded and monitored to ensure compliance with strictly enforced limits. Since 2009 lorry drivers have to undertake statutory refresher training in order to retain their entitlement to drive. Where goods carried are classified as 'Dangerous' – including all fuels and gases – additional training and certification of the driver is required and the vehicle must meet specific regulations relating to design and operation. Vehicles driven on the public road are subject to all the traffic regulations related to weight and size restrictions, speed limits and parking controls all of which have the potential for financial penalties (fixed penalty fines, parking tickets) or even a driving ban through accumulated licence points.

Storage and warehousing facilities need to have appropriate planning consent related to the use of the premises and comply with workplace health and safety requirements, while a range of statutory agencies have powers of inspection and enforcement related to the goods being stored. This is particularly significant in the storage and handling of foodstuffs and goods classified as 'Dangerous'.

There are a new set of emerging regulatory and compliance issues relating to home delivery. With a huge shift in retail from high street purchase to goods arriving at home, logistics faces the new challenge of dealing with doorstep signature.

Conventional policy for delivery businesses is signature at point of handover, to a warehouse controller, office receptionist or the concierge at a hotel. The delivery of a package direct to a named recipient was a premium service - documents delivered to the board room for consignment addressee only, delivery of government or military documents. These were charged, logged and costed as appropriate.

The highly competitive new market created for home delivery does not allow such premiums to be charged. The point of delivery is remains signature at point of handover, but a question then arises when a consignment such as alcohol, drugs or eighteen rated DVD is handed to a sixteen year old for signature. The need to verify the age of that individual, their authority to answer the door or be alone in that building is new to scope of logistics home delivery. Given the high cost of re-delivery, there is a pressure on the carrier to hand over the goods by the carrier. Re-delivery cost and the risk of breaking laws related to safeguarding of young people is one of the most negative influences to the carrier market in this emerging market.

While transport compliance lies around road and driver legislation and 'goods carried' regulations, the retail shift boom from high street to home is in urgent need of best practice guides on point of delivery issues, safeguarding goods and recipients.

Annex 4

Attendees at LLEP Logistic and Distribution Employer Engagement

20th March at Scania Training College

| Organisation | First Name | Last Name |
|--|------------|-------------|
| Scania GB | Mark | Agnew |
| Wincanton | Becky | Barker |
| Scania GB | Ed | Barrie |
| Scania GB | Ciaran | Blakemore |
| East Midlands Airport | Jon | Bottomley |
| LLEP | Caroline | Boucher |
| Cromwell Group | Kevin | Buckler |
| DVSA | Guy | Chamberlain |
| East Midlands Airport | Andy | Cliffe |
| Grant Thornton | Tom | Copson |
| Intraining | David | Cox |
| LLEP | Corin | Crane |
| Hinckley & Bosworth Borough Council | Richard | Crosthwaite |
| Harborough District Council | Joanna | Ellershaw |
| North West Leicestershire District Council | Christine | Fisher |
| Foster Logistics | Tony | Foster |
| ESPO | David | Godsell |
| Joined up work | Sue | Grogan |
| AELP | Stewart | Hackett |

| | | |
|--|-----------|---------------|
| Transport iNet , Loughborough University | Georgette | Hall |
| Charnwood Borough Council | David | Hankin |
| Oxalis Planning Consultants | Steve | Harley |
| Leicestershire County Council | Helen | Harris |
| MDST | Mike | Hatfield |
| Scania GB | David | Hickman |
| Driver First Assist | David | Higginbottom |
| East Midlands Chamber | Chris | Hobson |
| Scania GB | Aris | Jafferyri |
| AIM | Allison | Kemp |
| AIM | Andrew | Kemp |
| Office Depot | Simona | Kundracikova |
| Lafarge-Tarmac | Alison | Lawton-Devine |
| SQA | Alasdair | MacRae |
| Leicestershire County Council | Peter | McLaren |
| Scania Europe | Laurence | Medina |
| Nelson Distribution | Simon | Nelson |
| Office Depot | Rachel | North |
| InTraining | Ann | Palmer |
| LLEP | Narinder | Pooni |
| Harborough District Council | Norman | Proudfoot |
| Leicestershire County Council | Nicole | Rickard |
| University of Derby | David | Roberts |
| Skillsbase Training Centre | David | Roberts |

| | | |
|---------------------------------|---------|-----------|
| Leicestershire Cares | Dennis | Sayer |
| Scania GB | Kim | Sherwood |
| Crescent Search and Selection | Peter | Small |
| Trucklink | Anthony | Smith |
| TNT Special Services | Andy | Stone |
| IDI Gazeley | Gwyn | Stubbings |
| TKnP | Brian | Szukala |
| Blaby District Council | Rob | Thornhill |
| Trucklink | Jamie | Tibbles |
| Trucklink | Nigel | Todd |
| University of Leicester | Anjuu | Trevedi |
| S&J European | Mark | Turner |
| DVSA | Paul | Walker |
| Scania GB | Dawn | Ward |
| Scania GB | Matthew | Watson |
| Leicestershire Business Council | Tim | Watt |
| Leicestershire Cares | Hannah | Whiteley |
| Leicestershire County Council | Sharon | Wiggins |

Summary of Employer Engagement Roundtable Event.

A healthy interactive engagement between local employers SME's / National and the table facilitators.

Workforce issues: Two areas were recognised as significantly difficult:

Driving and Warehouse job roles.

Present barriers to employment: cost of training as pre-requisite to employment; Insurance not available to someone with under 2 years' experience, attracting low percentage of female drivers and an ageing workforce.

The employers have issues relating to the recruitment, skills and profile of those applying into the industry. These have been identified in the roundtable discussion and highlight employers taking steps to recruit and train those they have 'Warehouse to Wheels' but this still leaves a deficit of required employees.

Actions: Logistics week, Career advisors to visit logistic companies, (TNT Wincanton and Pall-Ex) Employer training to support mentoring. Work with Northants , SEMLEP and D2N2 New approaches to training, help employers understand funding to deliver apprenticeships. (Bryson Haulage)

Land Use Strategies: Traffic flow & planning were the two areas of most concern. (Tony Starmer, Smith Bros, TNT)

Long term strategy to provide land use for manufacturing sector, parking and planning restrictions strangling logistic company growth, traffic congestion and roadworks (roundtable, Drivers hour issues/co-ordinated project planning)

Markets Finance and Business Support:

IoC Survey saw respondents placing finance as low importance or effect on their business. The roundtable discussion brought in Business support relating to Insurance issues of drivers and premises and access to evaluate funding opportunities.

LGV Examiners and quality of training:

DVSA closing test centres causing long waiting time for tests with poor pass rates at 50%.

Roadside Facilities:

The current standard of roadside facilities is poor and this deters women and young drivers from entering the sector. Local and National perception. Who takes this responsibility for improving provision locally in the LLEP area. Private operators or local authority?

Option: to use large parking sites; stadiums or park and rides with smart phone technology to pre book parking.

Sustainability:

As part of a broader effort to improve the image of the sector more could be made of the significant improvements to LGV efficiency with potential for LLEP to link with the 3 Universities to help companies evaluate and implement environmental measures.

Actions: Remove road congestion with more 'smart roads' variable speeds, evaluate delivery window restrictions, utilise spilt deliveries (more 'last mile' electric delivery Gnewt) and maximise rail freight expansion

Summary links from the LLEP Business Survey 2014 with roundtable discussion, IoC survey and interviews:

- discussions recognising fuel costs as of significant impact to business at roundtable and IOC survey results of 84%
- premises issues were slightly greater in demand by the logistics sector; corresponding with the interview results of TNT and Smith Bros and IOC survey result of 52%
- shortages of workers in the LLEP survey was Drivers (73%) and warehouse (15%) difficult jobs to fill. IOC survey showed this impacted very strongly on their business at 68%. Roundtable discussions agreed with this. Employers engaging in solving skills and driver demand through 'warehouse to wheels' training gave minimal effect to moving the job deficit from driver to warehouse jobs.
- Recruitment in the LLEP area for logistics is three times worse than other sectors in the area. Poor employment and working conditions cited by 48% of IOC survey, interview responses and roundtable discussion with minimal response 19% to employ apprentices, half the figure of other sectors in the LLEP area. Roadside facilities listed by half of the respondents and women applicants not taking driving roles because of this. (Lafarge Tarmac)

Annex 5

Case studies

Contents

1. Case study methodology
2. Case Study Index
3. Case Study summary Headlines.
4. The Case Studies

1. Case study methodology.

Interviews carried out during Feb and March 2015 for LLEP, based on a twenty question platform with qualitative focus on business engagement in the area of LLEP from Magna Park in the South to Castle Donington in the North, including an interview with East Midlands Airport Managing Director Andy Cliffe.

Covering both national companies operating regionally in the geographic and companies directly based in the region. One exception being John Lewis operating in the other Magna park to the south, but taking a close look at its unique John Lewis omni channel Waitrose click and collect impact into many stores in LLEP.

Looking at the greatest width of the sector from abnormal heavy loads to parcel delivery and post type operations. Waste management trucks to tippers and tankers, operating in the city environment of Leicester and Loughborough to the more open routes of the M1, A6 and A50.

Global Air Express Operator DHL alongside giants of the road Wincanton to the most automated warehouse in LLEP (Office Depot) and the largest e-retail warehouse of M&S in Castle Donington.

2. **The Case study index.** *Company and key person interviewed.*

Biffa, Mike O'Connell

Bryson Haulage, Dean Watson

CitySprint, Martin Poole, Patrick Gallagher

DHL East Midlands Airport, Dani Pedri

DX Stephen Barry

East Midlands Airport, Andy Cliffe

FedEx, Jane Smith Global solutions

Hermes Mike Antoon.

John Lewis Magna Park John Munnelly

Lafarge Tarmac, Allison Lawton-Divine

Marks & Spencer Donington, Marc Bolland

Office depot, Leicester, Rachel North

Pall-Ex Adrian Russell

Smith Brothers Brian Mellors

Starmer Transport, Loughborough, Paul Starmer

TNT Leicester region Andy Stone

Wincanton Becky Barker

Yodel Dick Stead

3. Case Study Headlines.

Biffa is committed to working with Leicestershire:

- Aggregates Industries, Barden Hill Barden Hill Coalville Leicestershire.
- Waste management transport brings a unique group of vehicles to the LLEP roads.
- Often operating in the smallest streets to gain access in Loughborough and Leicester.
- Waste vehicles fall into regulations far beyond the conventional haulage business and serve local demand.

Brysons Haulage, Enderby Leicester.

- A family owned Haulage and Distribution company for over 25 years in Leicester operating a fleet of well recognised yellow trucks.
- Expanding the business, warehouse, road freight and now holding a Waste Carriers Licence.
- 8,000 sq. feet in Leicester, 50,000 feet overflow Sutton in Ashfield
- Bryson's design and assemble 'point of sale' for the clothing giant NEXT
- 'Support for training and planning would be hugely beneficial to our business'

City sprint, Largest same day courier company in the UK

- White vans operating across the LLEP area from a Coventry depot.
- CitySprint would encourage use of electric vehicles.
- *'It would be a great assistance for road networks to take into account of the types of vehicles that need to use the road to supply the businesses to keep the warehouse distribution centres working.'*
- *'We believe that there are only a few things that make the delivery great, firstly the people, then telling the customer their parcel has been delivered. Whatever happens in between the customer from placing the order to the packaged being delivered, the customer is not really interested in. So get the people right and the technology right brings the result the customer wants.'*

DHL at East Midlands Airport

- *Worldwide air in the heart of the golden triangle of logistics*
- *For companies to shorten that delivery time further they must move closer to EMA.*
- *Step into the LLEP area is a step into the quickest route to market.*
- *Purpose built for express air courier*
- ***Unique geographic, 80% of UK within 4 hours by road.***
- 160,000 parcels a night at peak.
- 270,000 sq. feet of warehouse, Expanding to 400,000 sq. feet.
- Future proof, 500,000 parcels a night with 90 million pounds of investment 2015/2016

DX

- Using award winning Gnewt to operate a true final mile electric fleet in London
- Could DX bring the first electric reality to LLEP on the streets of Leicester and Loughborough?
- Document delivery with UK turnover at 312 million pounds.
- DX is also the preferred provider of the UK Government and foreign embassies for identity documents and visas.
- 200 million items delivered in 2014
- Northampton depot serving the LLEP area.

East Midlands Airport in the northern footprint of LLEP

- *50 years of Worldwide air in the heart of the golden triangle of logistics*
- Andy Cliffe, 'develop an airport and business "that contributes to the competitiveness of the region'
- **80% of the UK within 4 hours by road.**
- *DHL investing a further 90 million pounds 2015/16 in their UK Hub*
- **DHL, UPS and the hub for Royal Mail have substantial operations at East Midlands Airport.**

FedEx

- Solution to the LLEP area internet speed is their own Internet.
- FedEx, 'the world on time' in the LLEP area.
- **FedEx have not yet committed to East Midlands Airport,**
- To further our commitment we are bringing in more hybrid and electric vans.
- FedEx is doing more to work with universities and schools to attract more and more youngsters, to create a link that opens up the doors to logistics.

Hermes,

- **East Midlands is key to it all.**
- Second largest parcel carrier in the UK after Royal Mail.
- SHUNDAY - UK Sunday delivery to home
- A CO2 green statement company
- World Stage - 2bn euros in 2013 and growing in LLEP area.
- And a two man service for larger goods to your home in LLEP

John Lewis 750,000 feet of the other Magna Park,

- Located south of the LLEP area in the other Magna Park
- Expansion into Magna Park 2
- Launched their very own apprenticeship scheme during March 2015 apprentice week.
- A unique omni channel delivery, John Lewis click and collect via the Waitrose brand.

Lafarge Tarmac Syston Leicestershire

- Tippers, mixer & Large Tanker wagons on the LLEP Roads
- A vertically integrated business.
- 10 million a year to the local economy.
- Haulers and site drivers have the perception that the customer does not respect their job role.'
- 'The job is a dirty one, it isn't glamorous, long hours, seasonal but the earnings are higher than ten years ago and the skills required have multiplied compared to the previous generation of haulers.'

Marks & Spencer on the northern footprint of the LLEP area.

- **The largest e-retail hub in Europe.**
- *Combination of state-of-the-art technology and a great social working environment.*
- 900,000 sq. feet M&S at Castle Donington 24 hours a day.
- 1200 people employed.
- Processing 1 million products a day.
- *Marks & Start Logistics scheme for people with disabilities'*
- The giant M&S aero trailers on transit around the A50 and M1 intersections
- Does the A50 roundabout strangle the 50 aero trailers?

Office Depot, 'total retail', warehouse automation in Leicester

- One of the most automated warehouses in the LLEP area.
- The only A frame sorter in Europe.
- 75,000 order lines. Showcase warehouse technology in Leicester.
- Green Apple award.
- Sustainability & customer focus.
- A new Logistics school of excellence,
- **'It was built in Leicester in order to retain the knowledge base of the existing workforce.'**

Pall-Ex Ellistown, Coalville, 270,000 sq. feet

- 'These results show that we are offering a cost-effective, reliable way of moving palletised freight across Europe.'
- A pallet network expanding across Europe from the LLEP area.
- Pall-Ex is no longer just UK, from Leicestershire it is across Europe and it is expanding.
- Pall-Ex is looking for a rail freight investment.
- Fork Lift Truck Academy giving opportunity to youngsters locally
- A celebratory of the LLEP area, Pall-Ex boss Hilary Devey became well known for her Dragons Den role.

Smith Bros Ltd. *Leaving the LLEP area!*

- Family transport firm in Leicester grown to 60million pounds,
- **Leaving LLEP area and moving to Coventry!**
- SBS is one largest independent Plumbing Merchants operating from within the UK in Leicester.
- Transportation at the core of this specialist distribution of pipework, valves and all associated plumbing fittings. Operating from nine branches with Leicester as the Head Office.
- **'Born, lived and built the business in Leicester since 1897 but will have to move away'.**
- Expanding business in the LLEP area has to move out,
- Planning permission cannot be agreed.

Tony Starmer Transport

- Second generation heavy loads haulier.
- *Paul Starmer - 'A customer must have the delivery as an extension of their own company'*
- Burton on the Wolds, Loughborough
- Abnormal and heavy load transportation, M1 Jcn 23
- FORS member
- **Location is about access for the team who can commute to us.**
- A6, A46 and routes to the M1 jcn 23 that we are always using.
- Traffic can be difficult but that's our job, we get round it.'

TNT, *'from orange vans to Whistl on the roads of LLEP'*

- Operating extensive air and road networks throughout the world and into East Midlands airport.
- East Midlands Area road transport network operating from, Rotherham, Nottingham, Leicester & Magna Park. The greatest cause of issue to TNT's business is the availability of 'suitable driver licence holders'.
- **Working with local schools to answer recruitment, showcasing trucks in the playground of LLEP schools.**
- The East Midlands area has many pinch points and the worst is the pedestrianised or paved zones.
- 15 parking tickets a day in LLEP area
- Loading bay parking areas are always filled by cars and it's a cost to local business.

Wincanton,

- Collaborative Transport solutions
- Next time you pass a branded trailer on the M1 in the LLEP area take a closer look at the truck tractor unit. If its plain white look below the door and its very likely got a Wincanton logo.
- Collaborative solutions rarely showcase the giants behind the transportation, Wincanton is one such giant.
- Loughborough Wincanton depot runs vans, rigid trucks, Artic unit and trailers and specialist vehicles for the construction industry
- Wincanton registered 60,000 driver hours of training against the driver Certificate of Professional Competence since September 2009

Yodel / *On-line e-retail logistics is fast growing all expectations,*

- *It is dependent on central UK locations such as the LLEP area.*
- *Christmas 2014 peaks exceeding fifty per cent made main stream news and signposted the home delivery retail chain to the wider public.*

Yodel chairman, Dick Stead comments,

- 'Carriers in unison and retailers together need to work closely to predict volume and manage customer expectations.'
- 'We need to work with industry analysts better to understand what 2015 and beyond will bring.'
- '2015 requires more transparency about the true cost of delivery.'

4. The Case Studies

Biffa

Transport and distribution Biffa mini case study

Biffa is committed to working with Leicestershire:

Aggregates Industries, Barden Hall Barden Hill Coalville Leicestershire

Waste management transport brings a unique group of vehicles to the LLEP roads.

Often operating in the smallest streets to gain access in Loughborough and Leicester.

Waste vehicles fall into regulations far beyond the conventional haulage business and serve local demand.

Biffa is the leading nationwide integrated waste management business providing collection, treatment, recycling and technologically-driven energy generation services. Through their specialist knowledge, expertise and investment in technology Biffa promote and deliver sustainable waste management solutions.

Biffa transport primarily uses roadways as its primary use but is engaged in waste removal through rail and waterways. The local depot in Coalville uses vans, rigid trucks (16T), artic unit and trailers (C+E) and tankers. Traditionally the customer was offered a free refuse collection and waste removal but government legislation and support of the environment changed this service forever. Complicated laws govern this business and in all areas we are under pressure to provide the highest standards of care, health and safety of what we carry as well as to the personnel we employ.

The greatest cause to our business is the freedom to carry out the collection and delivery to customer and waste management site.

Roadways and delivery time constraints are a constant change to a daily routine that is critical to meeting strict time collection from customers and waste removal delivery to waste management sites. Our CEO Ian Walkin is investing and exploring the benefits of modern IT to serve the customer better.

Applications, routing planners and updating road analysis which can be summarised live to keep the customer updated and flexible with changes to the routes is a high priority for Biffa to achieve efficient service delivery to our customers and meet higher and higher expected working standards in our industry. We are locked into the area but with such complicated and intricate health issues connected with our business planning applications can take up to five years to complete.

Case Study of Biffa working in Leicestershire:

Interview with Mike O'Connell, Aggregates Industries, Barden Hall Barden Hill Coalville Leicestershire

Aggregate Industries is a leading player in the construction industry, producing and supplying a wide range of aggregates and construction products. Aggregate Industries was the first company in the world to be certified to BES 6001 Frameworks Standard for the responsible sourcing of construction materials.

In 2012, Aggregate Industries appointed Biffa to undertake a complete audit of its non-hazardous waste management services. Operating across 247 sites, Biffa completed the audit within 12 weeks and identified opportunities to improve site waste management practices and waste recycling options.

Biffa Contract Manager Karen Bradley explains: 'Aggregate Industries is benefitting from having its waste managed under a single contract with a clear price management structure. Today, more waste is being recycled, staff engagement levels are high and Aggregate Industries is achieving continual improvement with its resource management practices.'

Caroline Cochrane, Senior Environmental Advisor, Aggregate Industries.

'The audit of our non-hazardous waste practices has been an extremely valuable exercise. Biffa has helped Aggregate Industries better understand the wastes generated at all sites and we are recycling much more as a result, as well as achieving cost reductions on waste services across the estate. This means we can now focus on the difficult wastes streams whilst making sure we deliver the needs of the business, expectations of our stakeholders and additional regulatory considerations.'

Biffa is committed to working with Leicestershire

Reducing Scope 1 Emissions of Landfill Methane

- Providing separate collection rounds or DMR routes to ensure the most efficient and sustainable delivery of materials for recycling.
- The manufacture of refuse derived fuel (RDF) along with AD used to harness the latent energy in the waste.
- Our engineered landfill sites captured on average 78% of gas produced in 2013, generating renewable energy and making a significant contribution to UK's renewable energy portfolio. On average we generate approximately 11 times more electricity than we consume.

Reducing Scope 2 Emissions from Energy Consumption

- Biffa is mandated to reduce its energy consumption as a participant in the Carbon Reduction Commitment Energy Efficiency Scheme (CRC) and is committed to reducing energy usage in absolute and relative terms. We have targeted campaigns to reduce Energy Consumption, generally through altering personal behaviours.

Increasing Avoided Scope 3 Emissions from Materials Recovery

- Our separate recycling, DMR collection rounds and investment in recycling facilities enable the recycling potential of waste streams collected by Biffa to be maximised. This reduces the need for energy associated with primary materials production.
- Our commitment to managing and reducing our emissions ensures that we will play our part in helping Government move towards its 2050 carbon reduction target of 80%.

Brysons Haulage, Enderby Leicester.

A family owned Haulage and Distribution company for over 25 years in Leicester operating a fleet of well recognised yellow trucks.

Expanding the business, warehouse, road freight and now holding a Waste Carriers Licence.

8,000 sq. feet in Leicester, 50,000 feet overflow Sutton in Ashfield

Bryson's design and assemble 'point of sale' for the clothing giant NEXT

'Support for training and planning would be hugely beneficial to our business'

An interview with Dean Watson, 'Brysons Haulage are a long time family business that wants to keep up with their client's needs. Understanding their client's needs is to ensure that logistics processes are continuously reviewed. Talking face to face is the way Brysons conduct their business and they believe that this can only build confidence in a client relationship. Over the past 25 years these relationships have been built around Leicester, M1 & M69 access.'

Running a fleet of vehicles from the vans through to artic (C+E) and trailer and now with a waste carriers licence.

Warehousing facility has a capacity of 8,000 square feet and is used for storing a range of items, paper, printed goods and Point of Sale display goods. This includes storing by the pallet, by the square foot and for any amount of time period. They offer a 'Picking and Packing' service, re-packing re-labelling or a clean off before distribution. Brysons haulage also hold an overspill warehouse in Sutton in Ashfield holding a further 50,000 square feet for larger quantities of goods.

Brysons Haulage have an array of different staff skills to meet extended delivery services termed as 'Remedial Service' for their clients with point of sales needs.

Bryson's design and assemble 'point of sale' for the clothing giant NEXT as one of their clients using this service. The staff team are experts in this difficult product handling service and in specialise in non-food retail sector point of sale skills.

Staff are prized as 'one of the family' and the company enjoys very low turnover of staff. **With long service comes investment in training for staff to ensure progress of skills and to meet legislation.**

Providing their staff with new skills means they are able to be more flexible and offer a more professional service to their clients. Bringing in new staff however is a lot harder.

Driving 'a pride and joy' yellow DAF truck for Brysons is considered a privilege by the driver but they are harder to find.

'Trying to get apprentices is hard but do-able' says Dean

'Then you have to try and insure the driver who if under 25 is impossible. It's chicken and egg. Even finding a young person between 16-21 to join us as an apprentice we can't train them to be a driver because we can't afford to insure them. We need drivers, professionals but not at the cost of the insurance'

The family owned business runs a fleet of thirteen trucks from Enderby, Leicester and would like to expand more however the present site for operation is holding them back and they are experiencing operational planning issues. If they are unable to resolve the issues then other options like moving the whole business to Sutton in Ashfield would become a possibility.

A key need.

'Support for training and planning would be hugely beneficial to our business' said Dean.

City sprint, Largest same day courier company in the UK

White vans operating across the LLEP area from a Coventry depot.

CitySprint would encourage use of electric vehicles.

'It would be a great assistance for road networks to take into account of the types of vehicles that need to use the road to supply the businesses to keep the warehouse distribution centres working.'

'We believe that there are only a few things that make the delivery great, firstly the people, then telling the customer their parcel has been delivered. Whatever happens in between the customer from placing the order to the packaged being delivered, the customer is not really interested in. So get the people right and the technology right brings the result the customer wants.'

White vans with the blue CitySprint logos are a common site on the LLEP roads as they focus on e-retail delivery to homes and business addresses, primarily delivery am, collecting pm. March 2014 saw the 'On the dot' launch where Citysprint target a customer's request to be at the address , 'On the dot' inside a one hour window.

CitySprint is the largest same-day courier company in the UK, turnover at 130 million it has UK wide footprint and a strong presence in the LLEP area. Overnight and international packages are also part of the Citysprint package to customers. Same day brings utilisation of the most up to date technology to provide a timed parcel delivery throughout the UK.

Martin Poole Operations Manager for Coventry and the East Midlands. 'We need good technology everywhere, for us for our customers and absolutely for our drivers. The customer is driving the technology in delivery. Mobile apps, mobile alerts and email alerts are expected, the customer only calls on the phone when he is really upset. All other communication is done via remote technology.'

'Our service is let down by the road networks and the problems of pinch points. Magna Park and other major distribution parks have narrow road ways or are congested by artic's waiting for loading bay time slots. '

'It would be a great assistance for road networks to take into account of the types of vehicles that need to use the road to supply the businesses to keep the warehouse distribution centres working.'

Patrick Gallagher CEO. 'We can only develop into more diverse areas like healthcare and e-retail. Being part of the delivery process for e-retail and integrated into the multi-delivery process from product brand to customer delivery.'

'We believe that there are only a few things that make the delivery great, firstly the people, then telling the customer their parcel has been delivered. Whatever happens in between; from placing the order to the package being delivered, the customer is not really interested in. So get the people right and the technology right brings the result the customer wants.'

Citysprint would encourage an increase of electric vehicles. In the city centres like Leicester, Nottingham and Birmingham, they would use electric vehicles better. *'The infrastructure isn't in*

place. It should come though and the councils will benefit from businesses who understand that the electric vehicle will help to provide a cost efficient delivery vehicle for parcels.'

CitySprints fleet at present is all diesel and under three years old. They expect all drivers to use modern vans so to meet with all the EU standards as well as current UK legislation requirements.'

Patrick Gallagher Answers to specific LLEP questions.

What shape is CitySprint in at this time?

We are looking very healthy at the moment, we have been very busy and that has brought us up to our target for the first quarter of 2015. Our calendar year is January to December and if you aren't on target for the first quarter then you are always trying to play catch up and it never works

How do you think the industry has recovered from the City Link demise?

'There is plenty of work to go around for all of us (our competitors large and small) Whilst we (CitySprint) have got a national footprint we are also growing in customer size and this allows us to meet the larger customer demands more easily.'

'The customer only wants to know when his parcel is delivered not necessarily sameday or by a certain time.'

'Within this year I believe we will see the larger brands raising their prices and the market will reach a new level where the delivery can be paid for more appropriately.'

Where do you see the CitySprint strategy going?

'We can only develop into more diverse areas like healthcare and e-retail. Being part of the delivery process for e-retail and integrated into the multi-delivery process from product brand to customer delivery.'

'We believe that there are only a few things that make the delivery great, firstly the people, then telling the customer their parcel has been delivered. Whatever happens in between the customer from placing the order to the packaged being delivered, the customer is not really interested in. So get the people right and the technology right brings the result the customer wants.'

DHL at East Midlands Airport

Worldwide air in the heart of the golden triangle of logistics

For companies to shorten that delivery time further they must move closer to East Midlands Airport.

Step into the LLEP area is a step into the quickest route to market.

Purpose built for express air courier

Unique geographic, 80% of UK within 4 hours by road.

160,000 parcels a night at peak.

270,000 sq. feet of warehouse, expanding to 400,000 sq. feet.

Future proof, 500,000 parcels a night with 90 million pounds of investment 2015/2016

400 person call centre at Castle Donington

East Midlands Airport hosts the only purpose built express courier site of its kind in the UK. DHL, already the largest haulier on the UK roads is set to invest 90 million pounds into its East Midlands Hub including automation expansion and move its peak handling performance from 160,000 parcels a night to a staggering half a million parcels

East Midlands Airport on the northern edge of the LLEP area has a unique central England geographic, a heavy vehicle drivers break time is four hours. **From East Midlands Airport (ERA) 80% of the UK is within four hours by road.**

DHL commenced operation at East Midlands Airport in 1983; today it handles 2,500 tonnes of cargo a day across 17 routes from a mechanised site that opened in 2000. There is 270,000 sq. feet of warehouse and its set to rise to 400,000 sq. feet by end of 2016 with the new expansion investment.

East Midlands Airport is the UK heart of the DHL international express business, East Midlands Airport is the second largest hub in Europe for DHL, and 48 flights a night are processed.

DHL holds more than 50% of the International Express business in the UK, is about a door to door service. International Express is not just air freight; it's about door to door, from one country to the next. Traditionally a courier collected goods, passed to a freight handler, then an air cargo company before another courier company in the destination country delivered.

Danni Pedri DHL, 'The industry standard used to be an overnight service that customers would expect to arrive by close of business on the following day. Customer expectation has risen to next day lunchtime. **Next day lunchtime will be the next industry standard.**'

How is it done? Parcels collected from the UK client's door arrive at a local DHL hub; from there they travel to East Midlands Airport. The closer the client is to East Midlands Airport the later the cut off. At East Midlands Airport hub the parcel enters manual sortation, checked for size, any damage, any need to re-pack. Four kilometres of conveyor belt await the parcel, the belts are colour coded, yellow for the UK, blue for Europe and red for the rest of the world. DHL x-ray 100% of the air cargo and go well beyond the requirements of the law to security check the goods.

From the 4km of belts packages are packed into Unit Load Devices (ULDs) similar to the process of the containers you see on the trucks transiting the M1, these air ULDs are just smaller and lighter. DHL owns 10,000 ULDs. These are then loaded onto the aircraft, six aircrafts at a time can be loaded at East Midlands Airport. DHL has an impressive air fleet size of 360 aircraft, Boeing 757 for Europe, 767 for long haul and a few Airbus A300s. Special aircraft are utilised for local service such as the Scilly Isles. From Heathrow there is even a helicopter for rush items across London to the Docklands.

DHL were the first cargo company to use Concorde, in a time before fuel costs this meant cheques could be banked a day early.

Today fuel is king for air operations, whilst some of the air fleet are midlife, ten to fifteen years old; they all have custom mini winglets that can save as much as five per cent of fuel. Freight is no longer packed into old passenger planes that have been stripped out. More modern aircraft with better fuel consumption are prioritised to the long haul flights.

The East Midlands Airport operation is duplicated at DHL hubs all around the world. An aircraft will leave UK at 9pm, will reach Cincinnati where the parcel can then reach almost any destination in the USA by next day. With the sun rise lunch time is getting closer for the new industry standard of next day by 12noon.

The 90 million pounds investment by DHL into East Midlands Airport will include the relocation of DHL call centre from elsewhere on the Airport site. On the air side the investment will bring more automation, take the peak 160,00 parcels a night up to a potential half a million and make the DHL Hub at East Midlands Airport future proof as far forward as 2025.

The Unique feature of East Midlands Airport, 80% of UK inside the truck drivers legal driving break, makes East Midlands Airport the most natural geographic airport.

Reaching new industry standards of next day around the world before lunchtime is the new delivery.

For companies to shorten that delivery time further they must move closer to EMA.

Step into the LLEP area is a step into the quickest route to market.

The DHL Numbers at East Midlands Airport.

80% of the UK within four hours of East Midlands Airport

4km of conveyor belts, yellow for UK, blue for Europe and red for rest of the world.

35 loading bays

18 aircraft stands

5% fuel savings on winglets to every aircraft

18 x-ray machines

160,000 parcels a night at peak.

270,000 sq. feet of warehouse

Expanding to 400,000 sq. feet of warehouse at Castle Donington

500,000 parcels a night with 90 million pounds of investment.

400 person call centre at Castle Donington

DX

Using award winning Gnewt to operate a true final mile electric fleet in London

Could DX bring the first electric reality to LLEP on the streets of Leicester and Loughborough?

Document delivery with UK turnover at 312 million pounds

DX is also the preferred provider of the UK Government and foreign embassies for identity documents and visas.

200 million items delivered in 2014

Northampton depot serving the LLEP area.

DX is a leading independent mail, parcels and logistics end to end network operator in the UK established in 1975, delivering approximately 200 million items in 2014.

DX provides proven next day delivery services for mail, parcels and 2-Man deliveries to business and residential addresses nationwide, for both public and private sector companies. In particular, DX specialises in next day or scheduled delivery of time sensitive, mission critical and high value items for B2B and B2C customers.

DX is also the preferred provider of the UK Government and foreign embassies for identity documents and visas.

It could be a passport for a ski holiday. The watch that'll make the perfect birthday gift. Or the commercial contract giving a client's overseas expansion the green light.

From banks to law firms to hospitals and e-tailers, DX solves the delivery conundrums businesses face every day.

Interview with Stephen Barry, Service Product Officer, DX (delivered exactly)

Logistics to us is about getting it delivered as the customer wants. Delivered exactly our logo our policy.

DX Stephen Barry, Service Development Manager was proud to promote the development of investment into the employees of the company and in particular towards the drivers.

'We need to ensure that the point of delivery or contact with the customer reflects the ethos of the company. Trust. From 2012 the government brought in the Driver CPC (Certificate of Professional Competence) to raise the standard of learning for drivers but within the courier industry many

leading companies are leagues ahead and have driver induction, on job training and inspection and testing of driver and vehicle. DX only accept employees who have passed the level 1 vetting, which is a government civil servant vetting level. This is an investment that costs the company and it is viewed within the company strategy of product service.'

DX are a B to B and B to C parcel delivery company with over 3,000 employees, drivers and warehouse personnel with a turnover is £312 million.

The traditional style of delivery for DX was and still is documents that need to travel between a quarter of a mile to one mile, point a to b. Businesses where the product just needs to be somewhere else and they (the customer) cannot take it themselves.

Big green step

DX have recently bought into Gnewt the electric courier company in London. 'The future of delivery will be forever complex and it is important to have as many modes of delivery that suit the customer as well as support the environment.'

Gnewt run a fleet of electric inner city vehicles, Peugeot plug ins and Goupil electric vans.

Such an electric fleet is the most likely to be the first to set a true CO2 clean impact with the same model in Leicester or Loughborough.

The delivery market of B to C is being built on trust, taking the traditional trust of high value quality product delivery and placing it as a brand for the customer to want to use the service for that reason. DX believes the customer wants to know they can trust in their supplier and you need to show more commitment than just a delivery'.

Driver training

The Driver CPC (Certificate of Professional Competence) has been a huge issue to the industry. Everywhere our depots are looking for this 'Gold dust'. The old drivers just didn't bother to do the training so they were lost whilst a large proportion of younger drivers waited for 'their employer' to pay to attend the training. So when a driver comes to you now you want him to have a 'blue' licence because they can't work without one and if they haven't got one it is expensive training to get him qualified.

The DX Brand

With the first brand, 'DX believe they deliver more than your deliveries and promises – they deliver competitive advantage. '

Traditional B2B courier

The second brand of DX is DX two man, trucks with two people who typically deliver fridge, washing machine cooker type goods in medium sized rigid trucks, able to access tight spaces in Leicester or Loughborough.

DX re branded last year after Nightfreight and DX become one. The angular blue logos can be seen on many trucks in the LLEP area.

East Midlands Airport

The LLEP area uniquely has East Midlands Airport in the north of the County

50 years of Worldwide air in the heart of the golden triangle of logistics

Andy Cliffe, Our objective is to ‘develop an airport and business “that contributes to the competitiveness of the area’

80% of the UK is within 4 hours by road.

DHL is investing a further 90 million pounds in its hub operation in 2015/16

TNT, UPS and the hub for Royal Mail

East Midlands Airport’s vision is to develop an airport and business “that contributes to the competitiveness of the region, promotes inward investment, provides high quality jobs and meets the travel needs of local people”. In 2014 the Airport handled over 4.5 million passengers and 309,000 tonnes of cargo. The Airport is the UK’s largest pure-cargo airport and is the UK base for DHL and UPS. East Midlands Airport has the capability and the capacity to grow the volume of flown cargo and it is forecast to annually handle some 700,000 tonnes within the next 25 years. The Airport is the largest single employment site in Leicestershire with 6,730 people employed in 2013.

East Midlands Airport was opened by Prince Philip in 1965 and since that time has grown to become an airport of national importance, serving 4.5 million passengers and establishing itself as the largest airport for all-cargo operations in the UK. The Airport is ambitious for its future growth. The 4.5 million passengers fly to around 100 destinations across Europe and North America, and with some 7,000 people working on the site, the Airport contributes £239m to the local economy. The Airport’s aim is to deepen the role that it plays in the economy of the Midlands; driving growth through better connectivity; creating jobs and attracting investment and developing routes and services to meet the needs of its passengers.

Andy Cliffe spoke of the East Midlands Airport. The ability to provide 24 hour operations, good road access and a strategic location at the heart of the national road and rail network are some of the advantages and opportunities for East Midlands Airport. It is important that the Airport’s road accessibility is protected and enhanced in particular improving access from the A6, A50 and the M1. Short-term highway improvements including the introduction of Smart Motorways on the M1 will help in maintaining the Airport’s accessibility advantage.

East Midlands Airport will continue to grow its cargo operations, but the success of the Airport relies on the ability to provide both cargo and passenger operations. UK aviation growth is supported within a national framework that maintains a balance between the benefits of growth and the environmental impact. East Midlands Airport works hard to capitalise on the economic benefits whilst limiting the impact of aircraft noise, particularly at night. In the development of future national aviation policy it is important that the role of East Midlands Airport’s passenger and cargo services is recognised and supported.

The ability to maintain national road connectivity within a 4 hours of East Midlands Airport will continue to encourage international freight supply chain companies to develop and invest in the LLEP area.

It is important that the Airport and the local area is able to access a workforce with the necessary skills and that there will be a need for an increased workforce to serve the Airport's and the area's future growth. This will mean working with local education and training providers to target the benefits of local employment. The ability for the Airport's workforce to be able to travel to work particularly by public transport will be important for future growth. Public transport services need to be 24hr, 365 days a week.

East Midlands Airport will engage with businesses, the local area networks, the Chamber of Commerce, Local Enterprise Partnerships and key businesses to capitalise on the strategic opportunities that the Airport brings as well as working together to grove economic and employment growth. It is important that the East Midlands region works together to exploit its advantages.

What is logistics? 'It is the timely movement of goods to connect industry and market together'

Edited by Jon Bottomly

FedEx

Solution to the LLEP area internet speed is their own Internet Server.

FedEx, 'the world on time'

FedEx have not yet committed to East Midlands Airport,

To further our commitment we are bringing in more hybrid and electric vans.

FedEx is doing more to work with universities and schools to attract more and more youngsters, to create a link that opens up the doors to logistics.

FedEx with its 'world on time' campaign has head offices in Memphis Tennessee.

FedEx UK provides a range of delivery and logistics services through an established national pick-up and delivery network.

The Leicester depot serves the central LLEP area from Unit 19B Meridian North, Meridian Business Park, Leicester, LE19 1WR, Nottingham depot is the next one to the north.

From timed delivery options to less urgent end of next business day or economy services, we are committed to delivering on time, every time and ensuring we deliver what's most important to you – peace of mind.

A look at the UK roads in a short interview with Jane Smith Global Logistics Solutions at Intra Logistics Coventry 25th March 2015

FedEx have their very own internet server and it is something from America for all over the world; 'our internet is important we control its capabilities.'

They use a planning system that will calculate the route and freight progress to maximise capacity and economic routing (including fuel use).

All UK FedEx trucks are aerodynamic and they support all low carbon issues.

The strategy that low carbon systems have a benefit to the company as well as the environment, the customer and in support of global effects.

FedEx have 80% of their fleet using Sat Nav's but it's likely that all their drivers have a sat nav but they don't all need to use them.

'To further our commitment we are bringing in more hybrid and electric vans. Local use and they are run only for short 10 mile radius so that they return to us for charging or if not they have to go switch back to diesel to get back to the depot.'

FedEx focus on internal training schemes for all areas of their business, training to maintain a fleet or team of employees is taken on a grand scale. FedEx have their own training academy, progression

from warehouse to Vice President once someone enters FedEx they can train and be trained to meet any one of the job vacancies that comes up.

However they recognise that this leaves the entry level issue. Not enough young people see driving, warehouse work or traffic office job roles as attractive, probably boring or even too difficult so they don't apply.

School route to future.

That is why FedEx is doing more to work with universities and schools to attract more and more youngsters, to create a link that opens up the doors to logistics.

To describe what is logistics? 'Delivery On Time' the product, parcel or package is not good to anyone if it doesn't arrive when it should.

Hermes,

East Midlands is key to it all.

Second largest parcel carrier in the UK after Royal Mail.

SHUNDAY - UK Sunday delivery to home

A CO2 green statement company

World Stage - 2bn euros in 2013 and growing in LLEP area.

And a two man service for larger goods to your home in LLEP

Hermes, now calls itself the second largest parcel carrier by volume in the UK after Royal Mail. Anglo-German owned, the Hermes Group recorded 2013/14 sales of more than EUR 2bn for the first time in its history.

The business owned by the German distance-selling retail giant Otto Group comprising 12 individual companies grew their combined sales by 8% year-on-year in 2013, to achieve a total revenue of EUR 2.083bn. 2014 figures are expected to be a similar growth.

The achievement came on the back of a 10% growth in parcel volumes, with the Group as a whole handling around 496m items during the year.

As well as holding its own in the highly competitive German parcel market, Hermes said its EUR 2bn milestone was achieved thanks to **double-digit growth in sales and shipment volumes within its UK business.**

Mike Antoon Sales & Operations Manager for East Midlands – MyHermes ‘Logistics for me “is the movement of goods from one point to another, simple.’

‘We run a fleet of 2,500 rigid, artics and curtain siders and another 10,000 van couriers all over the UK but the **East Midlands is key to it all.** Traffic flow, distribution centres and vehicle support comes out of the region.

‘We are a CO2 Green Statement Company, looking to introduce hybrid vehicles. ‘

‘We use water freight on a small scale. ‘

‘Our trucks are aerodynamic and as a whole the company leads by example with recycling and ecological uses within the head office and depots.’

‘Road traffic management is important to the whole fleet and the routing of everything and as Business to customer supplier this effects delivery times throughout day time more than evening and night time. We deliver seven days a week. ‘

'If anything was to change with daytime delivery hours availability our business would be hugely affected. We do not want to see any restrictions on housing areas throughout the day and peak periods because even though the peak periods are hectic and difficult to keep flowing we have to make deliveries at this time for the customer.'

'The customer is trying to outpace us and we are running close to lagging behind which is why we need to improve the industries customer perception of the cost of delivery, the value of getting the parcel and with MyHermes we are achieving this through multi-channel customer collection and deliveries and with a seven day a week service.'

'Skilled workforce are available but we heavily recruit from within and have our own training programme to assist with job progression. The drivers are put through a good induction programme and we believe they stay with us for this reason.'

'Regional support, we need LLEP support for the logistics industry to assist with road networks. Smart motorways do not work on their own and maybe they don't work that well anyway. The traffic flow must be free flowing for us from hubs to DC's this is our life blood. Bottle necks into the estates are a huge problem; they cause delay that is often unpredictable.'

'Logistics for me "is the movement of goods from one point to another, simple'

Hanjo Schneider, CEO of Hermes Europe, said Hermes is benefiting today from the establishment of its own logistics and delivery systems in the European countries with the largest e-commerce industries.

'The future of the parcel business is partly in internationalisation – eventually merchants want to sell their goods globally," said Schneider. "Accordingly, we are now strengthening our presence in smaller European countries, and we are working closely with leading parcel services in the various national markets to integrate their networks into our organisation.'

Hermes said during the year it added 700 new jobs for a total of 11,814 in its work force.

The company's core business saw 492m mail pieces and parcels moved in Hermes companies in Germany, Britain, Austria, Italy and Russia in 2013, up 9% on 2013 total.

The package business accounted for more than 477m of those shipments, up 14.5% on 2012, with about 70% of the volume shipped for customers outside the Group.

John Lewis

John Lewis 750,000 feet of the other Magna Park,

Located south of the LLEP area in the other Magna Park

Expansion into Magna Park 2

Launched their very own apprenticeship scheme during March 2015 apprentice week.

A unique omni-channel delivery, John Lewis click and collect via the Waitrose brand.

John Lewis opened their Magna Park warehouse in June 2009, replacing an existing "manual" one in Stevenage. It was built with expansion in mind. Other tenants then at Magna Park included Asda, Britvic, Honda, Toyota, BT, Argos, LIDL, Merck, Eurolab, TNT and Panasonic. Today Magna Park, Northamptonshire, currently employs 9,300 people across 25 different businesses and sits almost like a sister to Magna Park in the north, home of the LLEP area.

Today John Lewis have 60 million pounds of warehouse and sorting kit at Magna Park. 750,000 sq. feet & six-and-half miles of conveyor belts shifting goods in a very clever green tote box system that helped John Lewis rack up a record £48m online sales in two weeks at the start of December 2014.

2015 March news coinciding with National Apprenticeship week, John Lewis is to run a driver apprenticeship scheme.

The John Lewis scheme will target driver shortfall, with the retailer looking to bring 41 apprentices on board in 2015 with its scheme run in partnership with The Real Apprenticeship Company.

Under the scheme there will be two types of apprenticeship, with recruitment for the roles continuing throughout the year: six for the John Lewis Primary Transport fleet and 35 for John Lewis Customer Delivery fleet. **Suzy Welby, education design lead at John Lewis, said:** *'We are looking for young people who are passionate about what they do and the service they provide. Our drivers are ambassadors of our brand and their actions are a direct reflection on the business in the same way as any of our other Partners in a selling environment, so we are looking for people who are willing to take on that responsibility'* All apprentices will receive full training to drive heavy goods vehicles and develop their geographical knowledge. There will also be an emphasis on delivering outstanding customer service with all Customer Delivery apprentices taking part in John Lewis's Much More Than A Driver (MMTAD) training scheme, giving drivers the skills and training they need to meet customer expectations.

The web has become a massive sales channel for John Lewis over recent years. John Lewis dot com recorded its biggest ever 2014 day on December 6, with sales just ahead of the previous Monday. Over the seven days of that week of December online sales were 45pc up on last year. The website has seen weekly sales of around £24m each week for the last two weeks - a record.

It's not all home delivery, it's a five day service to get free home delivery from John Lewis, and next day to home comes at a premium payment. Another option is collect from store, and you don't need to live near a John Lewis, you can click and collect John Lewis next day free of charge and pick up from your local Waitrose, this is a **unique omni channel opportunity** staying within the ownership brand.

The John Lewis site at Magna Park, M1 J13, 750,000 sq. feet, holds 160,000 different products and can dispatch them off to shops at breakneck speed. Of these products, around 20,000 lines are also available for shoppers to buy direct off the internet.

Magna Park is the epi-center of the chain's "click and collect" strategy. Customers can order an item online for it to be delivered to their nearest store for picking up. Orders placed by 7pm will arrive at the store of choice by early afternoon the next day, from Aberdeen to Southampton.

It is no wonder that **Jonathon Brown, John Lewis's head of online selling**, is so keen that everything at Magna Park runs smoothly. *'We have definitely had a good few December weeks but it's just part of the peak trading period,' he says at the site.* Jonathon joined John Lewis Partnership from B&Q-owner Kingfisher in November 2009, he says, *'the recent snow has not hampered deliveries too much. And if it has, customers understand, if you are standing in your front room and you see four foot of snow, you will understand if a delivery lorry can't get to you.'*

Terry Murphy, head of John Lewis's national distribution centres, says 'John Lewis soon caught up on the December backlog caused by snow. There was a bit of disruption but it has not caused us overwhelming problems, some staff have gone that extra mile. One delivery driver who spent hours digging his car out of his driveway recently only to drive to the warehouse in order to dig out his van. That's a committed workforce.'

John Munnely, head of operations, Magna Park John Lewis. *'It was different story Ten years ago when John Lewis bought buy.com, the view then was internet may equate to five per cent of the business. Today it accounts for thirty per cent and the explosion of e-retail has necessitated change.'*

The employer engagement round table question posed, what will the warehouse of the future look like? John, 'It's not just about the warehouse; it's about the dots that put together the makeup of the supply chain.'

'There is a curiosity and intrigue as to where the customer proposition will take retailers next. Ever changing and more sophisticated customer requirements are heaping pressure on retailers to develop their business and this pressure is being felt along the whole supply chain.'

'When John Lewis purchased buy.com ten years ago, its online business was something of an afterthought in a ten year plan, which would see the retailer add ten new department stores to its existing 26.'

'The view then was, at its peak, John Lewis online would bring in the same as a single department store, perhaps equating for up to five per cent of the business. Today that view seems somewhat ridiculous when looking back ten years.'

'Fairly small aspirations have grown, today online sales represent thirty per cent of the John Lewis business, looking forward I am intrigued to see where the customer proposition will take us next.'

'The explosion in online necessitated a change in the retailers distribution network. From this change emerged a large semi-automated warehouse.'

'Even when the warehouse was being conceived it was still with the mind set of conventional supply chain branch replenishment. As opposed to omni channel needs. As time went on we realised the sheer growth of online and adopted the design to make it as multipurpose as possible.'

'The increased efficiency on the old Stevenage warehouse is marked - Magna Park packs seven times more products than the old place did. Magna Park has 97.5pc availability (retail-speak for the percentage of goods that are where they should be) and the software has a 99.5pc success rate. The sprinkler system is so advanced that "you are more likely to drown than burn" if there is a fire.'

'Had John Lewis failed to recognise this changing face of retail, it could have ended up with a monster Warehouse in Milton Keynes capable of replenishing its stores nationwide but unlikely to be able to serve its online customers.'

'The frequency of stock turnaround is challenging the traditional warehouse model of holding products until they sell. Returns are a necessary evil, in store stock accuracy is certainly an area that needs addressing, as well as assessing where the best place to fulfil a sale from is.'

Economists have even commented on how big a part of the John Lewis "story" online is this Christmas. The bad weather in particular has made a reliable delivery service crucial. Howard Archer, chief UK and European economist at IHS Global Insight, said on Sunday: "Online sales jumped 45pc year-on-year in the week to December 11 as many consumers compensated for finding it still difficult to get to the shops and also tried to make up for lost time physically shopping due to the weather".

The John Lewis 750,000 sq. foot warehouse at Magna Park

60 million pounds worth of warehouse and kit to carry hundreds of thousands of green tote boxes.

A showcase of warehouse solution between retailer and client at the heart of the UK in the southern edge of the golden triangle of East midlands distribution geography.

Magna Park is semi-automated, meaning that the workload is split between man and machine.

A successful model that could be replicated as far north as Castle Donington.

The warehouse takes in products from 1,000 suppliers, from Panasonic to small cottage industries. Layers and layers of automated conveyor belts carry hundreds of thousands of green "tote" boxes from their shelves to workers - who take out items to be sent to shoppers or to stores. The belts then take the totes back to their shelves.

The cost of the kit making the Magna Park warehouse work was £28m, while the cost of the whole project was £58.5m. In total there are 10.5 kilometres of conveyor belts in the warehouse. The aisles are 75 metres long and 15 metres high, and the cranes that locate and pick up the totes travel at six metres a second. John Lewis calls this an Automated Storage and Receiving System, or ASRS.

The technology is clever. If two or more totes hold the same product then they are deliberately located in different aisles so that if one aisle breaks down then the product will be available elsewhere.

Lafarge Tarmac Syston Leicestershire

Tipper, mixer & Large Tanker wagons on the LLEP Roads

A vertically integrated business.

10 million a year to the local economy.

Haulers and site drivers have the perception that the customer does not respect their job role.'

'The job is a dirty one, it isn't glamorous, long hours, seasonal but the earnings are higher than ten years ago and the skills required have multiplied compared to the previous generation of haulers.'

Lafarge Tarmac continues to expand with the recent confirmation of quarrying rights at Mount Sorrell. **Success as Leicestershire County Council** have given the green light to the Leicestershire quarry extension proposals which will safeguard 149 jobs and continue to provide £10 million a year to the local economy.

Mountsorrel Quarry provides a nationally important source of granite, essential for the UK's roads and construction industry. The extension of the life of the quarry for a further 25 years will enable access to additional stone reserves and maintain supply to the construction industry at a time when the UK is investing in new infrastructure.

Stuart Wykes, Director of Land and Natural Resources at Lafarge Tarmac, said: "The approval for the extension proposals is good news for the local economy preserving jobs, securing supply of vital materials and building on a longstanding relationship between the site and the community."

March 13th, 2015

Alison Lawton-Devine works from Lafarge Tarmac Granite house, Syston, Leicestershire; she is also the CILT Leicestershire group chair and **is a strong voice in the LLEP area haulage companies.**

'**Lafarge Tarmac** is the UK's leading sustainable construction solutions company, providing a diverse range of products and services to the construction sector. They are Europe's largest lime quarry supplier. Situated in the Midlands Region with quarry sites in the Peak District they work with contracted and employed hauliers. Approximately 1200 tipper, 500 mixers 60 tankers and 1000 vans. Regularly using agency drivers to fill the gaps.'

'High standards of rigour are applied to the quarry industry and this filters through to all areas of the business, right down to the contract haulers. **Haulers and site drivers have the perception that the customer does not respect their job role.'**

'**The job is a dirty one, it isn't glamorous, long hours, seasonal but the earnings are higher than ten years ago** and the skills required have multiplied compared to the previous generation of haulers.'

'Driver CPC now law, includes by Lafarge Tarmac standards, to contain Induction and Safety as two of the specific modules within the seven to be taken. Job specific modules are agreed by each supervisor against the law which only says you 'must complete seven modules'. With the technology

on the vehicle, digital tachographs, drivers working directive, road craft and specific site and quarry health and safety laws and site rules; the driver is a highly capable of multi-tasking, attention to detail, constant delivery of repetitive paperwork and digital analysis along with daily traffic issues to meet strict and stringent time deliveries. This is a highly skilled job and we do not have the pool of resources to support the lack of skilled drivers available today.'

Cyrille Ragoucy, CEO Lafarge Tarmac

- Lafarge Tarmac was formed in January 2013 as a 50:50 joint venture between the UK operations of Lafarge and Anglo American, Tarmac,
- Lafarge Tarmac has an unrivalled heritage, combining more than 150 years' experience,
- Directly employs around 6,600 people and £1.9Bn of sales,
- We produce aggregates, asphalt, ready mix concrete, cement, lime, building products and contracting services,
- Vertically integrated business,
- UK wide with over 330 active sites, strong national footprint, the best assets in the industry and obviously the best team,

Sustainability helps us manage operating costs by reducing energy, waste, water and procurement costs. It is important for the recruitment and retention of employees. In this day and age we are competing with the service industry, car industry, and we need to attract young blood into our industry (and into Lafarge Tarmac). Who wants to work in a company or an industry that is not proactive in sustainability and that is 'finger pointed' all the time?

Lafarge Tarmac have developed a Vision (and internally our Strategy and Values) and then a Sustainability Strategy for 2020 to help measure their journey. It is based on the following 4 pillars:

- **People:** Safety, training, community work,
- **Planet:** Emissions, water usage, restoration, replacement of fossil fuel,
- **Performance:** Sustainability, managing business risk and growing a successful business which creates value long term.
- **Solutions:** Capabilities both in the products we deliver and the services we deliver with them. Offering the customer sustainable solutions from a whole life perspective.

North of the LLEP area, the big quarries of the Peak District supply much of the cement heading south on the M1 for projects such as cross rail in London. This is large heavy haulage on the arterial routes between Castle Donington to Magna Park. Particularly using the A50 M1 entry roundabouts that also serve East Midlands Airport and the big sheds such as M&S at Donington.

High Peak Quarry visit. *Lilian Greenwood MP, Shadow Minister for Railways, visited Lafarge Tarmac's Tunstead aggregates, cement and lime operations this week to discuss rail capacity and ideas to improve the local and national rail network. The Shadow Minister was joined by Cllr Caitlin Bisknell, the leader of High Peak Borough Council. Lilian Greenwood MP and Cllr Caitlin Bisknell were given a tour of the Tunstead site, including the railway sidings.*

Mat Woodcock, Head of Group Logistics and Supply Chain at Lafarge Tarmac said: "This was a good opportunity to discuss a number of topics regarding the rail network and to show the Shadow Rail Minister how current arrangements are limiting our ability to move more tonnage by rail. Investment is needed in the local and national rail network in order to address these issues and we hope this visit will help to highlight this."

Marks & Spencer on the northern footprint of the LLEP area.

The largest e-retail hub in Europe.

Combination of state-of-the-art technology and a great social working environment.

900,000 sq. feet M&S at Castle Donington 24 hours a day.

1200 people employed.

Processing 1 million products a day.

Does the A50 roundabout strangle the 50 aero(dynamic) trailers?

Marks & Start Logistics scheme for people with disabilities'

The giant M&S aero trailers on transit around the A50 and M1 intersections have become common place sight since the Castle Donington warehouse opened in May 2013. M&S trailers between JCB loaders and Toyota car transporters in the growing East Midlands zone of complex supply chain road transport distribution showcase the expert logistics arriving in the region.

As you would expect, the numbers are big. 50 Vehicles a day, 1200 staff, 16 million products. Up to a million orders a day during peak trading times. It is fully automated and, at 900,000 sq. ft. and 25 metres high, it is one the biggest centres of its kind in the Europe. It operates 24 hours a day.

The site was built with green in mind and features Europe's largest solar wall - a sun-facing wall that absorbs solar energy and releases it to help heat the building. It is carbon neutral and has been part built using concrete from the former Castle Donington power station. None of the waste from the site has gone to landfill.

Castle Donington is a major part of an M&S transformation programme to create a fast, agile and flexible supply chain for M&S. Combined with a new web site, this modern e-commerce distribution facility offers customers better availability online and the ability to order products late in the day for next day delivery.

M&S Chairman Marc Boland

'This investment in the UK east Midlands is a unique combination of state-of-the-art technology and a great social working environment. Castle Donington is one of the most modern, fully automated distribution centres in the UK. We recruit a significant proportion of employees through our Marks & Start Logistics scheme for people with disabilities'

Bolland began a three year plan in 2010, investing £100m on in-store technology such as iPads for customer assistants, £150m on a new website, a similar amount on a new distribution center in Castle Donington, Leicestershire, and with £500m on new international stores. Annual capital expenditure is rising from less than £400m to more than £800m.

Alan Stewart, Chief Finance Officer at M&S,

'We're extremely proud of Castle Donington, it's amongst the best of its kind in the world. We are transforming our supply chain operations to make them fit for the future of M&S as a leading international, multi-channel retailer. Our new supply network, alongside new systems and a best-in-class web platform will create a more efficient M&S able to deliver our products to customers in the right place at the right time, whether they're at home or on the high street.'

'Dec 2014, an unsatisfactory performance in e-commerce.'

Donington disruption hits M&S Christmas dot-com sales.

Disruption at the Castle Donington distribution centre hit dot-com performance at M&S in December, leading a 5.9 per cent fall in dot-com sales for the 13 weeks to 27th December.

M&S said that while there had been disruption at Castle Donington, the new web site performed well operationally, even through periods of peak demand. 'We have already made progress in addressing this and have now returned to our improved delivery proposition.'

Marc Bolland chief executive M&S. *'M&S had a very good Christmas in food. We delivered record Christmas sales, strongly outperforming the market. We had a difficult quarter in general merchandise, dominated by unseasonal conditions and an unsatisfactory performance in our e-commerce distribution centre. We maintained our focus on general merchandise gross margin, with guidance unchanged.'*

Marc Bolan and the three year plan.

Marc Bolland arrived at M&S in 2010 with a three year plan and a vision for e-retail at Castle Donington.

He arrived at M&S in May 2010 – replacing Sir Stuart Rose – he initiated a three-year plan to build the company into an international, multi-channel retailer. By 2013 Bolland's proposals were being dragged down by the clothing business. The Dutchman can claim credit for expanding M&S's food business.

Beyond the three year plan involves spending £2.4bn on modernising stores, revamping the company's brands, expanding abroad and developing new e-commerce technology. Investing £100m on in-store technology such as iPads for customer assistants, £150m on a new website, a similar amount on a new distribution center in Castle Donington, Leicestershire, and £500m on new international stores. Annual capital expenditure is rising from less than £400m to more than £800m. Some significant early hires to support his plan were poaching Laura Wade-Gery from Tesco to become executive director for multi-channel e-commerce.

The new Marks & Spencer (M&S) 900,000 sq. ft. distribution centre in Castle Donington officially opened on Wednesday 8th May 2013.

The Donington site handles all internet orders (except food, flowers, beers, wines spirits and furniture) placed through either PC, mobile, tablet or online orders placed in store.

Facts about the Castle Donington facility:

- 900,000 sq. ft. and 25m high - one of the biggest distribution centres in the UK;
- Equivalent of 11 Wembley size football pitches, it could hold 12 jumbo jets, 3,507 double decker buses or 2,392 billion Percy Pigs;
- Capable of processing one million products a day (300,000 through their website);
- The site is fully mechanised and features some of the latest technology in the warehousing industry including automated storage and retrieval systems and sophisticated warehouse management systems guaranteeing delivery accuracy;
- 150,000 different products stored, 16 million individual products in total;
- 24/7 operation, using 50 vehicles a day;
- 1,200 people employed at peak periods - mix of M&S employees and agency employees and a significant proportion recruited through Marks & Start Logistics;

Office Depot, 'total retail', warehouse automation in Leicester

One of the most automated warehouses in the LLEP area.

The only A frame sorter in Europe.

75,000 order lines. Showcase warehouse technology in Leicester.

Green Apple award.

Sustainability & customer focus.

A new Logistics school of excellence,

'It was built in Leicester in order to retain the knowledge base of the existing workforce.'

One of the most automated warehouses in the LLEP area is Office Depot, its located at Bursom Business Park, the system plays host to two main business operations processed within the warehouse; Viking Mail Order and Office Depot Contracts and is designed to allow Office Depot to process 75,000 order lines over a 12-hour period with a daily picking capacity of 36,000 cartons. Canute yellow and red trucks are a regular feature of the local roads as they run in and out of Bursom warehouse.

Office Depot is geographically perfectly placed to help retailers in meeting the 'right now, any time' culture heads on to better guarantee availability. As omnichannel becomes 'total retail', this requirement is only going to become greater.

Returns. 'From our Leicestershire warehouse, by working in close collaboration, suppliers can help to ensure that items which have been returned are processed and back in the supply chain in enough time for them to be sold at the maximum RRP.'

Cartons individualized, printed and cut to size. 'For the first time in the Office Depot operation, Schaefer has integrated a carton cutting and lidding machine designed to reduce waste and the transport cube of each order by cutting down the size of each carton to the minimum height possible and lidding the carton in a single machine.'

Office depot are focused on future workforce need, they recently launched their own, **'Logistics school of excellence.'**

Showcasing excellence in automation, it took just under 12 months for SSI Schaefer to design, supply, manufacture, deliver and install the Automated Order Fulfillment System for Office Depot in Leicester.

There is an A frame, Auto Dispensing Unit, believed to be the only one in Europe, capable of a minimum performance rate of 1200 cartons per hour while handling over 800 products, it is responsible for handling small regular sized products such as pens, post-it pads and ink cartridges and automatically dispenses products into split case cartons.

Simon Brammall, Senior Project Manager, Office Depot Leicester, said: ‘The Leicester project was built to consolidate some of the existing supply chain of older systems that had become less efficient resulting in lower productivity levels. Amongst other important factors, **it was built in Leicester in order to retain the knowledge base of the existing workforce.**’

Office Depot has a very quick turnaround of customer orders, which are either delivered the next day or even the same day. It would be impossible to turn around such a large amount of diverse orders without automation.

Office Depot is committed to providing sustainable solutions within the business. Sustainability was a vital element of the build, resulting in the new order fulfillment system being designed using energy saving measures whilst utilising several new technologies to provide a sustainable building for years to come. Office depot Leicester has since gone on to win a Green Apple award and obtained a BREEAM rating of ‘Very Good’ for both the office and warehouse which shows Schaefer and Office Depot were successful in their combined efforts for a sustainable build.

Rachel North, Office Depot was at the heart of a launch of the new ‘Logistics School of Excellence’ at Office Depot in Leicester. A success story of the Office Depot school of excellence is Simona Kundracikova. Simona receive recognition from Sec of State for education Nicky Morgan at the March 2015 LLEP logistics and distribution event in Loughborough. Rachel comments, ‘funding for a skilled workforce is key, we need to see logistics explained in schools, driving roles and warehouse operations. Today’s customer services director (Europe) joined the Office Depot family as a driver.’ ‘We need a skilled workforce, people who see progression in a career in logistics, for a future workforce we need to inform schools of the local opportunities in logistics.’

Simona Kundracikova, LLEP Office Depot apprentice excellence winner hopes her new apprenticeship qualification will help her career with Office Depot. Simona recently completed her 12 month Apprenticeship Programme in Storage and Warehousing through the Logistics School of Excellence at Office Depot in Leicester. Throughout the programme, Simona grew in confidence and has since taken on additional responsibilities that have enabled her to apply for a Team Leader position that has become available.

“I found this Apprenticeship Programme extremely informative and not only has it assisted in my day to day role but has enhanced my self-development at Office Depot.”

Simon Brammall, Senior Project Manager, Office Depot Leicester, 'Overall the system is required to convey cartons from an infeed storage area, to a dispatch area, via a number of picking faces according to a pre-determined route communicated from the Office Depot host system.'

A manual carton induction process with automatic leaflet/flyer insertion has been provided and induct stations are inclusive of ink jet coding stations for printing, unique brand logos and possible additional messaging. Erected cartons are then discharged from each machine onto a take-away conveyor and automatically directed into size specific accumulation lanes. Schaefer also chose to use continuous spiral belt conveyors to reduce blockages and improve maintenance access.

The system has been designed to allow for automatic carton induction with on-line printing of picking lists using automatic carton erectors capable of producing multiple carton footprints with different heights assembling 1200 cartons per hour.

A split case picking system on multiple levels complete with carton / tote recirculation ensures no system gridlock. The system operates a throughput of 2400 cartons per hour to different areas of the picking system and all pick zones are equipped with Schaefer's pick by light system to deliver efficiency and accuracy simultaneously. Each operate at the required optimum of 1800 cartons per hour and come with an individual picking loop and progressive check weighing facility to check for errors at source.

At 11 meters high there is an Automatic Storage & Retrieval System that consists of eight commissioner cranes and two pick to tote stations. The cranes deliver the required performance of 1000 put away and 1000 tote retrievals per hour and the two pick to tote stations are capable of handling 500 lines per hour.

Real time statistical display screens, including maximum number of cartons allowed and current number of cartons etc. have been placed at key locations throughout the installation to give an 'at a glance' view of the workload around the system to allow additional staff to be allocated as necessary.

Upon completion of the picking operation, the carton/tote is conveyed to a manual/visual checking area on a powered conveyor to be manually removed by the operator and following checking the operator replaces the carton back onto the main transportation conveyor. Throughout all the picking areas there is a series of belted waste conveyors installed that deliver waste to an outside compactor for recycling.

Once all items are picked for an individual order the final stage of handling is the checking, lidding and labeling operation. 'For the first time in the Office Depot operation, Schaefer has integrated a carton cutting and lidding machine designed to reduce waste and the transport cube of each order by cutting down the size of each carton to the minimum height possible and lidding the carton in a single machine.'

Sarah Windham-Luck, director of retail at Office Depot, 'As omnichannel becomes 'total retail', this requirement is only going to become greater. The lines between channels are becoming increasingly blurred as mobile commerce, store consumer specific marketing, online purchases and click and collect merge into one 'total retail' experience. Suppliers must actively help retailers in meeting the 'right now, any time' culture heads on to better guarantee availability. If retailers do not capitalise

on this, ensuring they have full visibility of stock on immediate standby, competitors can quickly steal a march. Suppliers worth their salt must recognise the role they can play in managing stock flow into store efficiently.'

'There's no doubt this is an era of squeezed margins where, for retailers especially, a key priority is ensuring profit is protected as much as possible in each area of activity. But it can be difficult for retailers to implement a truly visible process for managing the flow of stock, underlining the importance of close collaboration with supply chain partners.'

Visibility is paramount, not only because returns have become a normal and regular aspect of modern consumer behaviour, but because the longer items are out of the supply chain, the less profitable they become. Dealing with a varied store estate and a disparate supply network means it can be difficult for many retailers to retain control over returns. The faster returns can be processed, the more likely they are to still generate profit, Office depot location of Leicester is geographic key to a middle England solution.'

'From our Leicestershire warehouse, by working in close collaboration, suppliers can help to ensure that items which have been returned are processed and back in the supply chain in enough time for them to be sold at the maximum RRP.'

Brian Wilkinson, director of manufacturing at Office Depot, 'The turbulent state of the economy over the past five years has left the UK undergoing a trying time, battling to fight its way out of recession and become more stable.'

Office depot 2014 Quarter one research covered 250 managing directors of large companies spanning 15 industry sectors. During the same period ONS showed manufacturing growth at 1%. The renewed optimism for the industry was reflected in the fact that 70% of those in manufacturing who participated in the Office depot research thought that business had improved over the three months (Nov 13-Jan 14). Furthermore over 85% anticipated growth for 2014. It is difficult to draw realistic conclusions from what is often reported in the media headlines about the state of the economy; however 46% of participants from manufacturing in the survey believed that the positive reports about the economy upturn are truly accurate and representative of industry. Despite the positive outlook, nearly half of the Office depot survey (49%) said that they feel under pressure to reward their staff with pay rises, with 30% choosing to remain cautious and hold on to capital for the time being.

Office Depot is registered in France, Senlis, and its UK head office is the warehouse in Leicester. Office Depot was formed by a merger of Office Depot and OfficeMax, Office depot Inc. is a leading global provider of products, services and solutions for every workplace from office to home, school or even car.

Office Depot Leicester.

75,000 order lines. 36,000 cartons in a 12 hour period.

5000 cartons per hour while delivering up to 30 plus internal locations,

Under 12 months for SSI Schaefer to design, supply, manufacture, deliver and install the Automated Order Fulfillment System for Office Depot in Leicester.

Possibly the only A frame technology in Europe.

800 small products mixed into orders of 1200 cartons an hour.

It was built in Leicester in order to retain the knowledge base of the existing workforce.'

Pall-Ex Ellistown, Coalville,

‘These results show that we are offering a cost-effective, reliable way of moving palletised freight across Europe.’

A pallet network expanding across Europe from the LLEP area.

Pall-Ex is no longer just UK, from Leicestershire it is across Europe and it is expanding.

Pall-Ex is looking for a rail freight investment.

Fork Lift Truck Academy giving opportunity to youngsters locally

A celebratory of the LLEP area, Pall-Ex boss Hilary Devey became well known for her Dragons Den role.

Operating from their head office at Ellistown, a few miles west of M1 junction 22 in the heart of the LLEP area, Pall-Ex has become a household name in logistics. The Ellistown site comprises their corporate offices and a busy network hub with a footprint of 267,000 square feet. Freight is loaded and unloaded under weatherproof canopies, protecting freight in 42 easy access loading bays. The Ellistown hub was the first non-drive-through hub model in the industry. This unique approach was aimed at providing greater overall security and a 100% environmentally friendly and emission-free environment for goods such as foodstuffs and electronics. This has successfully lead Pall-Ex to open their second Carlisle-based Hub in 2008.

Pall-Ex Group is currently made up of six active networks, including Pall-Ex UK, Pall-Ex Italia, Pall-Ex Iberia, Pall-Ex Romania, Pall-Ex France and Pall-Ex Polska.

Each Pall-Ex Group member is a haulage business who collects freight from customers and delivers it to a Pall-Ex hub, where it is sorted and loaded onto the vehicle of the network member responsible for the destination postcode. Customers are able to send consignments ranging from single pallets to part trailer loads, anywhere within the UK or Europe. By sharing trailers with other freight bound for the same destination, haulage costs are reduced.

Commenting on big growth 2014 figures, Pall-Ex Group’s managing director, Adrian Russell, said:

‘These results show that we are offering a cost-effective, reliable way of moving palletised freight across Europe. There is confidence in the pallet network model that stretches from our members through to their customers and we firmly believe that this will facilitate even further growth in 2015.’

‘As we look to increase our number of European networks over the coming months, international freight volumes will increase throughout our current active networks, bringing further growth and opportunities.

Pall-Ex was founded in 1996 by Hilary Devey. Initially operating from Air Hangar Number 4 at Wymeswold, Pall-Ex established a hub and spoke model enabling SME Hauliers to compete with large multimodal Logistics Distribution organisations. After a small period of time based at Gotham in South Nottinghamshire, Pall-Ex moved in 2003 to a purpose-built depot, Pall-Ex House, at Ellistown close to J22 M1 and has been based at this site for the last 18 years. Pall-Ex House enabled

the operation to move away from the Drive-In Warehouse Operation model to a Drop / Stand Trailer System. As a result, health and safety and the environment were dramatically improved and the operation's ability to pre-load trailers enabled a quicker turnaround of goods in and out of the warehouse.

Pall-Ex's model is flexible and road friendly and has reduced the number of palletised freight journeys on UK roads. The introduction of double deck trailers by Pall-Ex had a further impact on the number of journeys made by the membership, with 50% larger loads being transported per journey. In late 2014, Kevin Buchanan joined Pall-Ex as MD allowing Adrian Russell, former MD, to move to the Group Board as Deputy Chairman. Adrian believes that Kevin brings a wealth of experience and offers Pall-Ex the opportunity to continue to increase market share.

Today, Pall-Ex is a Centre of Knowledge to its mature and growing network of members offering a complete package from HR information to IT system improvement. This value add acts to founder the entrepreneurial spirit of their membership, recognising that both Pall-Ex and the membership are aligned in their ambitions, and supports the hauliers in the network to align to the same ambitions of Pall-Ex. Most recently, Pall-Ex have invested in new IT projects. These systems are available to members and, if not a member, they would be unlikely to have the resource to invest in such a capital project.

More than Road Transport

350 wagons are released from Pall-Ex House on a daily basis, with over 250 loads leaving the depot at night. As a result, Pall-Ex has been instrumental in reducing the number of vehicles operating on Leicestershire and the UK's roads during daytime hours. Further to this, Pall-Ex has explored constructing a rail head at the Bardon Hill depot to reduce the number of journeys made by their trucks and the trucks of their membership. However, the investment at present would be speculative as the benefit of the additional infrastructure is difficult to measure and may not outweigh the costs of such a project. Pall-Ex would welcome support by LLEP to analyse the benefits of a rail head investment.

Furthermore, Pall-Ex is committed to remaining within the region. Plans to extend the Pall-Ex House operation to an additional 100,000 sq. ft. have been explored and widely welcomed by the local community and council. Pall-Ex is passionate about investing the community and built a good relationship with their local neighbours. For example, as part of their move from Gotham to Pall-Ex House, Pall-Ex fully paid for triple-glazing in local homes. Secondly, many of those employed at Bardon Hill live in the local area and Pall-Ex provide local schools by enabling access to their members of staff to support reading and writing sessions.

If Pall-Ex were unable to develop at their current location, they would invest in a purpose built site within the area. With development of the road network, Pall-Ex believe that the Golden Triangle can now be seen as extending from DIRFT to East Midlands Airport. Other sites have been explored and Pall-Ex is very interested to know more information about the East Midlands Gateway Strategic Rail Freight Interchange and the development to the north of East Midlands Airport at the East Midlands Distribution Centre. Though Pall-Ex currently moves goods by road, they are not intimidated to embrace multimodal distribution and see that rail is a strong option to link their membership networks throughout Europe including Italy, Romania, Spain, Portugal and France. Further to this, Pall-Ex would like to understand how integration in infrastructure investment in coordinated between local councils with the county and city and believe that having clearer visibility for LLEP would enable them to make more informed decisions on future developments. Adrian believes that

the road network within the LLEP area has improved over the last 20 years; however driver behaviour on the roads seems to have deteriorated over the same period.

Recruitment and Staff Development

Adrian views the Logistics sector as “the yardstick of UK economy”. However, the industry has a poor reputation and, as a result, fewer youngsters are being attracted to the sector. The outcome of this reduced recruitment pool is that the industry now has an aging workforce, closer to retirement at a time when the demand on the industry is great. Simply put, the principle of supply and demand will push up the prices paid by customers for their goods as the increases in wages are passed onto them.

This is especially the case in the Road Transport industry, where there is a severe shortage in LGV Drivers. To tackle this, Pall-Ex members are partnering with the Department for Work and Pensions (DWP) and local training providers to recruit and train candidates currently seeking work. Though the number of candidates to be recruited using this method is currently small, extension to such programmes could act as an important supply of new drivers to the sector. However, alternative methods including Warehouse to Wheels programmes and engaging with school leavers will also have to be adopted by the industry to turn around the current shortage. Ultimately, to do this, the sector needs to pull together to identify solutions.

Further to this, Pall-Ex is developing a Fork Lift Truck Academy giving opportunity to youngsters locally to be developed into new Counterbalance Operative roles. These new recruits will be trained by Pall-Ex and mentored by their current workforce of 60 FLT Operatives. This model of training is preferred by Pall-Ex matching their desire to train their own and have a positive impact on the local community.

Future Trends

Pall-Ex recognises that areas with the sector require change. These include:

- Road Transport industry to look for alternative and multimodal transport options to move goods within the UK
- Councils to define the role of towns and cities so that High St can adapt to changes in consumer purchasing patterns
- Cities and towns are challenging to deliver in (especially London). A more joined up approach by all retail business to standardise delivery times to minimise the amount of traffic on the road during peak times (e.g. Bristol)
- Just in Time principle has changed consumer buying patterns. However the Road Transport industry cannot sustainably support next day / same day delivery. 65% of Pall-Ex freight is next day. A change in our consumer expectations is required
- Night delivery is offered by Pall-Ex but not taken up strongly by client base as an option for receipt of goods
- Visionary, cross-cutting approach required across the whole of Logistics sector
- Revamping of sector profile to encourage youngsters to join the industry
- Solutions to reduce car usage and cultural shift in the use of personal vehicles
- Improvement to driver behaviour on UK roads
- Fuel costs are too unpredictable to base plans upon. Pall-Ex invested in Compressed Natural Gas a few years ago and has a Compressed Gas station that is open to public. At the time, Pall-Ex was recognised for their investment in this technology and there is a desire to continue to invest in their fleet to reduce their CO₂ footprint and fuel costs.

Palletways

Palletways Head Office Litchfield, is Europe's largest provider of express distribution services for palletised goods. They announced (18 May 2105) a further development to its existing pan-European services as the Group prepares to expand into Poland and the Baltic countries, including Estonia, Latvia and Lithuania.

Services to the four countries will commence in June 2015. These new additions to the network bring Palletways' coverage to a total of 18 European countries, further enhancing its position as Europe's number one pallet network in the palletised freight sector.

Rachael Alpha, Managing Director of Palletways Europe GmbH, said: "Our expansion into Eastern and Northern Europe is part of our wider strategy to steadily grow our geographical presence and enhance our customer offering. This also reinforces our position as Europe's largest network for the express distribution of palletised goods. We do not intend to stop there as we are getting ready for further expansion in the next year, well on our journey to being the European Pallet Network of choice.

"We are committed to offering the best pan-European services and continual innovation means that more of our customers will be able to benefit from Palletways proven service excellence, regardless of the type of freight being shipped or its location."

Luis Zubialde, Managing Director for Palletways (UK) Ltd, added: "Our expansion into Poland and the Baltic countries will open up new opportunities and international markets for Palletways in the UK and will help us deliver to and support our customers even further."

The Palletways Group network now comprises over 400 depots and 12 hub operations, through which it provides collection and distribution services across 18 European countries. The Group's fully integrated distribution network is made up of over 300 independent members who deliver small consignments of palletised freight to market faster and more cost effectively. Palletways is an award-winning palletised freight network renowned for excellence in service, innovation and technological development.

UK and Ireland Operations

Launched in 1994 and based in Lichfield, Palletways UK is responsible for all collection and delivery services in the UK and Ireland.

Palletways UK has four hubs - A national hub in Lichfield, southern hub in London, northern hub in Leeds and Scottish hub in Edinburgh. Through 106 local network members, Palletways UK offers a full range of domestic and international services throughout its area of operation.

Palletways UK also has a fulfilment operation conveniently situated alongside the national hub in Lichfield offering a full range of warehousing and fulfilment solutions.

Smith Bros Ltd.

Family transport firm in Leicester grown to 60million pounds,

Leaving LLEP area and moving to Coventry!

SBS is one largest independent Plumbing Merchants operating from within the UK in Leicester.

Transportation at the core of this specialist distribution of pipework, valves and all associated plumbing fittings. Operating from nine branches with Leicester as the Head Office.

'Born, lived and built the business in Leicester since 1897 but will have to move away'.

Expanding business in the LLEP area has to move out,
Planning permission cannot be agreed.

In 1902 SBS moved to Batten Street. One hundred and eighteen years later, a little modernizing and these premises still serve as the headquarters, failing to be able to agree purchase or planning permission for different sites in and around Leicester the company will have to move out.

SBS have built a business over 118 years in the centre of Leicester and in the last 5 years taken the business from 19million turnover to 60 million turnover. The family are rooted in the area and are devastated they will have to move to meet the growing need for a 35,000 sq. ft. distribution warehouse and retail purpose built building.

As a supplier of sustainable products; SBS live what they sell with solar panel renewable energy they will build an ecological building sympathetic with the issues of the environment of today. Using the most modern of internet technology the business will support speeds of up to 90mgh to supply online live communications with their nine branches around the UK as well as with the client.

SBS work closely with the workforce and they are looking to expand, 'open **branches were we can get good staff**'. SBS not only lead with the plumbing supplies but are the parent company for many subsidiaries including property management, insurance agent and air plant equipment. Growth of this Leicester company has been driven by Leicester born and bred people who see '**Customer as King and Staff are worth more than the company**'

Currently operating from nine branches including Leicester which is Head Office, more are planned for the very near future. SBS provides for the mechanical services contractor who relies on quality of service combined with competitive pricing.

They have an investment strategy for sustainable growth, despite the current economy, and they are committed to a branch expansion programme. Expanding product and range development are just some of the reasons behind the recent unprecedented success of the business, resulting in turnover having increased by more than nine fold since 2005 to 60+million per annum today.

Through the development of our people and product range, with the support of our suppliers, shareholders and parent company, we shall maintain our desire to surpass our customers' expectations with a level of service that will continually add value to their changing needs...."

Interviews March 2015

Jeff Robertshaw, Joint Managing Director

Bryon Mellors, Transport Manager for SBS

Figures

Turnover increased nine-fold since 2005 to 60+million per annum today.

Founded 1897

118 years in Leicestershire

Transporting plumbing parts around UK stores platform.

Leaving LLEP area, moving from Leicester to Coventry and targeting 35,000 sq. feet

Tony Starmer Transport

Second generation heavy loads haulier.

Paul Starmer - 'A customer must have the delivery as an extension of their own company'

Burton on the Wolds, Loughborough

Abnormal and heavy load transportation, M1 Jcn 23

FORS member

Location is about access for the team who can commute to us.

A6, A46 and routes to the M1 jcn 23 that we are always using.

Traffic can be difficult but that's our job, we get round it.'

Paul Starmer MD of his late father's family-run business is committed to an ethical business; committed to achieving the highest principles of environmental, health and safety and corporate responsibility in all areas of the business; demonstrating sound management of economic, social and environmental issues.

Paul took over the reins 18months ago continuing the company business of national distribution operating a variety of heavy distribution with their mixed fleet and running under the regulations of the FORS scheme.

44 tonne artics,

Flat and curtain sided trailers,

Heavy plant and machinery removal

Abnormal loads.

They also operate HGV self-loading and off-loading distribution. The head office of Nottingham is supported by the Loughborough depot making them a truly East Midlands Region business but known as a 'local nationwide' firm.

'Getting the staff team to work is essential and our location is about access for that team and who can commute to us. Being where we are it is the A6, A46 and routes to the M1 jcn 23 that we are always using. Traffic can be difficult but that's our job, we get round it.'

Clients like Pattern and Moldings Ltd speak of Tony Starmer Transport as 'an essential partner to their business' A customer must have the delivery as an extension of their own company and Tony Starmer Transport provide just that with their modern Renault units, professional conscious drivers and the team to support them.

Policy for Tony Starmer Transport

Environmental

We ensure responsibility for minimising any negative environmental effects in every way we can, ensuring effective management and maintenance of all equipment and processes to bring about an improving sustainable relationship between ourselves and the supply chain in the context of our total environment, including:

- Investment – in a modern efficient fleet using latest technology to reduce noise and fuel emission
- Fleet maintenance, service/inspection schedules
- Daily key vehicle checks
- Compliance with all statutory certifications
- Training, instruction and supervision
- Risk Management throughout the company

Health and Safety

It is our policy to provide for the Health, Safety, Security and Welfare to employees and other persons affected by our operations. In order to achieve this, our company provides and maintains the following: Fully maintained, serviced, insured, certified vehicles and equipment

- Safe handling, storage, maintenance and transport of work related articles and substances
- Safe working environment
- Safe systems of work
- Training, instruction and supervision
- Undertaking internal health and safety audits as required
- Maintaining all necessary information logs and records

Corporate Responsibilities

In order to maintain our well-founded reputation for ethical business conduct, we have developed a range of business conduct principles for corporate Social Responsibility. We are committed to providing the highest quality of service to our customers based on our principles of operation enabling us to successfully provide transport solutions: Environment protection

- Ethical behavior
- Ensuring safety and welfare of employees, customers and wider community
- Recognition and consideration of stakeholder interests
- Development recognition and reward of employees

Transport and distribution Pall-Ex mini case study draft 1.3 TWCL (March 2015)

TNT on the roads of LLEP

Operating extensive air and road networks throughout the world and into East Midlands Airport.

East Midlands Region road transport network operating from, Rotherham, Nottingham, Leicester & Magna Park

The greatest cause of issue to TNT's business is the availability of 'suitable driver licence holders'.

Working with local schools to answer recruitment, showcasing trucks in the playground of LLEP schools.

The East Midlands area has many pinch points and the worst is the pedestrianised or paved zones.

15 parking tickets a day in LLEP area

Loading bay parking areas are always filled by cars and it's a cost to local business.

TNT ensures that your parcels, documents and freight items are delivered safely and on time throughout the world. They provide the widest range of time definite and day definite express delivery services in 200 countries. They have built our reputation on a record of commitment to meeting the needs of our customers. Customers are at the heart of our business

TNT is a key player at East Midland Airport but this mini case study is a focus on the road activities in express freight around the East Midland network. TNT vans can be seen in number in Leicester and Loughborough as they deliver many overnight parcels to local business addresses. Supporting the van fleets are a host of heavier waggons and depots in the region. TNT is a quality brand and various electric vehicles can be seen on its fleets.

Andy Stone is the Regional Operations Manager for four depots in the East Midlands region. Rotherham, Nottingham, **Leicester and Magna Park**. Running all vehicles, Vans, Rigid trucks (16T) Artic unit and trailers (C+E) and Airside vehicles. TNT is Primarily a Parcel delivery firm that works heavily (75%) within the East Midlands area but networks into UK and Worldwide deliveries on a 24 hour basis.

The greatest cause of issue to TNT's business is the availability of 'suitable driver licence holders'.

TNT nationally advertised on Capital Radio and recruited 1,000 drivers throughout the UK.

So difficult is this task locally in the LLEP area, they are now utilising 'warehouse to wheels' training but still suffering from a lack of 'back fill' warehouse people.

'A drivers job is stressful and does not receive the respect from the customer' says Andy

'Remember the City Link crash at Christmas (2014) well we managed to get one driver locally from City Link,

Why? 2,500 drivers were absorbed into the system in an instant because the industry is so short of drivers’.

The East Midlands area has many pinch points and the worst is the pedestrianised or paved zones.

We collect 15 parking tickets a day because we can’t park in the loading bays. Shoppers or car users are always parked in them. The roads have and always will have their issues but we have positioned ourselves around the region to safe guard ourselves against the traffic hold ups.

Engagement with schools maybe a solution to driver shortage: we are putting a brand new truck into local school play grounds to let the kids play on the truck and get a real feel for the technology that a truck and van driver uses.

Global responsibilities

We seek to lead the industry by sharing responsibility for our world. At TNT we are continually working towards reducing our CO2 emissions across the globe.

From humble beginnings...

- Ken Thomas started his own transport business in Australia in 1946 with one truck.
- In the 1950's Thomas Nationwide Transport flourished as he developed new overnight services.
- For 50 years TNT has grown by expansion and acquisition into a global company, operating extensive air and road networks throughout the world and into East Midlands airport.

TNT from LLEP to a global presence

- TNT employs over 65,000 people
- Operating 26,000 road vehicles and 47 aircraft
- The worldwide network has over 2,300 depots and operates in 200 countries.

Transport and distribution Wincanton mini case study draft 1.3 (March 2015)

Wincanton,

Collaborative Transport solutions

Next time you pass a branded trailer on the M1 in the LLEP area take a closer look at the truck tractor unit. If its plain white look below the door and its very likely got a Wincanton logo.

Collaborative solutions rarely showcase the giants behind the transportation, Wincanton is one such giant.

Loughborough Wincanton depot runs vans, rigid trucks, Artic unit and trailers and specialist vehicles for the construction industry

Wincanton registered 60,000 driver hours of training against the driver Certificate of Professional Competence since September 2009

Wincanton is one of the largest haulage providers on the UK roads. Founded in 1925, Wincanton began with its origins in milk haulage. The company today has depots around the UK and provides logistics and distribution services including specialist automated high bay, high capacity warehouses, and supply chain management for businesses from its head office in Chippenham.

Operating out of four regional transport centres, Wincanton provides distribution services to a broad range of the UK's leading retailers and manufacturers. Our transport management system and in-cab technology provides national visibility of all orders and transport movements, allowing us to provide the most cost effective, efficient and sustainable transport plan for both their our own fleets and those of their customers.

Wincanton depot, Loughborough

Interview with Becky Barker at the Wincanton Loughborough depot.

Wincanton runs vans, rigid trucks, Artic unit and trailers and specialist vehicles for the construction industry. We work on a ten year strategy plan that includes and is led by the belief that we need to expand into 'out of hours' deliveries more and more to maximise our efficiency.

The internet plays an important role in our communications and connection strength is one that the region should ensure it invests in. We have manned up as much as we seem to be able but the work force of drivers is not out there. There is a 'huge bun fight' for the workforce between many different industries and we need skilled people, individuals who feel respected in what they do by the customer as well as the employer.

To encourage more drivers to feel respected roadside facilities are important to the everyday needs of a driver. To take control of this 'necessary evil' (transportation) more facilities need to be in place. Drivers have restrictions enforced conditions of working and if they can't easily or comfortably have access to them, drivers won't want to do the job.

To offer a solution to the issues of driver shortage: 'we need to be investing in the logistics solution; training, recruitment of new people. We need more people to fall in love with logistics, give everyone a career change opportunity'

Collaborative Transport solutions

Next time you pass a branded trailer on the M1 in the LLEP area take a closer look at the truck tractor unit. If its plain white look below the door and its very likely got a Wincanton logo.

Collaborative solutions rarely showcase the giants behind the transportation, Wincanton is one such giant.

Supply chains are becoming more sophisticated as customers push for smaller, more frequent deliveries to match consumer demand and meet the needs of 'just in time' production schedules. Wincanton's efficient, collaborative transport models help customers to control costs, optimise service assets and improve services levels.

We champion transport innovation throughout the business, looking for new and exciting methods to engage customers in collaboration, reduce carbon emissions and drive performance.

Driver development and training

For 2105, driving development programme has continued to set industry standards. Wincanton has awarded a total of 4,050 driver NVQs and registered 60,000 driver hours of training against the driver Certificate of Professional Competence since September 2009. The programme now includes a fuel efficiency module developed in-house to help reduce both cost and carbon emissions.

Warehouse learning and development

The Learning and Development Framework, which provides career progression in our warehouses is now established on over 80 sites.

Lean Six Sigma training

Building on the success of the Operational Excellence programme, Lean Six Sigma (LSS) was initially piloted in four UK contracts, which trialled the process from Yellow Belt training, value stream mapping and employee engagement through to bottom-line benefits realisation. The programme, which not only identifies 'waste' activity, delivers cost savings and promotes employee engagement, is now being expanded to the rest of the UK and Ireland site network.

Over 350 people have been trained at various levels (including nearly 30 Black Belts) and Wincanton has now developed its own accredited Yellow and Green Belt training programmes in-house.

Yodel

On-line e-retail logistics is fast growing all expectations,

It is dependent on central UK locations such as the LLEP area.

Christmas 2014 peaks exceeding fifty per cent made main stream news and signposted the home delivery retail chain to the wider public.

Yodel chairman, Dick Stead comments,

‘Carriers in unison and retailers together need to work closely to predict volume and manage customer expectations.’

‘We need to work with industry analysts better to understand what 2015 and beyond will bring.’

‘2015 requires more transparency about the true cost of delivery.’

The revolution of online shopping is shifting high street to home delivery. Performance is dependent on strong geographic locations that have access to UK footprint. Leicestershire is one such key location in the Golden triangle of logistics.

Yodel has become a household name in the e-retail business. Yodel was formed in a merger between a section of DHL van courier and the Home delivery Network HDNL. The branding launch was focused on a vision of a trade name becoming an action, you will ‘Yodel’ your package.

The brand colours of lime green and red vehicles have become common place on the large trucks transiting the LLEP M1 space and many of the Yodel vans can be seen on daily delivery and collection activities on the roads of Leicester and Loughborough.

Yodel has depot Units A / B & D at The Locks, located on the Belton Road West Extension in Loughborough close to the A6 Derby road.

In the same nature East Midlands airport strength is 80% of the UK in four hours by road, so too is the e-retail opportunity benefit of the LLEP area. The central Loughborough location of conurbation gives workforce access; **Barrow-upon-Soar** train station is 3.6 miles away.

Chairman of Yodel, Dick Stead. (Feb 2015) ‘We cannot put the sales genie back in the bottle, changes will continue and accelerate, the whole industry needs to transform.’

‘Online shopping changed forever in 2014. No one saw it coming, not the consumers, not the retailers, not the media, not the analysts and not even the parcel carriers. 2014 Q4 broke the mould and put immense pressure on the whole sector. Black Friday (Nov 28) combined with Cyber Monday (Dec1) was the cause. Once seen as a fad imported from the USA, Black Friday became a huge event in the UK retail calendar and it’s here to stay.’

‘Over this manic sales period, customers were enticed by bargain deals, not just filling supermarket car parks but surfing the web for e-retail, often with a promise of next day delivery. The scale of the orders taken in this short period exceeded the pick, pack and distribution capacity of many retailers

and it surpassed the delivery capacity of the \UK parcel market. Promised delivery dates were missed, leading to customer frustration and dissatisfaction.'

'Media then followed with early December headlines warning presents would not be delivered in time for Christmas. It was still three weeks to go. This was damaging for parcel carriers and retailers alike, it was a wholly unsatisfactory position for the logistics industry.'

Logistics had done their homework; back in November 2014 the sector appeared comfortable with what was expected to be a bumper e-retail boom. Christmas shopping predictions made by Experian and IMRG as late as November 25th anticipated on line sales to set new records at 555 Million pounds.

Yodel had been planning 11 months earlier, Jan 2014 they began a detailed Christmas operations plan, the same planning had worked for the previous two years, by Dec peak Yodel had boosted the workforce with over 5,000 additional members of the team, putting over 700 additional vehicles on the road and producing 13 further sites to handle the increased parcel volume.

Then Black Friday hit, the sound and respected figures of IMRG and Experian were smashed. Black Friday forecasts were exceeded by 46% on November 28th not 555 million pounds but 810 million pounds was spent online in one day (IMRG). Cyber Monday followed, forecast at 650 million pounds of spend went up to 720 million pounds of actual spend.

Key Factors

Advanced notification of promotions

Low November, a mild winter, shoppers waited before buying winter wardrobes.

Black Friday then triggered a huge spike in parcel volumes

Cyber Monday and media triggered a second spike over one weekend.

Retailers kept publishing next day delivery to capture what was still a tough market

Dick Stead, 'Despite was written at the time we kept our operations going, delivering over 15.5 million parcels between Dec 1 and Christmas Eve. That was a year on year increase over 11%. Yodels busiest day was December 1st with over 1.2 million parcels delivered to customers across the UK, 40% more than the peak day in 2013. The Black Friday, Cyber Monday weekend saw more than 600,000 parcels over the forecasted number taken into Yodel depots.'

2014 package size was smaller, shape and size of parcel had dramatically decreased from 2013, vehicles that had carried a thousand parcels could carry three times the number. The extra volume could not possibly be processed and delivered to customers expectations.

Dick Stead, 'We took 600,000 additional parcels that could not have been delivered if we had not stretched our network. If we said No to retailers these parcels would have been rejected. There were inevitable consequences of helping to deliver these additional numbers. We had to take early actions to break the backlog, implementing brief suspension of collections from retailers. Deliveries to consumers never stopped. It was a bold but necessary move and we recovered in just a few days.'

By Christmas Eve we had not only delivered on our promises but had delivered 388,000 parcels ahead of schedule that were not due until after Christmas.'

March 2015 looking back, Dick Stead, 'The industry has dusted itself down, 2015 requires a different strategy, and not just for Yodel. **This is bigger than just one parcel carrier. We have experienced a step change in the way we shop online** and the entire industry is working to ensure Christmas 2015 is a success.'

Future steps for the success of e-retail logistics

'Carriers in unison and retailers together need to work closely to predict volume and manage customer expectations.'

'We need to work with industry analysts better to understand what 2015 and beyond will bring.'

'2015 requires more transparency about the true cost of delivery.'

'If consumers are keen on the concept of massive short term sales and want next day delivery at the same time then it needs to be paid for.'

Dick Stead, 'Without change we will end up with an unsustainable delivery industry. At present, many retailers are absorbing all or part of the delivery costs and in turn are squeezing the logistics carriers. Consumers expect an ever shorter delivery window at lower and lower prices, the equation simply will not balance.'

'There needs to be a range of delivery options to deal with none time critical deliveries, customers need to know exactly what service they are paying for and will get at the time the order is made. The retailers then have to have confidence the logistics courier can deliver. Honesty, transparency and a fair price are vital.'

'We also need to understand the UK's next day delivery capacity is finite, we cannot sell beyond it. The industry as a whole needs to find a method of spreading volatile parcel volumes to match capacity. 48 and 72 hour service may become standard during peak, next day only at premium when volumes are extreme.'

'The Yodel New year resolution is simple, we refuse to be busy fools, running faster, working longer and pushing our teams harder for little or no commercial return and reduced customer satisfaction. The entire industry has some strategic decisions to make and I for one am determined to do so as far in advance of Christmas 2015 as possible, the planning has already started, **I fully expect 2015 to be another record year.**'

Future steps for the success of e-retail logistics

'Carriers in unison and retailers together need to work closely to predict volume and manage customer expectations.'

'We need to work with industry analysts better to understand what 2015 and beyond will bring.'

'2015 requires more transparency about the true cost of delivery.'

'If consumers are keen on the concept of massive short term sales and want next day delivery at the same time then it needs to be paid for.'

'Geographic footprint and central UK access is key'

Figures

2014 was a year on year increase of 11%

15.5 million packages delivered by Yodel between Dec 1st and Christmas Eve

Black Friday November 28th

Yodels busiest day, 1.2 million parcels delivered on Dec 1st - 40% more than peak day in 2013

600,000 parcels above forecast

Cyber Monday December 1st

Parcel size had decreased in 2014 by a 1/3, vehicles carried as many as three times the 2013 numbers

ANNEX 6 LLEP Growth Action Plan: Survey Results

This report describes the findings of a survey conducted by the Institute of Couriers in March 2014.

Methodology

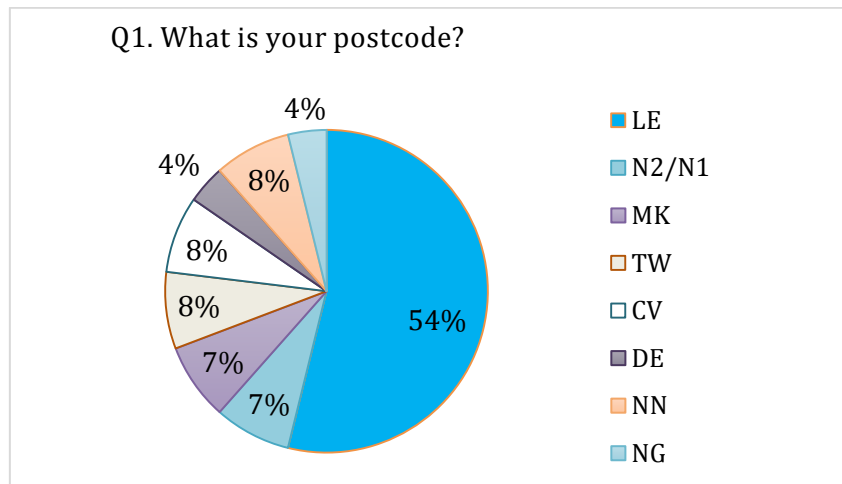
The survey was completed by managers and representatives of logistics companies based in the Leicester area. **The survey was distributed by e-mail and by IOC staff in person.** The survey comprised 24 questions designed to obtain insight into the perception and opinion of logistics managers on several areas of interest and concern to organisations involved in regional logistics facilitation planning. These questions overlap thematically, but can be grouped into the following broad categories:

1. Location of companies and types of logistics operations performed
2. Compliance and infrastructure
3. Information technology
4. Vehicles and fuel
5. Expansion and range of operations

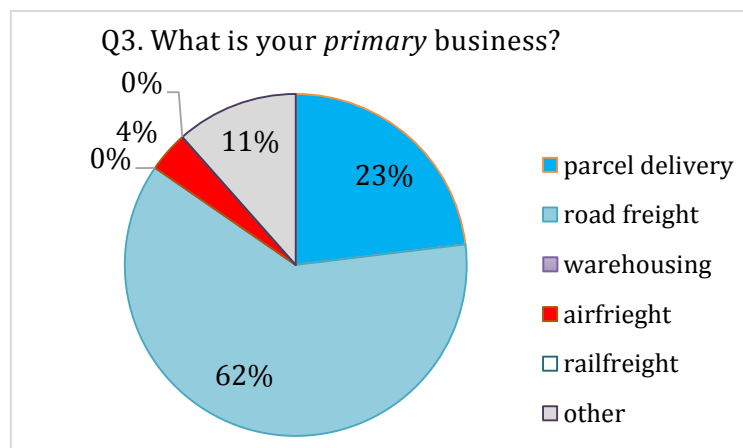
The subsequent report is ordered according to these five categories.

1. Location and Operations

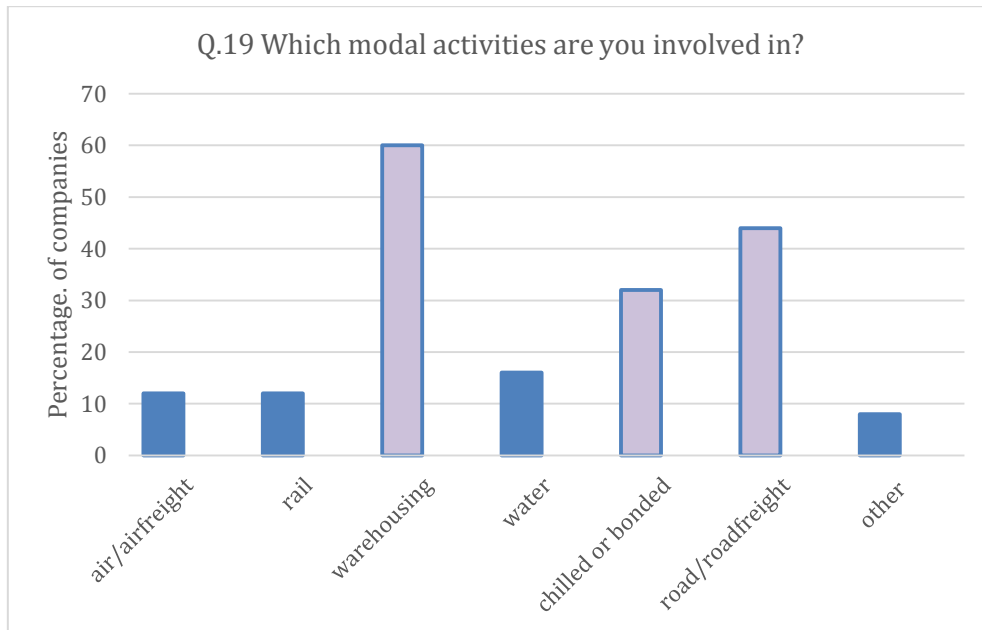
The scope of this survey was purposefully specific: 89% of respondents gave company postcodes that lie inside a 50-mile radius of Leicester, with 56% providing LE postcodes. The findings of this survey therefore describe the perceptions and opinions of managers of logistics companies that are based in the area or nearby neighbouring areas.



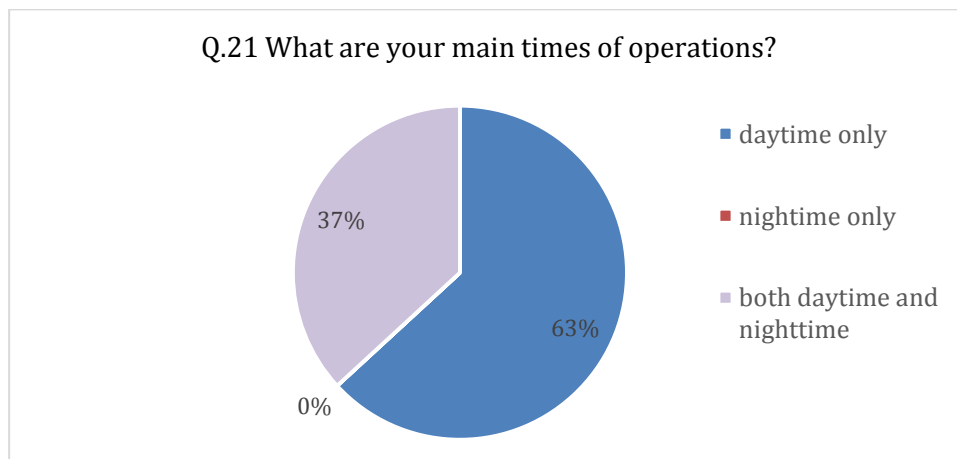
The majority of respondents (62%) reported “road freight” as their primary business. The second most frequently reported primary business was “parcel delivery” (23%).



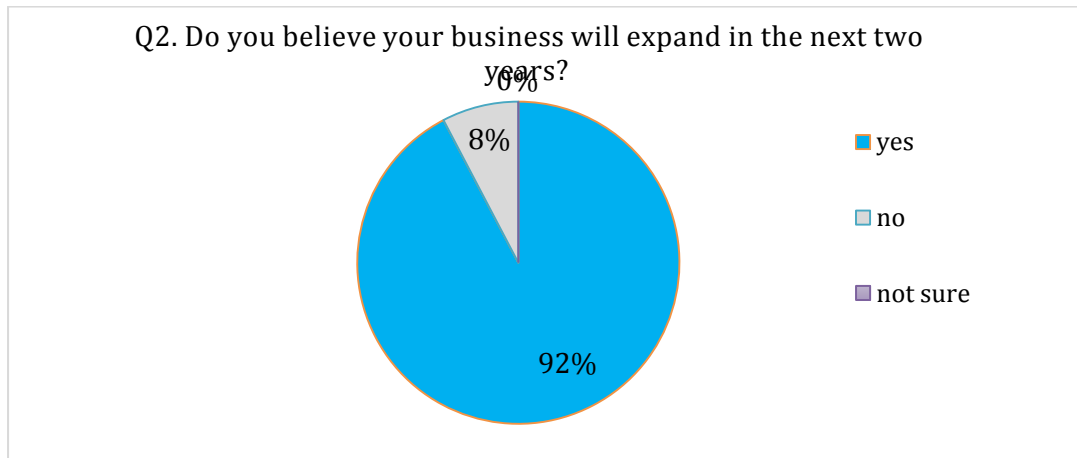
The survey asked respondents to indicate all the modal activities in which their companies engage. The findings indicate that the majority of local logistics companies are active in various other modal activities in addition to their primary business. In order of frequency, those modal activities are “warehousing” (60%), “roadfreight” (44%) and “chilled or bonded” (32%).



Regarding times of operations, 68% of companies are active in daylight hours alone, and 32% are active during both daylight and night.



An overwhelming majority of respondents reported optimism regarding company growth in the near future: 92% believe their business will expand in the next two years.

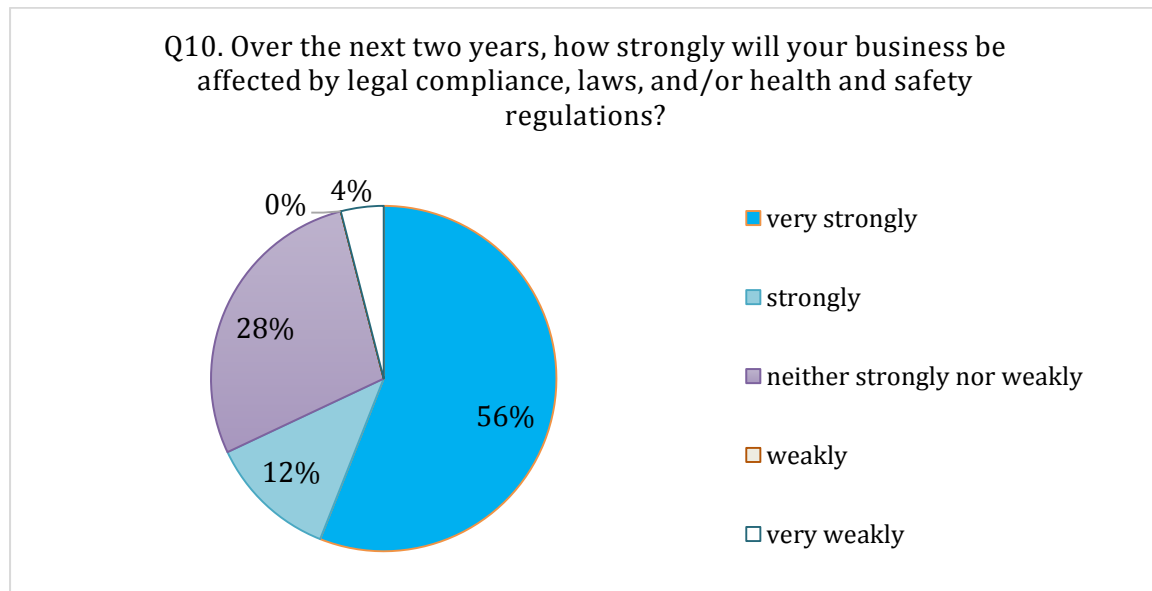


Location, Operations, and Outlook Summarized

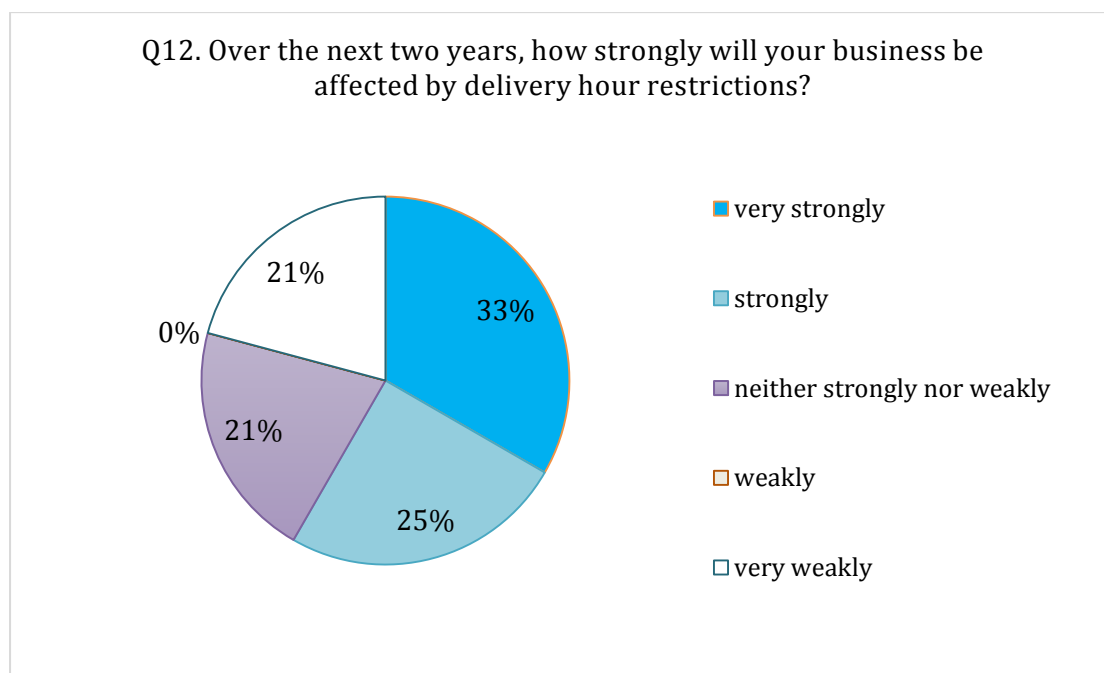
The primary activity of local logistics companies is road freight, with warehousing being the secondary activity. The majority of local companies operate during the daytime. Their managers expect near-term growth.

2. Compliance and Infrastructure

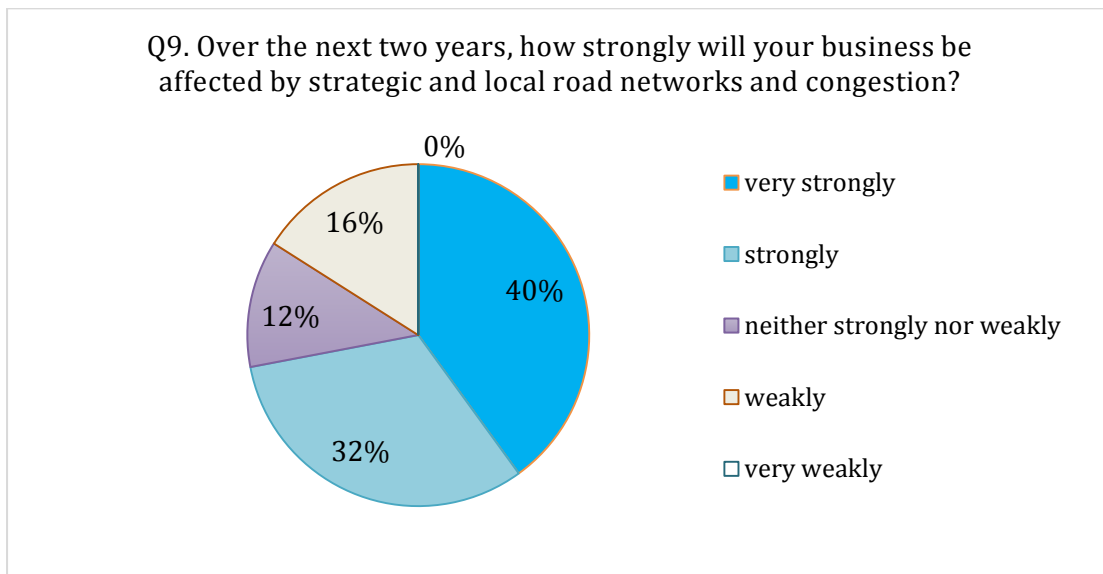
The majority of respondents (68%) believe that compliance with laws and regulations will impact strongly or very strongly on their businesses over the next two years. Very few respondents (4%) believe the impact will be weak. The remaining 28% believe any impact will be neither strong nor weak.



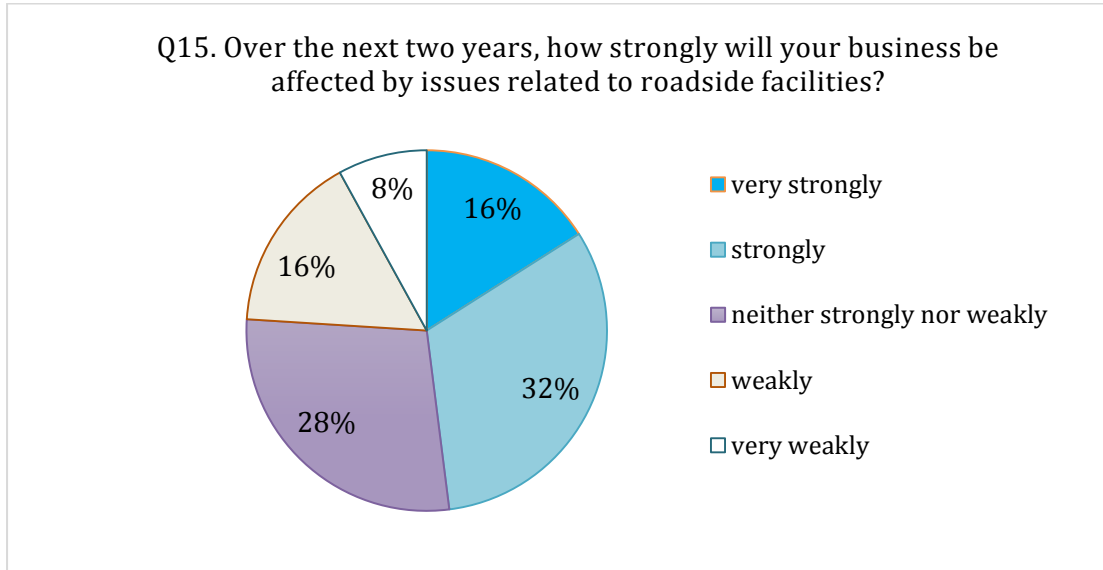
Belief in the impact of delivery hour restrictions on business was less pronounced: 58% believe the impact on their business will be strong or very strong; 21% were neutral; and 21% believe the impact will be very weak. This result is likely explicable by the regional locations of the companies: geographic centrality permits Leicester-based road freight firms to access most of the UK's main conurbations in under four hours.



A clear majority of respondents (72%) believe that congestion and other road issues will impact either “strongly” or “very strongly” on their businesses during the next two years. Since most of the companies surveyed here are road freight businesses, this seems a natural concern.



Directly related to road concerns – and also of significance to workforce issues that will be discussed later – are roadside facilities (including conveniences for female drivers). Nearly half (48%) of respondents indicated that roadside facilities would impact either “strongly” or “very strongly” on their businesses during the next two years.

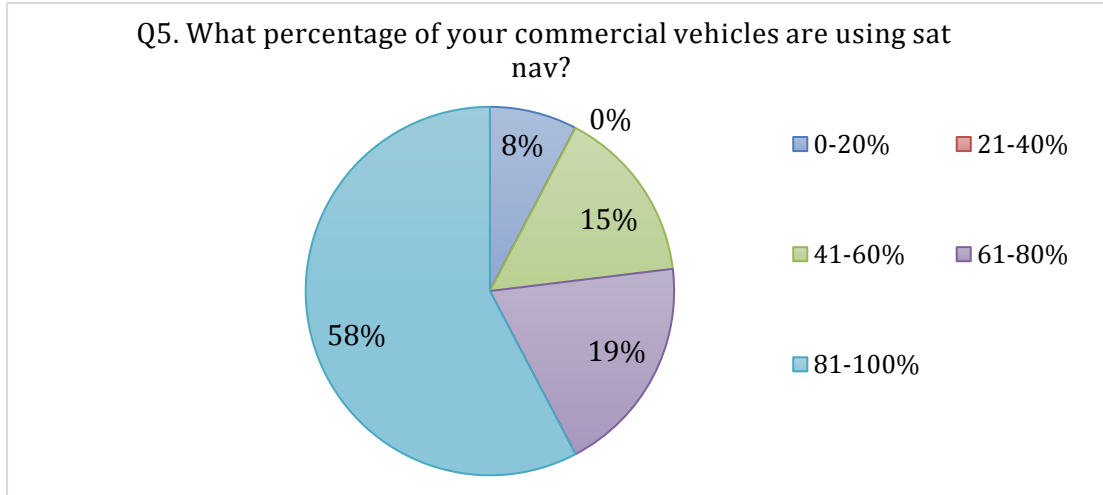


Compliance and Infrastructure Summarized

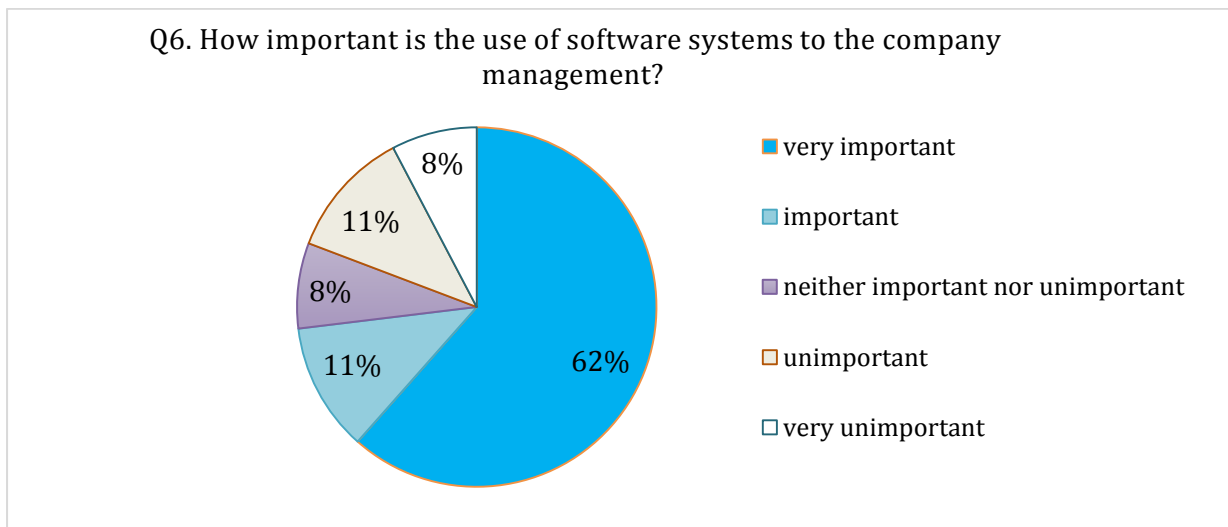
Local logistics managers’ focal concerns for near-term business performance are road network issues (congestion and facilities) and compliance with laws and regulations. Approximately half of the managers surveyed indicated concern about delivery hour restrictions.

3. Information technology

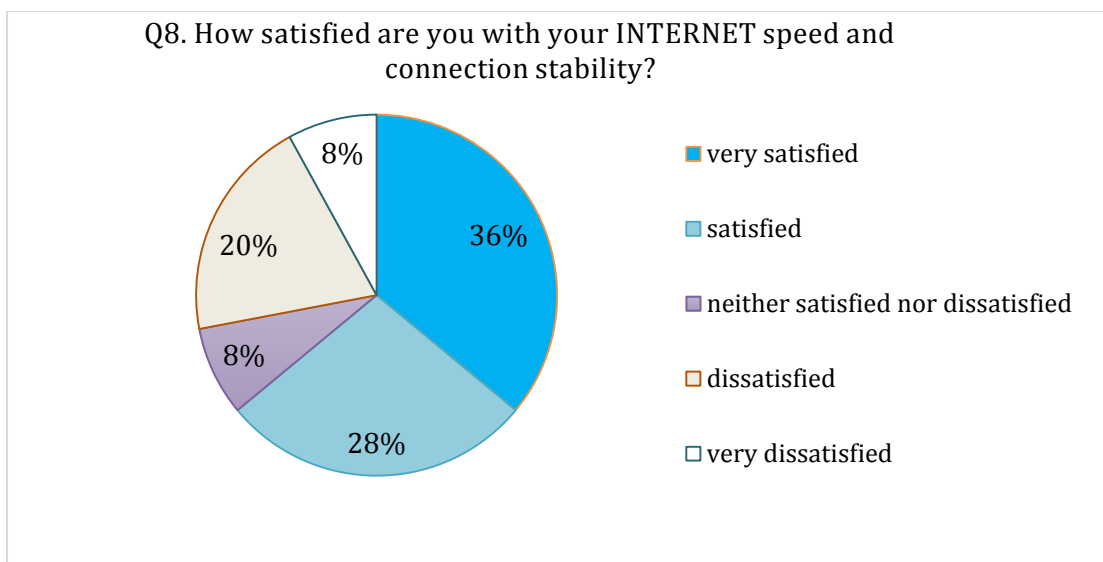
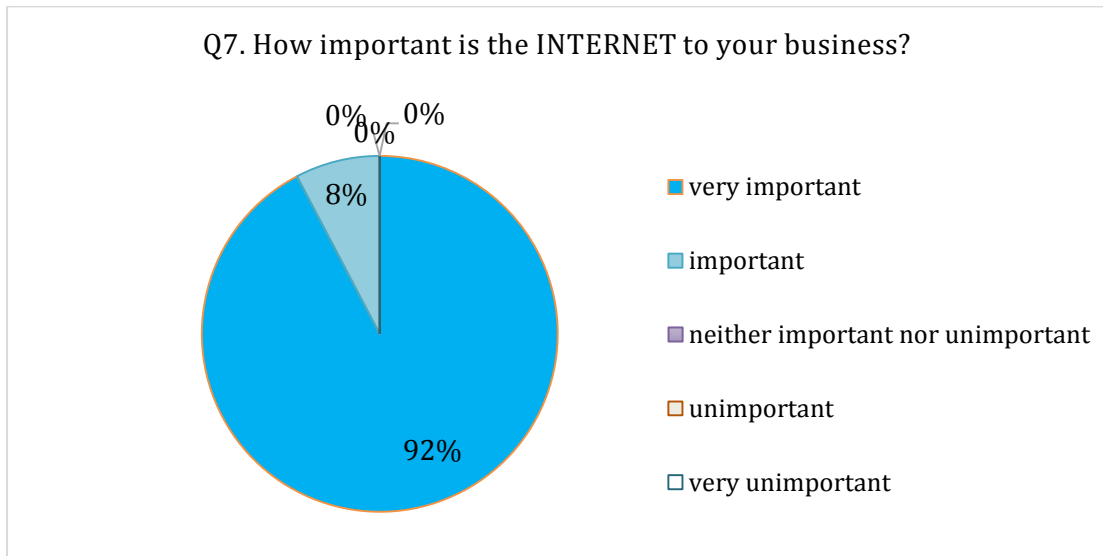
Satellite navigation systems are installed in 61% to 100% of the vehicles in the fleets of most (77%) companies. This finding indicates that most local logistics companies route by satellite navigation, which should create economies of fuel and time.



The importance of technology to local logistics companies is also illustrated by another finding of the survey: 73% of respondents described their software systems as “important” or “very important”.



Every manager surveyed (100%) reported the internet as “very important” or “important”, but 36% indicated other-than-positive opinion regarding satisfaction with their internet stability and connection speed.

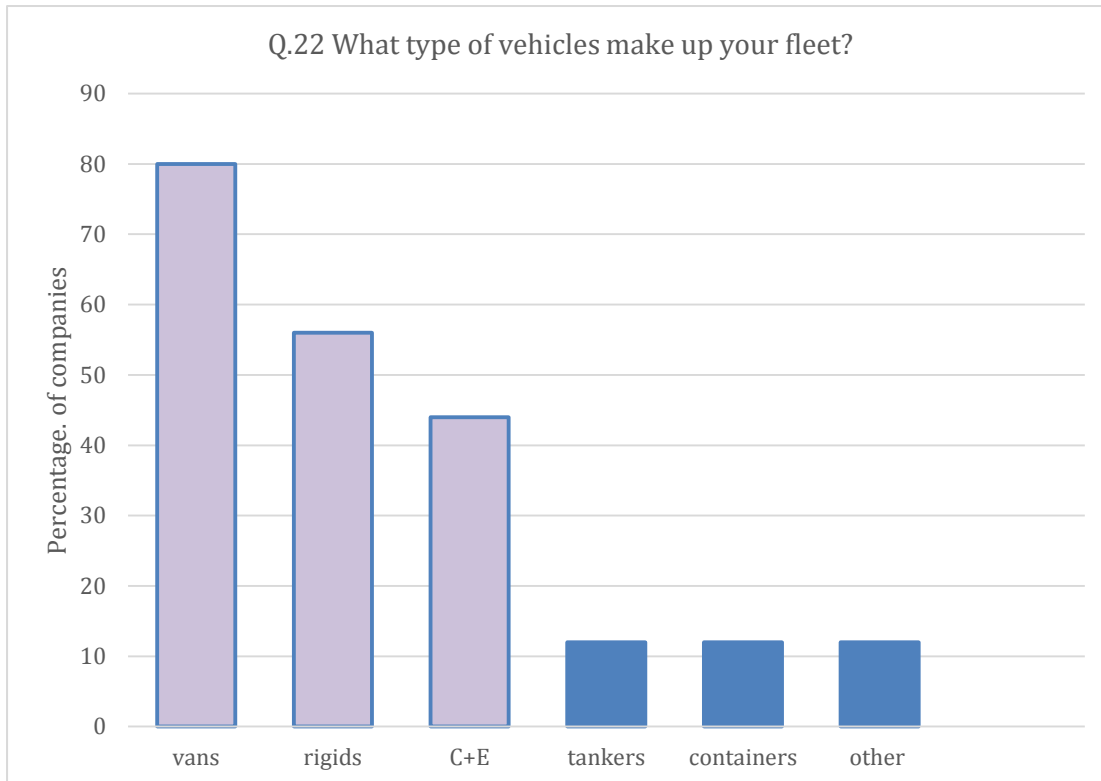


Information Technology Summarized

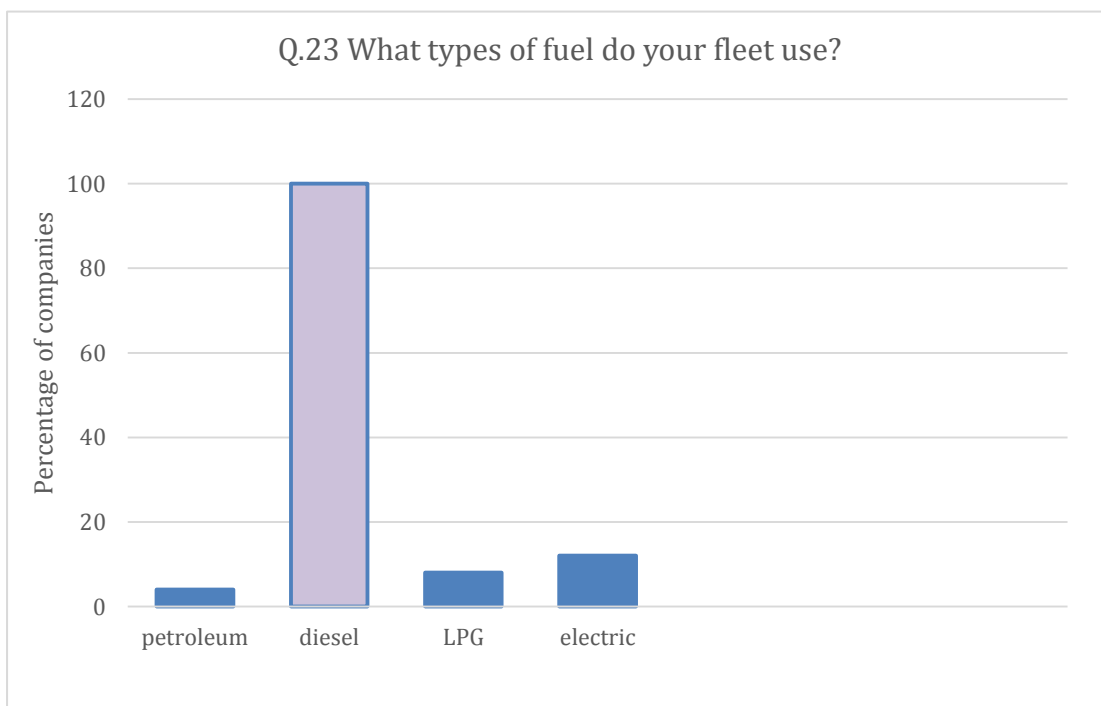
IT systems (sat nav, the internet, and software) play a major part in the operations of local logistics firms. Internet speed and connection stability are areas that could be improved.

4. Vehicles and Fuel

Respondents indicated *all* the vehicle types represented in their fleets. Findings showed that vans are the most used fleet vehicle (80% of firms use vans). Rigs are used by 56%, and C and E category vehicles are next at 44%. Tankers and containers were reported by 12% of respondents.

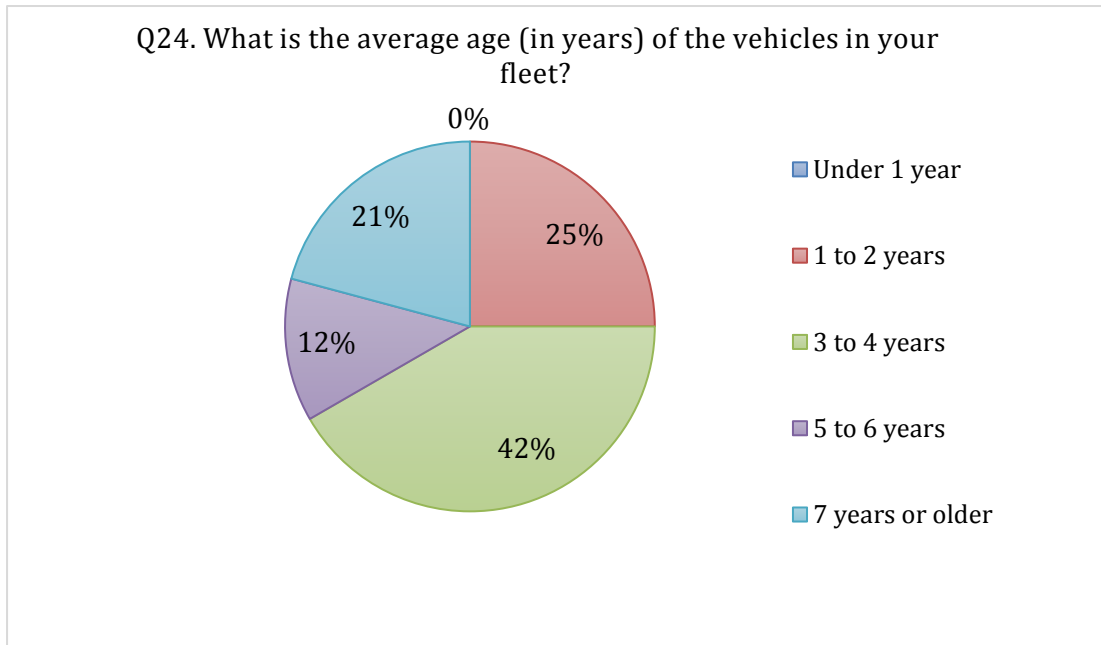


Every company surveyed (100% of respondents) reported use of diesel-fuelled vehicles in their fleets. The survey asked respondents to indicate *all* fuel types represented in their fleets, hence a small minority reported mixed fleets: 12% had at least one electric vehicle, 8% had at least one LPG vehicle, and 4% had at least one petrol-fuelled vehicle. Use of vans is likely to increase as a result of the growth of online shopping. Barriers to van driving are lower than those for driving C and E category vehicles, which will likely result in diversification of the workforce. This in turn impacts on

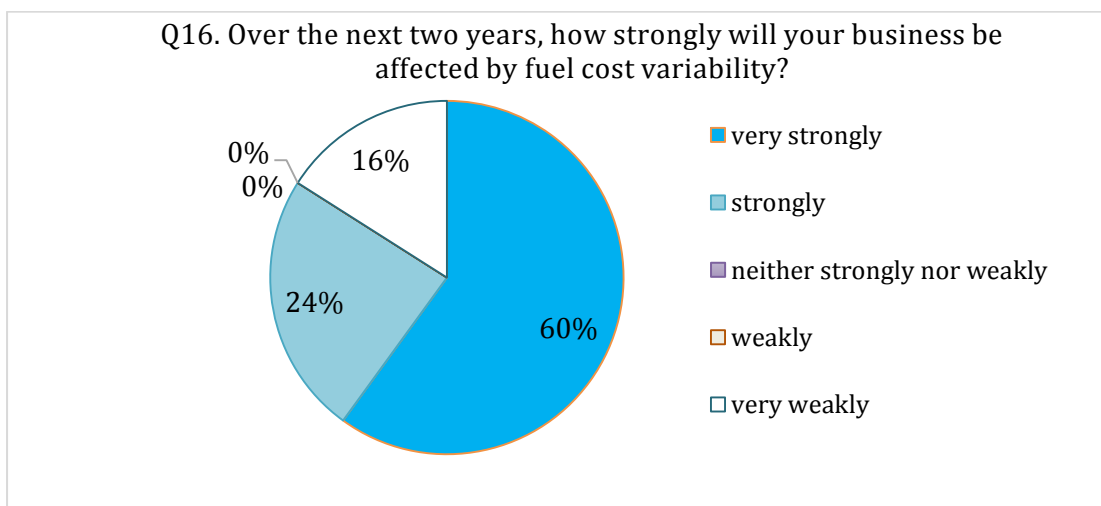


infrastructure requirements: roadside facilities for use by female drivers must be provided.

On vehicle age, responses show that in 67% of firms, the average age of their fleet vehicles is 1 to 4 years. An average vehicle age of older than 7 years was reported by 21% of respondents. Newer vehicles are likely to emit less carbon, making this a positive finding.

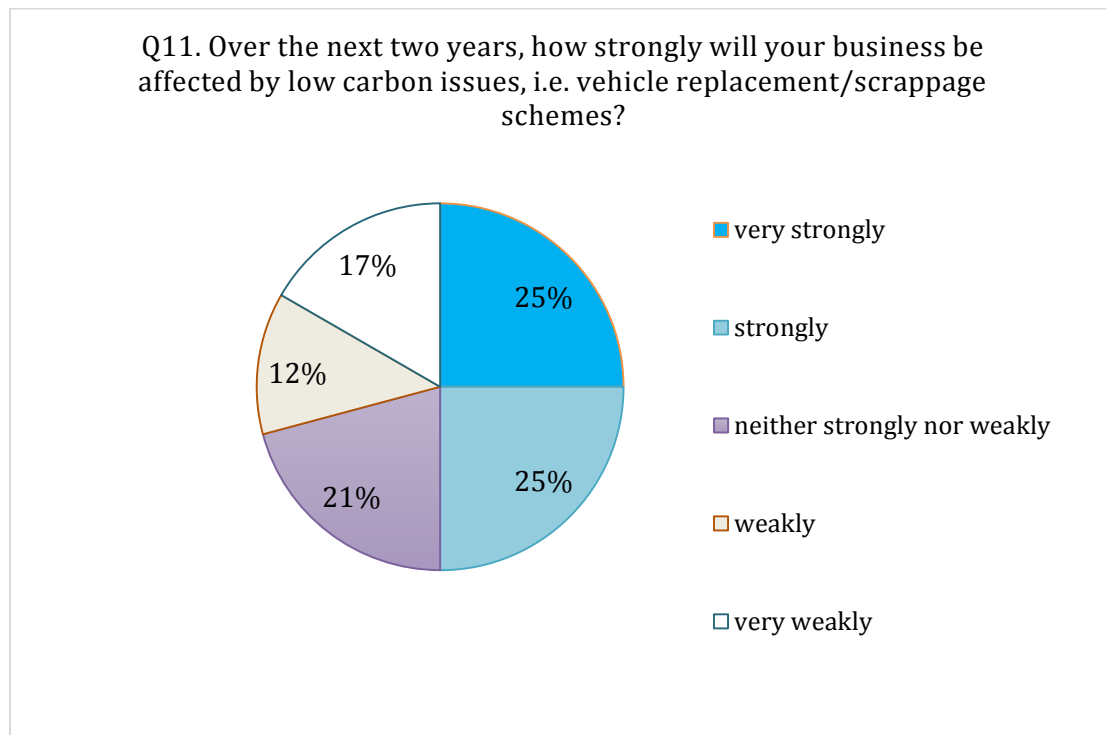


An emphatic 84% of respondents believe that fuel cost variability will impact on their business either “strongly” or “very strongly” over the next two years. A minority of 16% believe the impact will be “very” weak. The absence of any neutral responses implies that this finding could be attributed to the 16% being non-road freight businesses, e.g. warehousing companies. For transport companies, the business ramifications of fuel cost variability are far reaching: variability incurs contractual complications.



Exactly half of the respondents believe that scrappage and other carbon emission-reduction schemes will impact either “strongly” or “very strongly” on their businesses over the next two years. The remaining responses were also split fairly evenly: 19% reported they would be “weakly” or “very weakly” affected; 21% were neutral. Scrappage would be an appropriate option if industry support

for carbon reduction schemes were high. The present data shows that opinion among managers is diverse, but outright negative opinion is the minority position.

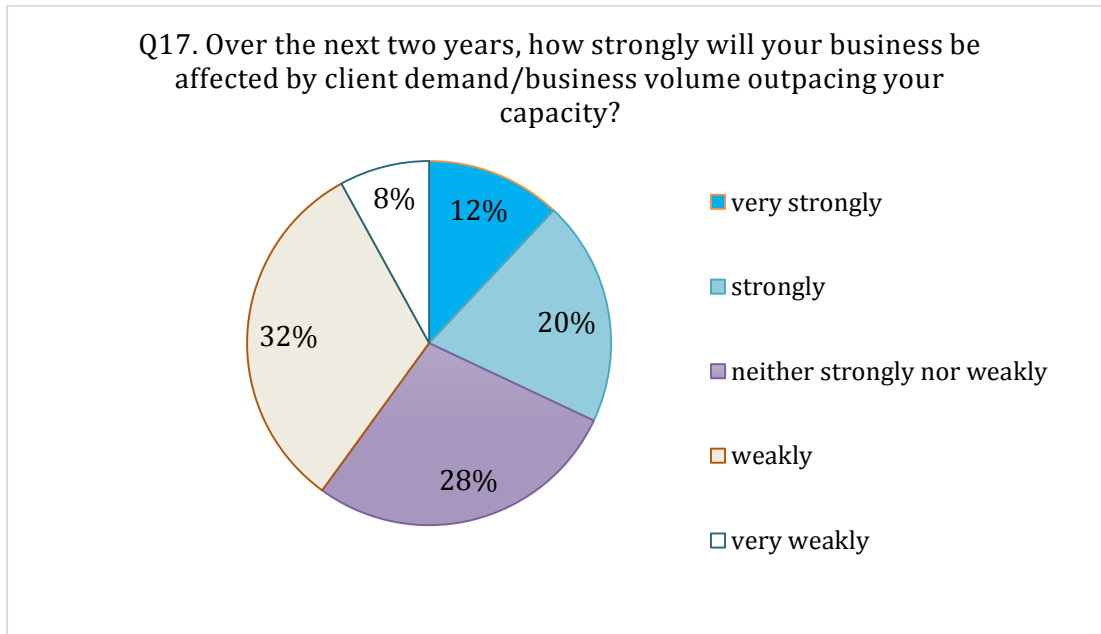


Vehicles and Fuel Summarized

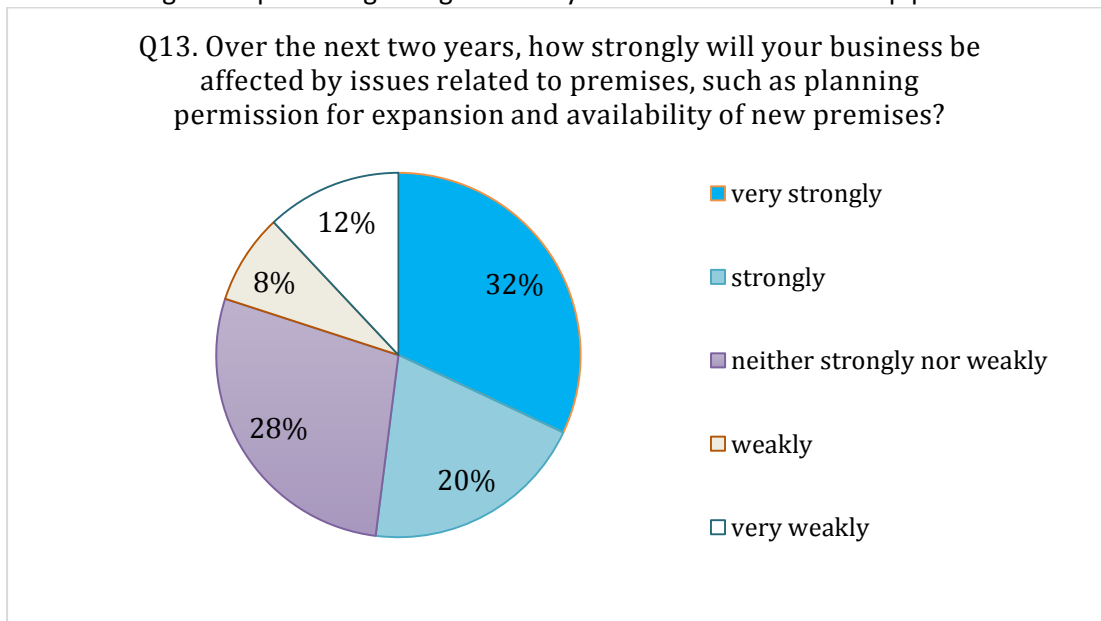
Diesel-fuelled vans, rigids, and category C and E vehicles of between one and four years old represent the typical fleet used by local logistics companies. Fuel cost variability is the main concern of logistics managers. Local firms are evenly divided on their opinion of the near-term impact of carbon emission reduction schemes on their businesses.

5. Expansion and Range of Operations

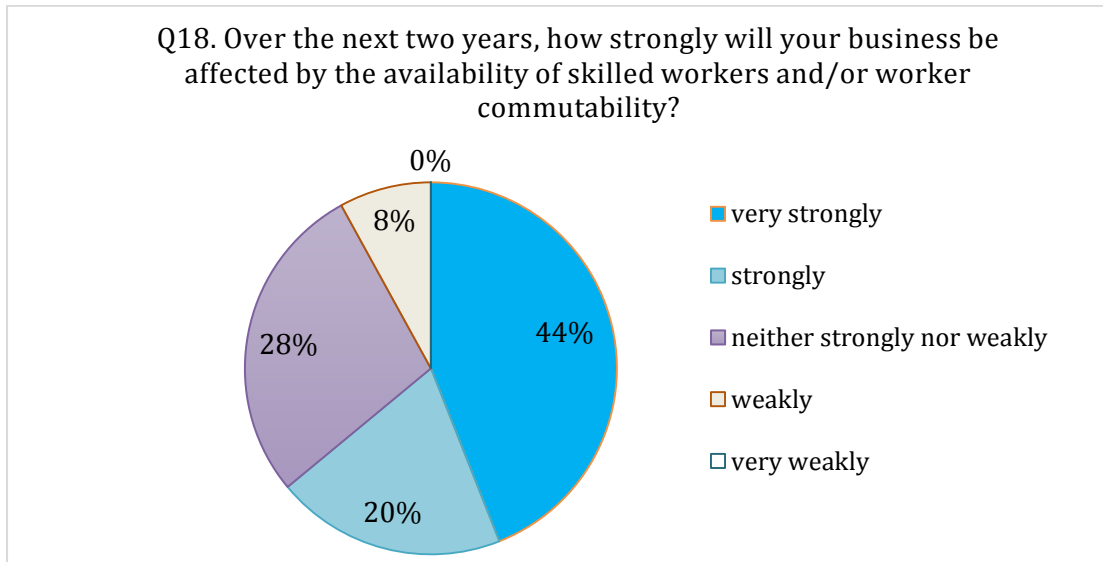
The managers surveyed expressed confidence in their businesses' ability to scale capacity according to demand increase over the next two years: a minority of 47% indicated that client demand would *not* outpace capacity. This finding notionally contradicts the growth prediction held by 92% of respondents (see Q2 in 1. Location and Operations). However, this is likely attributable to the efficiency gains envisaged by managers as increasingly possible through improving IT-based tools.



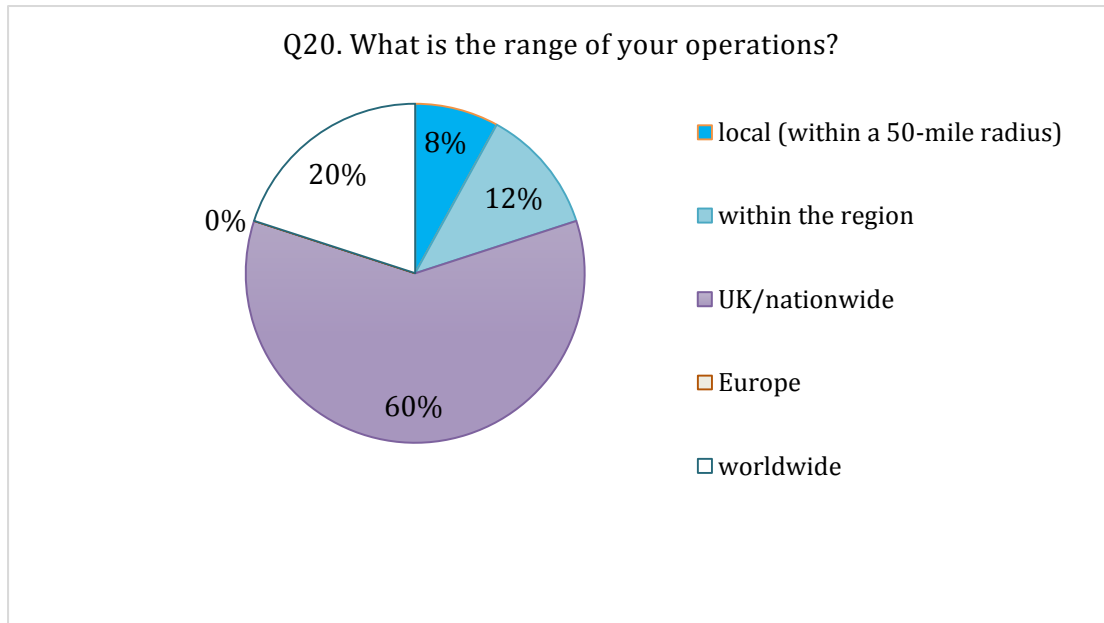
A small majority (52%) reported that premises-related restrictions (planning permission and availability of premises) would affect their business either “very strongly” or “strongly” over the next two years. Nearly one third (28%) reported neutrally, leaving a minority of 20% reporting that their businesses would be “weakly” or “very weakly” affected by premises issues. In light of the last question (demand outpacing capacity), this finding might be illuminating: 52% believe that premises issues could impact their businesses strongly, and the previous finding showed that 53% indicated neutral or negative opinion regarding the ability of their businesses to keep pace with demand.



Perhaps discernible is another potential constraint to logistics growth in the area: 68% of respondents indicated that worker commutability and the availability of skilled workers will impact either “very strongly” or “strongly” on their businesses over the next two years. Shortage of workers is likely to stimulate diversification. The numbers of women taking driving positions is growing, but inclusive roadside facilities remain scarce.



The typical range of operations for a local logistics firm is “UK/nationwide” followed by “worldwide” (60% and 20% respectively). A 50-mile radius around Leicester covers many of the UK’s main conurbations, and London, the UK’s largest conurbation, requires a road journey of approximately two hours only. The area’s road logistics firms appear to be exploiting this national centrality. East Midlands Airport provides worldwide linkage and further reinforces the area’s hub possibilities.



Summary of Findings for the online survey questionnaire.

- The primary activity of logistics companies in the Leicester area is nationwide operating daytime road freight.
- Warehousing is the secondary activity of most firms who engage in more than one modal activity.
- **Road network. (pinch points)** A clear majority of respondents (72%) believe that congestion and other road issues including pinch points are a big concern.
- Directly related to road concerns – and also of significance to workforce issues that will be discussed later – are **roadside facilities** (including conveniences for female drivers). Nearly half (48%) of respondents indicated that roadside facilities would impact either “strongly” or “very strongly” on their businesses during the next two years.
- **Road network issues.** Local logistics managers’ focal concerns for near-term business performance are road network issues (congestion and facilities) and compliance with laws and regulations. Approximately half of the managers surveyed indicated concern about delivery hour restrictions.
- **Local logistics firms rely on IT systems** (sat nav, the internet, and software).
- **Satellite navigation systems** are installed in 61% to 100% of the vehicles in the fleets of most (77%) companies. This finding indicates that most local logistics companies route by satellite navigation, which should create economies of fuel and time.
- **Technology is important.** The importance of technology to local logistics companies is also illustrated by another finding of the survey: 73% of respondents described their software systems as “important” or “very important”.
- **IT systems** (sat nav, the internet, and software) play a major part in the operations of local logistics firms. Internet speed and connection stability are areas that could be improved.
- The typical local fleet consists of diesel-fuelled vans, rigids, and category C and E vehicles.
- Local firms are evenly divided on their opinion of the near-term impact of carbon emission reduction schemes.
- **Scrappage for carbon gain.** Exactly half of the respondents believe that scrappage and other carbon emission-reduction schemes will impact either “strongly” or “very strongly” on their businesses over the next two years. The remaining responses were also split fairly evenly: 19% reported they would be “weakly” or “very weakly” affected; 21% were neutral. Scrappage would be an appropriate option if industry support for carbon reduction schemes were high. The present data shows that opinion among managers is diverse, but outright negative opinion is the minority position.

- **Fuel cost variability is an issue.** An emphatic 84% of respondents believe that fuel cost variability will impact on their business either “strongly” or “very strongly” over the next two years. A minority of 16% believe the impact will be “very” weak. The absence of any neutral responses implies that this finding could be attributed to the 16% being non-road freight businesses, e.g. warehousing companies. For transport companies, the business ramifications of fuel cost variability are far reaching: variability incurs contractual complications.
- **Managers expect near-term growth.**
- **Managers are optimistic about the ability of their companies to match demand.**
- **Confidence in their businesses expressed by managers.** Ability to scale capacity according to demand increase over the next two years: a minority of 47% indicated that client demand would *not* outpace capacity. This finding notionally contradicts the growth prediction held by 92% of respondents (see Q2 in 1. Location and Operations). However, this is likely attributable to the efficiency gains envisaged by managers as increasingly possible through improving IT-based tools.
- **Planning permission.** A small majority (52%) reported that premises-related restrictions (planning permission and availability of premises) would affect their business either “very strongly” or “strongly” over the next two years. In light of the question (demand outpacing capacity), this finding might be illuminating: 52% believe that premises issues could impact their businesses strongly, and the previous finding showed that 53% indicated neutral or negative opinion regarding the ability of their businesses to keep pace with demand.
- **Shortage of workers.** Perhaps discernible is another potential constraint to logistics growth in the area: 68% of respondents indicated that worker commutability and the availability of skilled workers will impact either “very strongly” or “strongly” on their businesses over the next two years. Shortage of workers is likely to stimulate diversification. The numbers of women taking driving positions is growing, but inclusive roadside facilities remain scarce.
- **Location.** The typical range of operations for a local logistics firm is “UK/nationwide” followed by “worldwide” (60% and 20% respectively). A 50-mile radius around Leicester covers many of the UK’s main conurbations, and London, the UK’s largest conurbation, requires a road journey of approximately two hours only. The area’s road logistics firms appear to be exploiting this national centrality. East Midlands Airport provides worldwide linkage and further reinforces the area’s hub possibilities.
- Managers’ have *several key concerns*:
 1. Road issues – congestion and roadside facilities
 2. Compliance with laws and regulations (note however that half of the managers surveyed indicated concern about delivery hour restrictions)
 3. Fuel cost variability.
 4. Availability of skilled workers.
 5. Planning permission, availability, and other premises-related issues.

Annex 7 Methodology

This report is informed by data that was obtained through the following five research activities:

1. The LLEP Employer Engagement Roundtable Event
2. The LLEP Business Survey
3. The LLEP Transport and Distribution Survey
4. Case Studies by Interview
5. The LLEP Stakeholder event.

To provide both breadth and detail, this five-phase methodology comprises both qualitative methods (activity 1., 4., and 5.) and quantitative methods (activity 2. and 3.). This section describes all five research activities.

1. The LLEP Employer Engagement Roundtable Event

To identify the general issues and interests of local logistics and transport sector employers, a roundtable consultation event was held in Loughborough on March 20th, 2015. The IOC selected all participants, focusing primarily on local employers: the 40 employers who participated were local companies operating in the logistics and distribution sector. The event was chaired by Prof Tracey Worth of London Metropolitan University. A keynote speech was delivered by Andy Cliffe, the managing director at East Midlands Airport.

Each table was facilitated by an LLEP team. Notes were taken by John Bowman (IOC), and summarisation was by Prof Worth. The findings (qualitative) of the roundtable are summarised in section 2.4 of this report.

2. The LLEP Business Survey 2015 (LLEP)

This was a telephone interview survey of 1,027 local companies. The survey was commissioned by the LLEP and conducted between November 2014 and January 2015. Its objective was to generate a picture of the performance of businesses in the region. The survey's results were generally optimistic, showing positive turnover trends, innovation activity, and increased hiring in many of the region's companies. A full report of the findings of this survey (quantitative) is available here: http://www.llep.org.uk/index/downloads/filename/img_1429268354_3448.pdf/catid/22/filetitle/llep-business-survey-2015.pdf

3. The LLEP Transport and Distribution Survey (IOC)

To obtain a broad, quantitative overview of local logistics and transport companies' operations and issues, in March 2015 the IOC conducted a sector-targeted online survey. Respondents were all managers at logistics and distribution companies operating in the LLEP region. The IOC initiated contact by e-mail and visits. The survey was publicised by word-of-mouth in the transport business network, and through the transport press.

The survey consisted of 24 questions: 13 Likert scale statements, five multiple-response questions, three single-response questions, and three open-entry items. The survey's questions generated data on companies' locations and operations, fleet composition, usage of information technology, perception of infrastructure and regulations issues, and future business concerns.

The survey was delivered through surveymonkey.com. A web link to the survey was forwarded to interested individuals and circulated as late as the Multi Modal trade show at the NEC on April 28 to 30. These activities resulted in a respondent list of 300 regionally active logistics and distribution companies. The sample was thus very wide, covering multiple subsectors, such as heavy haulage, couriers, airfreight, and rail. The survey's findings were tabulated in Microsoft Excel and illustrated quantitatively as per-question aggregates in histogram and pie chart form. Details of the responses to each question of the survey can be found in Appendix 6.

4. Case Studies by Interview (IOC)

To develop a richer, qualitative picture of the experiences and expectations of sector leaders regarding the area's status as a logistics hub, the IOC conducted interviews during March 2015. In conjunction with the LLEP, the IOC used the *LLEP Transport and Distribution Survey* to identify and contact local logistics and distribution companies and other relevant organisations.

The IOC conducted a total of 20 interviews (response rate: 100%). Interviewees were all senior directors of logistics and transport companies and logistics and transport infrastructure-relevant organisations, such as East Midlands Airport. Each interview lasted around two hours. All interviews were conducted by IOC personnel on the business premises of the interviewee.

The question set was based on the *LLEP Transport and Distribution Survey*, and applied as the template for a semi-structured interview. Laddering was used to expand on areas of particular importance and extract details on issues not covered by the survey. Interview transcripts were

analysed qualitatively, by manual coding; recurrent or extensively discussed themes were identified. Company case studies were thus developed. Key points were summarised on a per-case basis, and cross-case comparisons revealed topics of convergence. Full details of each interview/case study can be found in Annex 5.

5. The LLEP Stakeholder Engagement Event

To identify the service delivery issues and interests of national and local non-business stakeholders, a roundtable consultation event was held in Leicester City Council offices on April 21st, 2015. Present were 25 representatives of councils, universities, and colleges.

Proceedings were opened by Carl Lomas (IOC). A keynote speech was delivered by Andy Cliffe, the Managing Director at East Midlands Airport. Each table was facilitated by an LLEP team member. Notes were taken by John Bowman (IOC). The findings (qualitative) of the roundtable are summarised in Annex 8.

Annex 8 SWOT ANALYSIS

Summary of Strengths, Weaknesses, Opportunities and Threats identified through the research

First in table, colour coded to category and then in narrative.

The four issues are categorised as **Place**, **Business** or **People**

| STRENGTHS | WEAKNESSES |
|--|---|
| <p>Aided by the M1/M69/M42, road travel times to UK markets make the LLEP area the UK 'location of choice' for national distribution centres</p> <p>East Midlands Airport is the UK base for two of the world's top 4 air express freight operators (DHL and UPS)</p> <p>Large sites for distribution centres are available</p> <p>Air Freight hub at East Midlands Airport</p> <p>Well served by road and rail networks</p> <p>Mix of national and regional businesses underpinned by dynamic SMEs</p> <p>Well integrated into local manufacturing and extractives sectors</p> <p>Employers are open to external advice</p> <p>Operational efficiencies improve green performance of the sector</p> <p>Sector is key employer in the LLEP area with significant local concentrations</p> <p>Universities and FE colleges in the LLEP area are keen to understand and work with sector</p> | <p>Motorway network is congested at peak times</p> <p>Local 'pinch points' on road network increase journey times</p> <p>Poor roadside facilities deter new entrants to driving jobs and particularly women</p> <p>Sector is seen as damaging to the environment</p> <p>Lack of LPG filling stations deters operators from switching</p> <p>Sector characterised by low margins, low profitability</p> <p>High cost of vehicles and capital equipment</p> <p>SMEs find public funding schemes too complex</p> <p>National lorry driver shortage</p> <p>365/24/7 working patterns create access issues for lower paid workers</p> <p>Workforce planning in the sector is typically short-term</p> <p>The best graduates don't consider the sector a first choice</p> <p>Logistics Apprenticeship take up is low</p> <p>Low level of public understanding of importance of the sector to the economy and what jobs it offers</p> <p>Limited engagement of employers with schools and colleges to explain and promote the sector</p> |

| OPPORTUNITIES | THREATS |
|--|--|
| <p>Potential new sites such as Magna Park extension and East Midlands Gateway/Strategic Rail Freight Interchange could sustain LLEP area as a favoured location in the short/medium term.</p> <p>The MIRA development will enhance logistics sector confidence in the location</p> <p>The LLSOSS study highlighted the benefits of continued long-term strategic and collaborative planning across the county of Leicestershire to ensure that suitable sites come forward in local Plans.</p> <p>Improve roadside facilities in the LLEP area including enhancing the local network of LPG filling stations</p> <p>There is employer support for promotion of the 'Leicestershire Logistics' brand</p> <p>Potential for sub-regional collaboration to address weaknesses and lobby central government on common agenda</p> <p>Collaboration in supply chains to address 'green issues'</p> <p>Colleges and Universities are keen to develop and promote initiatives to create links with sector employers</p> <p>Sector offers high quality, well paid jobs</p> <p>New 'Trailblazer' apprenticeships are an opportunity to re-launch apprenticeships to the sector</p> <p>Develop long term workforce planning at company and area level</p> <p>Develop programmes with DWP/JCP to help prepare unemployed workers for the sector</p> | <p>The existing warehouse stock/existing sites in LLEP area no longer have the plot sizes now required by the market</p> <p>Over medium to long term, some sites identified in local plans no longer meet changing sector needs in terms e.g. of size, location, access to rail</p> <p>Investment in new premises is hampered by lack of profitability</p> <p>Other locations in the region and beyond bring forward more and better sites and promote them aggressively</p> <p>HS2 bypasses the LLEP area</p> <p>Failure to address local congestion pinch points</p> <p>Logistics operations move to sites at UK ports - 'port-centric' logistics</p> <p>Failure to invest in new/updated property</p> <p>A replacement for Carbon fuel is not found before it becomes too expensive</p> <p>Recruitment to extra-urban sites is hindered by access issues for lower paid workers</p> <p>Best graduates from LLEP area universities leave the area to find work</p> |

Narrative form SWOT

Summary of Strengths, Weaknesses, Opportunities and Threats identified through the research

STRENGTHS

Aided by the M1/M69/M42, road travel times to UK markets make the LLEP area the UK 'location of choice' for national distribution centres

East Midlands Airport is the UK base for two of the world's top 4 air express freight operators (DHL and UPS)

Large sites for distribution centres are available

Air Freight hub at East Midlands Airport

Well served by road and rail networks

Mix of national and regional businesses underpinned by dynamic SMEs

Well integrated into local manufacturing and extractives sectors

Employers are open to external advice

Operational efficiencies improve green performance of the sector

Sector is key employer in the LLEP area with significant local concentrations

Universities and FE colleges in the LLEP area are keen to understand and work with sector

WEAKNESSES

Motorway network is congested at peak times

Local 'pinch points' on road network increase journey times

Poor roadside facilities deter new entrants to driving jobs and particularly women

Sector is seen as damaging to the environment

Lack of LPG filling stations deters operators from switching

Sector characterised by low margins, low profitability

High cost of vehicles and capital equipment

SMEs find public funding schemes too complex

National lorry driver shortage

365/24/7 working patterns create access issues for lower paid workers

Workforce planning in the sector is typically short-term

The best graduates don't consider the sector a first choice

Logistics Apprenticeship take up is low

Low level of public understanding of importance of the sector to the economy and what jobs it offers

Limited engagement of employers with schools and colleges to explain and promote the sector

OPPORTUNITIES

Employers want to be heard. There is employer support for promotion of the 'Leicestershire Logistics' brand 'The golden triangle'

The LLSOSS study highlighted the benefits of continued long-term strategic and collaborative planning across the county of Leicestershire to ensure that suitable sites come forward in local plans.

Potential new sites, the LLEP area is rich in level accessible space for large scale logistics warehouse opportunities.

Extensions to existing sites, Magna Park and East Midlands Gateway could create substantial new floor space.

The East Midlands gateway strategic rail freight interchange, an LLEP transformational priority.

The MIRA development will enhance logistics sector confidence in the location

Improve roadside facilities in the LLEP area, particularly supporting female drivers to sustain the driver workforce..

Collaboration in supply chains, road, rail and air, to address low carbon agenda

Enhance the local network of alternative fuel stations, electric, LPG achieving low carbon agenda.

Sector offers high quality, well paid jobs but has a shortage of workforce.

New 'Trailblazer' apprenticeships are an opportunity to re-launch apprenticeships to the sector

Develop long term workforce planning at company and area level

Develop programmes with DWP/JCP to help prepare unemployed workers for the sector

Colleges and Universities are keen to develop and promote initiatives to create links with sector employers

Potential for sub-regional collaboration to address weaknesses and lobby central government on common agenda

THREATS

The existing warehouse stock/existing sites in LLEP area no longer have the plot sizes now required by the market

Over medium to long term, some sites identified in local plans no longer meet changing sector needs in terms e.g. of size, location, access to rail

Investment in new premises is hampered by lack of profitability

Other locations in the area and beyond bring forward more and better sites and promote them aggressively

HS2 bypasses the LLEP area

Failure to address local congestion pinch points

Logistics operations move to sites at UK ports - 'port-centric' logistics

Failure to invest in new/updated property

A replacement for Carbon fuel is not found before it becomes too expensive

Recruitment to extra-urban sites is hindered by access issues for lower paid workers

Best graduates from LLEP area universities leave the area to find work

Appendix 9

Logistics and Distribution Organisations in the LLEP Area

1.3.1 Palletised Freight

The LLEP area leads the way in palletised freight distribution networks. Pall-Ex, founded by Hilary Devey, are based in Coalville and operate a hub and spoke model with over 100 UK hauliers distributing to depots nationally and internationally.

Adrian Russell Pall Ex - 'A pallet network expanding across Europe from the LLEP area. Pall-Ex is no longer just UK, from Leicestershire it is across Europe and it is expanding. Pall-Ex is looking for a rail freight investment. Fork Lift Truck Academy giving opportunity to youngsters locally'

Local hauliers that are members of the network include Trucklink of Ashby de la Zouch and Premier Logistics of Bardonia. Pall-Ex's expansion since it started operations in 1996 has been fast-paced and the organisation now looks to enter new markets within Europe including Germany and Turkey to compliment the service it provides in the UK, France and Italy. To the East of the county, CS Ellis Group have been a member of the Palletline since 1994 and act as Chair for the network of member hauliers.

1.3.2 Aggregates (Tippers, mixers and large tanker waggons on the LLEP roads)

Leicestershire is well-known for the quarrying of granite and aggregate products. Lafarge Tarmac operate the largest granite producing quarry in Europe, which has been operating since the early 19th century, from Mountsorrel in Charnwood District.

Allison Lawton-Devine (Lafarge Tarmac and CILT Leicestershire group chair) – 'Tippers, mixer & Large Tanker wagons on the LLEP Roads, A vertically integrated business. 10 million a year to the local economy. Haulers and site drivers have the perception that the customer does not respect their job role. The job is a dirty one, it isn't glamorous, long hours, seasonal but the earnings are higher than ten years ago and the skills required have multiplied compared to the previous generation of haulers.'

Midland Quarry Products supply hardstone products, aggregates and asphalts throughout central England supporting road and rail projects, as well as commercial and public developments such as the Cycling Velodrome at Derby due to open in 2015 and the Nottingham Flood Alleviation project along the River Trent. To distribute products Midlands Quarry Products use a network of micro and SME Hauliers using rigid tipper and articulated trailer units.

1.3.3 Air courier (Worldwide air in the heart of the golden triangle of logistics)

DHL, already the largest haulier on the UK roads is set to invest 90 million pounds into its Hub at East Midlands Airport including automation expansion and move its peak handling performance from 160,000 parcels a night to a staggering half a million parcels

Danni Pedri DHL, 'The industry standard used to be an overnight service that customers would expect to arrive by close of business on the following day. Customer expectation has risen to next day lunchtime. Next day lunchtime will be the next industry standard.'

For companies to shorten that delivery time further they must move closer to EMA.

Step into the LLEP area is a step into the quickest route to market.

East Midlands airport hosts the only purpose built express courier site of its kind in the UK and with a ninety million pounds investment by DHL its set to expand with automation handling as many as half a million parcels a night.

Courier companies United Parcel Service(UPS) and TNT also use the airport as a base to import/export freight to their hubs in Europe. The Royal Mail use Eat Midlands Airport as their hub for all UK distribution, Belfast and the Isle of Man.

1.3.4 Logistics for Food and Drink Manufacturing

Food distribution logistics supports major names from Walkers and Britvic to couriers sending home tourist gifts of Melton Mowbray pies. Leicester and Leicestershire has a strong history in industrial manufacturing, especially in clothing and fashion, and food and drink production. The food and drink manufacturing sector has continued to strengthen in the LLEP area. Furthermore, dependant on logistics, of the top 200 employers in the area 14 are involved in the production and/or distribution of food and drink related products generating a combined turnover of £944m and employing over 15,000 LLEP residents.

The north of the county has a rich heritage of food production that puts Leicestershire on the map. Samworth Brothers of Melton Mowbray produce and distribute the world-famous Pork Pies of Dickson and Morris and Walker and Sons, as well as cakes and desserts for M&S and Tesco through Blueberry Foods and chilled ready meals, sandwiches and cured meats by Kettleby Foods, Saladworks, Melton Food, Brooksby Foods and Walkers Deli. Logistics for the Samworth Brothers group is serviced by Samworth Brothers Distribution, operating over 120 vehicles to support their Leicestershire, Cornwall and Manchester based organisations. In the north of the city in the Beaumont Leys Lane Industrial Area, Samworth Brothers have Walkers Sausage Company and Bradgate Bakery. Bradgate Bakeries has been relocated to a purpose built site in the area and created a further 200 jobs with a further 500 roles being created as the site grows. In the same area, PepsiCo are located, manufacturing and distributing Walkers Crisps, Tropicana and Quaker Oats.

Blue Stilton cheese is one of 12 protected British cheeses and can only be made in the LLEP and D2N2 area. In Leicestershire, for over 100 years Long Clawson Dairy produces and distributes Stilton and other cheeses, including Leicestershire Red, globally via a local courier company called Couriers Online. Another famous brand founded, produced and distributed from the LLEP area is Pukka Pies.

The Syston-based organisation operate their own fleet of multi-drop vehicles across the East and West Midlands and beyond through their Distribution network.

Britvic Soft Drinks Distribution Centre in Magna Park Lutterworth supports drink production at the four factories located in the East of England, Midlands and West Yorkshire. United Biscuits operate from two locations in the LLEP area: KP Snacks and McVities Biscuits at Ashby de la Zouch in the North West of the county and Jacobs Biscuits at South Wigston.

1.3.5 Manufacture and Retail

Dunelm with their Headquarters remaining in Leicester at Watermead Park and a turnover last year of £678m distribute to their retail branches from their Distribution Centre based in Stoke upon Trent. Topps Tiles based at Enderby, Junction 21 of the M1, have situated their head office and distribution centre within Leicester.

Timber and paper production also plays an important part within the mix of logistics. Sofidel have two tissue paper production sites in Leicester and coordinate logistics and distribute throughout UK and Europe from their sites in the LLEP area. George Walker Limited provide a roadside delivery service for timber and fencing across the city, county and cross border LEP area including Rutland and South Nottinghamshire, as well as providing a timber production service at Belvoir Saw Mill and aggregates from Wanlip Sand and Gravel. Verdon Timber Group, including Soar Valley Timber, produce and distribute timber, building products and pallets to the Logistics sector from their four sites in the county.

Cooke Optics have been at the centre of the Film Industry since 1894. Manufactured at their Thurmaston factory, Cooke Optics lenses are widely used in the film and television industries. Today Cooke Optics use a variety of organisations to distribute globally with TNT in Beaumont Leys distributing to clients within UK.

1.3.6 Courier (DX 200 million items delivered in 2014)

In the changing face of retail from high street purchase to internet home delivery key players such as City sprint, DX and UK Mail have strong focus in the rapidly emerging market.

DX is a leading independent mail, parcels and logistics end to end network operator in the UK, delivering approximately 200 million items in 2014. DX provides proven next day delivery services for mail, parcels and 2-Man deliveries to business and residential addresses nationwide. DX have recently bought into Gnewt the electric courier company in London. Gnewt run a fleet of electric inner city vehicles, Peugeot plug ins and Goupil electric vans.

Such an electric fleet is the most likely to be the first to set a true CO2 clean impact with the same model in Leicester or Loughborough.

DX could potentially bring the first electric reality to LLEP on the streets of Leicester and Loughborough.

1.3.7 Local Family Haulage Business Haulage, Smith Bros – ‘a firm leaving the LLEP area’

In 1902 SBS moved to Batten Street. One hundred and eighteen years later, a little modernizing and these premises still serve as the headquarters, failing to be able to agree purchase or planning permission for different sites in and around Leicester the company will have to move out.

Transportation at the core of this specialist distribution of pipework, valves and all associated plumbing fittings. Operating from nine branches with Leicester as the Head Office.

‘Born, lived and built the business in Leicester since 1897 but will have to move away’.

1.3.8 Leading edge logistics Office Depot, ‘omni-channel total retail’, warehouse automation in Leicester

One of the most automated warehouses in the LLEP area is Office Depot, its located at Bursom Business Park, the system plays host to two main business operations processed within the warehouse; Viking Mail Order and Office Depot Contracts and is designed to allow Office Depot to process 75,000 order lines over a 12-hour period with a daily picking capacity of 36,000 cartons. Canute yellow and red trucks are a regular feature of the local roads as they run in and out of Bursom warehouse.

Office Depot is an example of LLEP geography, perfectly placed to help retailers in meeting the ‘right now, any time’ culture heads on to better guarantee availability. As omnichannel becomes ‘total retail’, this requirement is only going to become greater.

‘It was built in Leicester in order to retain the knowledge base of the existing workforce.’

One of the most automated warehouses in the LLEP area with the only A frame sorter in Europe. 75,000 order lines. Showcase warehouse technology in Leicester. Green Apple award. Sustainability & customer focus. A new Logistics school of excellence.