Research Study, Report and Recommendations; into The skill needs of the Ports and Logistics sector in Humberside

Final Report

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Report and Recommendations for:	Ports & Logistics Brokerage
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Also forming part of this report:

- Completed Questionnaires in Separate file
- Full Research data contained on separate CD Rom

1. Executive Summary

This report examines the current skills gaps and needs of local employers operating within the Ports and Logistics sector in the Humber Sub-Region.

The Humber Ports have developed over the years to become major providers of service and capability to businesses throughout the UK, Europe and the Rest of the World.

The importance of the Ports and Logistics industry in the Humber Sub-Region to the national and local economy is well documented. With almost 60% of the UK's population within 3 hours drive of the Humber ports, their strategic and economic benefit is clear.

With congestion in the Southern UK ports, implementation of the Working Time Directive, and the ongoing requirement for shippers to seek more cost, and environmentally, effective ways of delivering cargoes to their final destination, the Humber ports are becoming more attractive to shippers of cargoes from destinations worldwide.

There have been recent announcements concerning new port developments in the Humber region. Quay 2005 in Hull, the Outer Harbour development in Immingham, further development of the Simons Humber Sea Terminal (HST) at North Killingholme, and the development of new industrial land for portside development in the Eastgate project area of Immingham, are all expected to create further new job opportunities, and will require skills and resource in a range of service capabilities.

This report provides qualitative information regarding the current skills gaps and needs both perceived and real within the Ports and Logistics sector in the Humber area. We have held face-to-face interviews with Companies across the 4 Local Authority Districts (LAD) directly involved in the sector, and provide factual information regarding the varying difficulties encountered by the various sub-sectors researched.

At the macro level most companies gave evidence of being focussed on their own core business issues, and provide training to meet immediate business needs. Through the consultation process it became clear that there are specific difficulties and challenges that are clearly orientated towards pockets of employment within the industry. These can be summarised as:

- Operatives skills base
- General quality of applicants
- Next generation of management

The information contained in this report together with our methodology provides a clear picture of the differing skills gaps currently evident within the various sub-sectors of the Ports and Logistics industry in the Humber region, and we believe this information should enable the Brokerage to more clearly identify training needs as required for their delivery plan.

From the evidence provided we have identified the extent of skills gaps, skills shortages and recruitment difficulties, and any barriers preventing employers from engaging in workforce development

Our recommendations for the development of potential projects, pilots, or training schemes that will address the needs of employers and address any gaps in existing provision can be used by the Ports and Logistics Brokerage to engage with the industry in a process of skills development.

2. Scope of the research

The Consultants have built on their existing knowledge and contacts within the Ports and Logistics sector to engage employers in face-to-face meetings and the opportunity was given to enlarge on any training and development concerns. Any comments have been incorporated into our findings.

We have made contact and met with companies across the various elements of the sector and also across the four LAD's within the Humber Sub-Region.

Our main emphasis has been on meeting companies that are Small, Medium Enterprises (SME's), although by nature of the sector, we believed that it was imperative that meetings were also held with large employers also, to benchmark the different approaches made by companies towards identifying and overcoming skill gaps.

Research has been undertaken with employers that are currently engaged in workforce development, together with those that are not currently engaged in learning, in order that any barriers can be examined and reported in this research.

Care has been taken to engage with the person within an organisation who has the responsibility for training and development, and most importantly also has the authority for budget spend on any development needs. In practice, given the nature of the type of companies engaged, responsibility for training was often part of a broader remit.

Before looking at the outputs from the research, it may be helpful to illustrate the nature of the hierarchy which prevails within the Ports and Logistics Industry.

The industry functions generally on two levels, and this can be broken down simply as:

2.1. Industry drivers and business facilitators.

This is explained in more detail as follows, and is also contained in **Appendix 1** (Strategic Logistics structure):

Category 1. Industry drivers:

These are usually the large Companies. The nature of their business requires them to make large capital investments in land, equipment and business development. They are not usually SME's, and they have developed a mature intensive, asset driven business.

Such Companies would include the Port Authority ABP Plc, Shipping Lines such as DFDS Tor Line, Cobelfret Ferries, P&O and Finnlines together with the large Logistics providers or even major retailers such as B&Q.

Category 2. Business facilitators:

These Companies include the multitude of customers and suppliers to the industry drivers. They will either have a capital-intensive business, or may merely act as a broker. Depending on their size and resource they may sometimes be managed in a less strategic manner, and follow the trends of the industry drivers. They are possibly much more sensitive to price and margin, but generally have a smaller staffing and resource. Their business falls more readily into the owner manager, SME category. These companies include Haulage Contractors, Stevedoring and Contract Labour providers, Freight Forwarders and other support functions.

We felt it was necessary in undertaking this research to take into account the views of the industry drivers, and to understand how they manage their skills requirement, in order to be able to draw comparisons with the multitude of SME types of business, for whom the success or other wise of the industry drivers depends in so many ways.

3. Methodology & Questionnaire

The Consultants devised a questionnaire **(See appendix 2)** that would form the basis of the methodology. This questionnaire provided us with qualitative information in each interview that could be imported into our database for further interrogation.

We have divided the sector further into sub-sectors. Each sub-sector represents a key element of the processes (Either Category 1, or Category 2) that go together to make up the Ports and Logistics industry in the region. Whilst in any study of this kind, given time and budget restrictions, the research cannot be exhaustive. The Consultants therefore have used their knowledge of the sector to determine the most important sub-sectors to be interviewed.

The different types of sub-sectors, and the differing categories that they fall into would define their own training needs, as there is a clear distinction between those companies physically facilitating the movement of goods, and those providing other forms of cargo exchange and services.

These can be described as:

[Key to code used:
Cat 1 or 2 indicates Industry driver or business facilitator: 1-9 = Database categories]

3.1. Port Authorities/Wharf Operators
[Cat 1:1]

Provide the land, equipment and resource to enable client ship and cargo owners to load discharge cargoes. Resource requirement could include:

- General and Business Managers
- Commercial and Operational managers and staff
- Admin, Finance and support staff (incl. HR/Training)
- IT resource
- Marine and maritime skills
- Operatives with a wide range of equipment driving and cargo handling skills.

3.2. Shipping Lines
[Cat1:2]

Provide the means for moving cargoes and usually a range of added value services such as storage, transport and logistics provision. Resource requirement could include:

- General, commercial and operational management
- Sales, Marketing and customer service skills
- Operational clerks

- Admin, Finance and support staff (Incl. HR/Training)
- It resource and computer platform developers
- Transport managers and drivers
- Warehouse managers and warehouse workers
- Operatives with a wide range of equipment driving and cargo handling skills

3.3. Logistics Providers & Trailer Operators

[Cat1/2:3]

Provide transport/shipping/logistics services to industry direct, freight forwarders and others. Resource requirement could include:

- General and Business Managers
- Commercial, and Operational managers
- Sales, Marketing and customer service skills
- Admin, Finance and support staff. (Incl. HR/Training)
- Operational clerks
- IT skills and computer platform developers
- Warehouse managers and operatives
- Transport managers and drivers and operatives with a wide range of equipment driving and cargo handling skills.

3.4. Freight Forwarders

[Cat1/2:4]

Act as cargo brokers, or a one stop shop for industry, and interface between manufacturers and shipping lines, logistics providers and trailer operators. Resource requirement could include:

- General and Business Managers
- Commercial and Operational managers
- Operational clerks
- Admin, Finance and support staff
- They may possibly also employ haulage drivers and operate small warehouses.

3.5. Hauliers & Warehousing

[Cat2:5]]

Provide traction and storage facilities for the movement of goods. This section is traditionally fragmented with a high number of small companies. They may also provide a range of added value services. Resource requirement will include:

- General management, which will often double up as Commercial and operational management
- Operational clerks, who may also provide admin and support functions.

- Operatives with driving and equipment driving skills.

3.6. Stevedores/Terminal Operators

[Cat1/2:6]

Provide an essential support function through the provision of labour and resource to port authorities, ship owners and shipping lines and their clients. Resource requirement could include:

- General business managers
- Operational managers and Supervisors
- Admin, Finance and support functions
- IT resource
- Operatives with a wide range of equipment driving and cargo handling skills.

3.7. Contract Labour Providers

[Cat2:7]

Provide labour resource on a buy in/as required basis to a range of clients, usually stevedores and terminal operators. Resource requirement is heavily orientated towards:

- Business Managers and Operational Supervisors
- Operatives with a wide range of equipment driving and cargo handling skills

3.8. Ships Agents/Husbandry and Brokerage Services

[Cat2:8]

Provide essential services to ship and cargo owners. These services can include cargo fixing (brokerage), ships agency (the management of a ship and crew in port) and the provision of a wide range of documentary procedures. Resource requirement will include:

- General, commercial and Operational managers
- Operational clerks
- Admin, Finance and support functions

3.9. Manufacturers/Retailers

[Cat1/2:9]

SME manufacturers who either export or import raw materials or finished goods will usually use the expertise and services of either a freight forwarder, transport provider, trailer operator or Logistics Company to enable them to fulfil their business requirements. They may employ one person, or a small team with a freight specific industry background to act as an interface with their service provider, but more usually they will hand over the expertise to their chosen service provider.

4. Analysis of Skills Gaps and Needs

4.1. Overview of skills gap on a national basis

Within the sector at a UK wide level, the British Ports Industry Training (BPIT) survey of UK Ports undertaken in 2000 found that:

96% of staff were aged 25 years or older with less than 1% under the age of 21. An overall age of 43 for employees is considered high;

The average age of managers and pilots working in marine operations was also high. BPIT found a significant proportion were over 60;

- The UK port industry is male dominated, 87% of employees were men. This is a legacy of the National Dock Labour Scheme when every registered dockworker was male;

- Difficulties in recruiting were experienced by 25% of industry organisations compared to l4% in 1998. (Humber region, based on research 15%).

- A general shortage of the following categories of staff across UK ports was reported:

- Senior staff, harbour master, port manager;
- Quayside staff stevedores/cargo handlers;
- Plant operators: crane operators, forklift drivers:
- Office staff: managers, IT administrators.
- Factors affecting skills shortages and gaps were reported to include:

- Decline of the Merchant Navy, projected to decline from 15,897 UK officers in 1999 to 13,756 in 2004;

- Need to implement contemporary management practices

- Need for greater flexibility, the survey reported that the need for temporary staff was frequently mentioned, particularly for stevedores and boat crews;

- Environmental, estate management/property development skills are becoming increasingly important for Port management

- Ports are increasingly employing stevedores with electricians and fitters skills. They require a flexible, skilled and trained workforce able to operate a wider range of plant

Skills required in the industry of the future were reported to be:

- Organisational / analytical skills
- Ability to offer a complete logistics service
- Knowledge of estate management and property development
- Marketing and PR skills
- Customer awareness
- Communication and interpersonal skills
- HR expertise
- Engineering skills
- IT skills and e-commerce expertise

4.2. Current Humber initiatives

In the Humber region a number of current initiatives are already in place to address perceived current and anticipated skill sets including:

- The LSC has introduced a Modern Apprenticeship in the Port Industry;

- Efforts are being made to persuade national freight hauliers to set up national hubs in the region to improve rates and standards in the haulage industry;

- Team Humber focussing continues to expand its range of service offerings. The latest initiative Team Humber is currently working on is training for the ship repair industry.

- The establishment by this consultancy, of Ragged Edge Recruitment to provide a Business skill recruitment service for Ports, Shipping, Forwarding, Transport and Logistics Companies located around the Humber Ports. With an industry specific background, this organisation is well aware of the needs of the industry

- The initiative taken by Grimsby College (HIFF) to establish a foundation degree course in Logistics, and entry level qualifications with the Institute of Logistics (ILT) which commenced in September 2003.

  A steering group from the industry has been established and meet regularly to oversee the strategic development of the programme.

- The Hull University Business School Institute for Logistics programme currently being developed.

Whilst the range of initiatives currently underway or planned for the Humber area will make an important contribution to addressing skill shortages in the Ports sector over the next few years the rate of projected ongoing expansion of the Ports (and the associated labour market demands), and the age profile of the current workforce remain a key concern, and could have a significant impact upon the capacity of the Humber sub-region to respond to further port expansion.

A report undertaken by this consultancy on behalf of North East Lincolnshire Council (NELC in 2001*****) identified that 14,905 people are currently dependant on the Port related sector in the Great Grimsby Travel to Work Area (GTTWA) alone. This represents 21% of the total number of people employed in the GTTWA.

4.3. Interview Technique

The Consultants set out to interview a range of Companies in each sector outlined in **Section 3** above. Whilst not exhaustive, the range of companies contacted was widely representative of the major sub-sector industries. We contacted both industry drivers and business facilitators.

We initially set out to interview 90 companies (10 in each sub-sector). It was telling that we eventually managed 66 face-to-face interviews. Of the balance (24) 3 companies could not accommodate us due to business/operational pressures, and 21 companies were not interested in taking part in the research.

The 66 companies visited, were all able to contribute in a positive way to the research, and the findings are presented in this section.

We would like to thank all of the companies that were interviewed in relation to this project for their time and interest. We have made it clear to all of them that the Ports & Logistics Brokerage may revert to them in due course, and the door remains open for further consultation.

We have devised a database and a means of interrogating the data from each company. We have supplemented these findings with anecdotal evidence and comments arising from the discussions.

Additionally the same trends have been further sub-divided into geographic regions (Ports) for comparison.

As previously described, we felt it necessary to interview those large Companies whose overall business (in terms of size/location/ and impact) has a strategic impact on the rest of the local industry.

These companies are:

ABP Plc: Port Owners and Operators in Goole/Grimsby/ Hull/Immingham
BP Chemicals: Jetty operators and Chemical Manufacturers in Saltend Hull.
Associated Petroleum Terminals (APT): Jetty operators in Immingham, They provide liquid handling solutions to the two large refineries based just outside the port.

*An evaluation of the Importance of the Ports of Grimsby & Immingham to the Economy of NE Lincolnshire and the Grimsby Travel to Work area

The inclusion of these 3 providers has somewhat distorted the average turnover of the companies contacted for the purposes of this research. Otherwise we have concentrated our efforts on companies that fall within the SME sector.

The companies were interviewed using a standard questionnaire devised by the Consultants in order that credible comparisons throughout the research process could be made. For ease of interpretation within this report, percentages have been used to illustrate the trends.

Whilst the Consultants undertaking the survey were able to meet with decision makers, responsibility for training was spread across a range of disciplines and in most cases was only a part of an individual job description. Few organisations in the sample had or could afford a dedicated person for this function.

Our findings are reported below.

4.4. Macro Level Observations in the Humber region

Most businesses interviewed appeared to be focused on their chosen core business and to varying degrees invest in the necessary business related training. Much of this training however can be described as inward looking since there was little evidence of any training or education being provided towards general business development.

Whilst many indicate that their view on training would change if cost support were available there is no reason to believe that they would not continue to invest in their business without support.

Those companies considering staff turnover to be a business issue stood at a modest 15% and no major difficulty was being experienced in sourcing staff generally.

Most of the difficulties regarding retention or recruitment feature around the general label of operatives.

Apart from those specifically mentioned in the next paragraph, the potential pool of operatives was thought to be generally available.

Particular difficulty was mentioned in the recruitment of /HGV drivers, and specialist equipment and crane drivers.

A major tactical problem was perceived to be the quality of applicants and this clearly should be a focus for the Brokerage.

Another strategic issue that requires urgent attention is from where the next generation of management to the industry will be sourced.

4.5. Current Environment

The companies interviewed employed a total of 3,430 personnel. This roughly represents 10% of the overall workforce understood to be employed within core activities in the Ports & Logistics sector in the Humber region.

Of those companies interviewed some 64% stated that they expected their workforce to remain at the same size as it is today. Only 30% of the total number of Companies interviewed expected their business to grow.

Significantly a small number of respondents interviewed stated that their business would decline. These respondents were predominantly engaged in the provision of contract labour to the port industry. At least one respondent reported that the low levels of pay and subsequent difficulties of attracting reliable labour had led to the decision to withdraw from the industry.

The lack of growth expectation is an incongruous statistic, given that the tonnages handled by the ports are continuing to grow. Recent press announcements concerning major new port projects in the region all talk about the opportunity for the development of new jobs in the sector.

Table 1: ABP Humber Ports Tonnages throughput 1998 – 2003.(000 tonnes)

Port/Year	1998	1999	2000	2001	2002	2003	Growth in period %
Immingham	45,112	46,250	48,763	50,197	50,721	50,012	+11%
Hull	10,291	10,155	10,725	10,567	10,301	10,571	+3%
Goole	2,648	2,650	2,711	2,644	2,277	1,913	(28%)
Grimsby	1,342	1,025	1,246	1,222	1,506	1,274	(5%)
Total	58,393	60,080	63,445	64,630	64,805	63,770	+9%

NB: Throughput figures for Simons Humber Sea Terminal N. Killingholme not available but estimated to be between 3.3m – 4.0m tonnes (2002) and increasing.

According to industry experts port throughput in the UK is expected to increase by 5% year on year for the foreseeable future.

Additionally it has been widely reported that Container traffic into the UK is expected to double during the next ten years. The Humber ports region is meeting the future challenges by developing further infrastructure to meet future needs.

Recent announcements to develop port infrastructure, such as the Quay 2005 project in Hull, the Outer harbour at Immingham and the Eastgate project at Immingham, all identified in the Executive Summary to this report talk about opportunities for new employment. These are major capital-intensive asset building projects made by large Companies and the Public sector.

The SME sector of the industry (which forms the core of this report), based on the findings of our survey, appears not to have identified itself with any potential benefits that these may bring to the region.

In the study undertaken by these Consultants for NELC mentioned above we concluded that the likely growth in road haulage and forwarder sector activity arising from additional port throughput could be summarised as:

Every 500,000 tonnes of additional cargo through the port will lead to:

+ 7,640	Haulage loads per annum.
+ 27	Additional Road haulage loads per day
+ 13	Additional driver requirements
+ 2	Additional forwarder requirements

Of the total number of companies interviewed, the split of employees fall into the following categories:

Management & Supervisory	14%
Operations	67%
Admin & Other	20%

The employee population within the operative's category includes stevedores (of all classes), equipment and haulage drivers and operators performing a clerical function. This high number of operative personnel employed provides clear evidence of the skills requirement and needs of an industry that works in a price sensitive, and low margin environment.

The majority of respondents 62% stated that they were proactive in their approach towards training needs, which correlates with 71% who were doing some form of training and the 62% who felt that they had areas where they could invest in training if some support was available.

Only 24% of those companies interviewed have used any form of Trade Association to assist them in meeting their training needs. The overwhelming majority of companies, 85%, met the full cost of training with the minority obtaining some form of support. This support appeared to be from existing Team Humber facilities or Business Link.

Most Companies undertake and provide Legislative training to meet the requirements of their own industry and the wider implications of meeting the legislative requirements of industry today. This includes Health & Safety issues. The level of legislation, and therefore training required, especially for those involved in the physical handling of goods, was expected to increase in the future.

4.6. Current View of Employment

Training needs in the sector are identified by both employers and employees alike. Primarily these are identified by one to one discussion with individual employees. Only 23% of respondents appear to undertake any formal annual appraisal reviews with their employees.

As perhaps to be expected, the majority of respondents indicated that any training must have a demonstrable business need. There was little evidence of any development training and indeed Supervisory and General Management positions were noted as possible areas for targeting future cost support.

Overall 71% of respondents concluded that they are undertaking training of one form or another. Most training undertaken is job specific, with the employers covering the cost. The majority of training, 52% is targeted towards operatives.

Training needs are currently met through a mix of both internal and external means as deemed appropriate

Recruitment into the sector is undertaken by a wide variety and combination of means. The respondents indicated that in general terms they are satisfied with the methods that they employ. The concern over the quality of respondents is reported further herein.

One widely used method used to recruit. is ‘Word of Mouth.’ Whilst today this clearly meets a need, particularly with those companies recruiting people with the various operational skills, the suitability of this method for the future is a moot point.

Respondents reported that whilst Job Centres provided a link to a pool of possible candidates, the lack of pre-selection sifting together with a lack of understanding, by the Centre, of the detailed skills required to undertake this type of work leads to a general dissatisfaction with this particular method.

Given the relative importance of the Ports & Logistics sector to the regional, sub-regional and local economies the availability of a suitably trained workforce should be a concern for the future.

4.7. The Training Need

The survey ranked Training and Skills as a high ranking business issue (82%) but only 39% said that they had a training policy and only 33% had developed a formal plan to meet their training needs.

When asked about General skills/attributes required in their businesses (as defined by the Consultants) 42% of respondents indicated that Literacy &

numeracy were deemed to be high with IT and General Management skills rated only at 25%.

With regard to specific skills related to their own activities then driving skills at 45% and specific industry/product knowledge, at 40% were highly rated.

Importantly companies identified gaps in both General and Specific skill areas of 53% and 41% respectively. Potential training indicated by these gaps is reported upon later in this report.

Only 18% of companies contacted offered any direct incentives to employees undertaking training. In some cases training was linked to operating in a safer working environment, there was debate as to whether incentives were indeed appropriate. Many respondents were wary of providing incentives by way of increased pay because of the inevitability of such awards being harmonised into basic pay structures at some future date.

4.8. Types and Methods of Training

The most prominent type of training considered suitable to the respondents was 'on the job' at 75%. As well as being perceived to be cost effective this method also allows for close supervision during the employee induction process, and serves as a useful introduction to the individual company processes. Formal in house training at 52% and Formal external training at 48% were also popular.

Of those who stated they used external training methods some 91% were content with the outcome.

Overall the consultants found no major problems arising from the use of training providers.

The actual employment of methods largely followed the types noted above.

When questioned about attitudes to training some 62% indicated that their view would change if some form of cost support were made available. By coincidence 62% also indicated that they had identified some form of training – but not necessarily the same respondents

4.9. Barriers to training

Surprisingly there appeared to be few barriers to training or not dealing with training issues with only 15% citing a financial reason and 15% citing an operational reason.

This shows a positive attitude and augers well for the future.

The most common potential barriers to training were stated as being:

- the direct cost of training
- the organisation being too small to cover training
- training being disruptive to work patterns.

4.10. Perceived problems affecting the industry

The industry is itself operating in a low cost environment and will only attract into the business the quality and skills level of candidates it can afford.

To give credibility to this view, in an article reported in the International Freighting Weekly (IFW) on the 23rd February 2004, Exel Logistics, a major plc provider of services to industry stated that the current and future reduction in costs (cited by 24% of respondents in their recent survey) was the highest requirement from their own customers. As a lead provider of logistics services, any cost reduction can only be expected to lead to further pressure on partner/supplier SME's.

In general terms employers utilise manning and skills levels suitable to meet their normal business requirements. Because of the competitive environment in which they work, many of the smaller companies rely on multi skilling to achieve commercial success. Additionally there is an intrinsic well-developed need (particularly in stevedoring). to use contract agency staff on a regular basis. Subsequently a pool of trained agency labour is required to be on call, but to which regular employment cannot be guaranteed.

The HGV driver shortage is also well documented both nationally and locally, and is a concern to the region. The implementation of the Working Time Directive will bring further pressure to bear on this industry. Haulage providers both large and small need to consider their present position, and alter their thinking. In order to meet this new challenge.

The lack of applicants with the necessary qualities, wherever sourced, is a major problem to many companies. In this regard quality was not limited to trade skills but was meant to embrace the personal traits (or lack of) shown by the applicants. [A well-known major retailer uses their own basic skill test as part of the selection process].

The most recurring personal traits demanded by employers were 'commonsense, reliability, ability to work on own initiative' etc. Whilst anecdotal in nature these descriptions do serve to illustrate the fundamentals, which are lacking from the labour pool.

These weaknesses are not helped by: the poor image of the industry in general, relatively low pay, poor working conditions, and lack of regular work in the operatives area of employment.

As noted above 42% of all respondents considered in this study (compared to 71% for office based Freight Forwarders) ranked Literacy & numeracy as a 'high' general attributes required by them.

Whilst staff turnover was relatively low (only 15% considered their turnover to be high) it should be noted that much of this turnover was related to Operatives). This could well increase as demand for HGV drivers increases the mobility of existing employees

The ability to attract and retain young people of the right calibre to the industry was a concern to many.

Respondents emphasised that in their opinion young people generally do not integrate well into the industry, have over ambitious targets and lack the conviction to learn from the ‘bottom up’. Only 20% of companies said that some form of trainee type of scheme was their preferred method of training.

The reasons for this perceived apathy from young people is said to range from:

- Lack of interest by the schools that would prefer students to advance further academically.

- Further Education taking high achievers out of the area and jobs market for the industry.

- The poor perception of the industry in general.

- The industry is suffering, along with many others, from the belief that ‘getting your hands dirty’ is a thing of the past.

These points re-confirm the thrust of The Hulls Skills Gap Summit Summary Report produced in 2003. Is the industry one of ‘last resort?’.

On a more long-term basis many, when prompted, had a concern for the next generation of entrepreneurs/business managers in the sector – which ultimately would depend on bringing in new and younger blood.

4.11. Sector variations

In this section we have identified any relevant significant differences in the sub-sectors from the overall trend. This process is used also to assist in the identification of specific skills gaps and needs.

The full-sub sector outputs are contained within **Appendix 2** of this report and are available for further critique as required by the Brokerage.

Code 1: Port Authorities and Wharf Operators

This sub-sector employs some 52% of the total number of people researched in this survey, A higher than average number of these companies felt that their employee numbers would stay the same.

The split of staff functions is in line with the overall review, with the highest number of employees at 63% being employed in operational roles

General Management and first line Supervisory skills were identified as being important to receive training. This was widely influenced by the 3 large companies in this section.

Training in this section appeared to move outside of normal requirements with individual needs being considered more readily.

Due to the nature of employment within this sub-sector there are specialist recruitment requirements in the Marine area, such as Berthing & Mooring skills and specialist engineering skills that will usually require specific marine qualifications.

This section does not experience any significant level of staff turnover. This reflects in the relative stability of employment prevailing.

A much higher level of formal training plans - 80% were in evidence in this section.

General skills gaps orientated towards Literacy & numeracy and IT skills.

A much higher number of companies in this section use incentives to reward employees who undertake training.

High levels of training are undertaken across all skills, and by both internal and external methods

There were low levels of barriers to training experienced in this section.

The type of company interviewed here, as expected demonstrated a very structured approach to meeting training needs. It is not possible to determine whether this is because the core of the companies interviewed here are part of major Plc's, however their more strategic approach to business, coupled with a desire to maintain succession planning would give evidence in this direction.

Code 2: Shipping Lines

We concentrated our efforts here on the smaller Shipping Lines serving the Humber Ports in accordance with the study remit.

They employ only 3% of the people researched in this study, with the majority believing that their employee numbers would stay the same.

The number of companies with a formal training policy was lower than average at 25%, although those companies that felt that they had a proactive approach to meeting training needs met the average.

Methods of recruiting used by this section appear to lean towards a more structured approach using more advertising and agencies to attract new employees. However, lower than average satisfaction (38%) was reported with recruitment methods with quality, rather than quantity, of job seekers being the major concern.

Clerical operatives were cited as being difficult to recruit/retain, which, perhaps, reflects, in the office-based nature of employment in this section

Skills gaps orientated towards Literacy & numeracy, and general business knowledge, and again these were higher than the norm in the sector. This again reflects in the office based environment and people skills required.

More formal methods of training in a classroom environment are employed, suggesting, again, a more formal approach to business-orientated skills.

Whilst companies in the section stated that their view towards training would change if some form of cost support were available, fewer than average had any specific needs.

Barriers to training were roughly in line with the sector average.

Code 3: Logistic Providers and Trailer Operators

These relatively small businesses employ only 3% of the people researched in this study, with the majority believing that their employee numbers would stay the same.

Despite preponderance towards having a reactive view on training some 85% had been involved in some form of training activity.

This sector reported little difficulty in obtaining or retaining staff but like others noted operatives and clerical as being most difficult.

On the job training proved most widely used but this is not surprising given the nature of the activity.

The few barriers to training revolved around the ability through size/work patterns to arrange training.

Code 4: Freight Forwarders

These relatively small owner/manager type businesses employ only 1% of the people researched in this study. A higher proportion of these types of companies (43%) believed that their business would grow than the sector norm.

None of these types of companies operated any formal training policy, and the majority considered themselves to be reactive towards meeting training needs. As they are not directly involved in the physical handling of goods, (through the use of sub-contractors) their legislative training needs are low.

Turnover of staff in this sub-sector is higher than average for the total sector at 29%, although employers did not see the recruitment of new and additional staff as a major business issue.

Literacy & numeracy at 71% were cited as the most important skills need for this sub-sector.

Some 86% of the companies interviewed stated that their view towards training would change, should some financial assistance be offered, and 71% stated that they had proposals for meeting skills gaps and needs.

The cost of training, and the availability of staff to be released for training, due to the size of companies in this sub-sector were seen as major barriers to meeting any training needs.

Code 5: Hauliers & Warehousing

These companies, again relatively small in size employ some 8% of the people researched.

The majority of these companies felt that their business would remain the same size, although one respondent was actively talking of downsizing his business, due to the poor availability of quality drivers, and low margin business.

Most companies undertook training sufficient to meet their own business needs, and the methods employed met the sector average

The most popular method of recruitment in this sub-sector is by word of mouth at 62%, and this reflects the transient nature of the types of people employed in the sub-sector amongst drivers and warehouse operatives.

Almost all of the respondents noted that their requirement was to recruit people with excellent driving skills, ***and that recruiting new young drivers with the requisite skills is a problem.***

The largest barrier to training in this sub-sector was cost (38%).

Code 6: Stevedores/Terminal Operators

These companies employ relatively large numbers of people with operational skills and employees represent 15% of the total researched.

One company in particular was decreasing in size due to loss of business.

Current training requirements are heavily weighted towards operatives at 75% and meeting legislative needs - 100%. Stevedoring companies are training their existing employees to enable training of recruits to be handled in house, and by this method instilling existing disciplines and quality handling methods.

The mix of methods used to recruitment across the sub-sector was higher than the average, with word of mouth being the predominant method utilised, 86%.

Employees with good equipment driving skills are becoming more difficult to recruit; particularly as the old ex NDLB labour pool reduces. ***The low quality of new entrants into this sector is a concern.***

On the job training, at 100%, is the preferred method used in this sub-sector, because of the need to develop equipment-driving skills.

The cost of training is an issue with 58% of respondents in this sector noting this as being prohibitive. Given the number of operatives employed in this sector this is an issue of some concern.

Code 7: Contract Labour Providers

These companies employ relatively large numbers of people with operational skills and employees represent some 11% of the people researched.

Companies in this sector had a mixed outlook on whether their business would grow, stay the same size, or decrease in size. One company is withdrawing from the sub-sector.

The management identifies training needs in the sub-sector exclusively, with all companies undertaking training of operatives.

Turnover of staff in this sub-sector is over double the average across the sector at 33%.

Employees fall mainly into the category of operatives, 86% and any training provided by employers is heavily weighted into this area.

Employees with equipment driving skills are hard to recruit, and 66% of respondents agreed that the quality of entrants into this sub-sector was low.

Formal training plans are used to achieve to train staff with 66% of respondents utilising this method, twice the average across the sector as a whole.

Literacy & numeracy skills, and general business skills were not deemed to be important.

Driving skills, 83% and product knowledge, 66% were identified as key skills requirements.

Formal in house training, at 100%, is the preferred method used in this sub-sector because of the need to develop equipment-driving skills.

Concern for the future was expressed in this sector, as the transient nature of the employees gives rise to concerns over the ongoing availability of a trained workforce, working on low wages.

Code 8: Ships Agents/Husbandry and Brokerage Services

Employers in this sub-section represent some 2% of the people researched.

The majority of them, 88% believe that their business will stay at the same size.

Training in the sub-sector was ranked as high, at 75%, although those with a training policy (12%) and none with a formal plan to achieve their training needs, indicates the low level of achievement in this area.

As most skills required for working in this environment are office based Literacy & numeracy, 62% and IT skills, 50% were rated highly as general skills requirements.

A high proportion of respondents (50%) were sensitive to the cost of training in this sub-sector, and 75% of respondents admitted that their view towards training would change if some cost support could be given.

Code 9: Manufacturers/Retailers

A small sample of manufacturers/retailers was taken. Representing some 7% of the companies interviewed.

We also included B&Q in this sample as the emergence of their business through the Humber ports has a positive impact in this sub-sector. Additionally they were instrumental in the employment of 150 staff including operatives at their new distribution centre in Scunthorpe.

Turnover of staff in this sub-sector is not significant but where recruitment is required then agencies are used heavily, 60% to balance the need for seasonal staffing.

General business knowledge, 60% and specific product knowledge, 80% are ranked as the most important skills requirement.

There were no skills gaps identified in relation to ports and logistics needs in this sector. The requirements of these companies become the problem of their chosen third party subcontractors.

4.11. Location variations

Port of Hull

Respondents in the Port of Hull employ 37% of the total interviewed.

Turnover of staff in this port area at 10% is lower than normal.

The problems attached to size and resource was noted as the most significant barrier towards training, 60%.

Port of Immingham

Respondents in the Port of Immingham employ 44% of the total interviewed and 27% excluding ABP.

Staff turnover was cited as being higher than the norm at 26%; however in all other areas the response received was in line with the sector norm.

Port of Grimsby

Respondents in the Port of Grimsby employ 5% of the total interviewed.

Methods of recruiting in this Port appear to be flatter and lower than the norm with a significantly lower level of satisfaction, 25% with the quality of the available labour pool.

Literacy & numeracy, 62% and product knowledge 75% are ranked skills that are generally highly regarded.

Port of Goole

Respondents in the Port of Goole employ 4% of the total interviewed.

The greatest number of respondents in this Port received assistance for training, 50%. This is mainly because of a greater awareness and use of Team Humber.

Most companies interviewed in this location used more than one method to recruit, and had a high level of dissatisfaction, 83% in the quality of labour available.

All of the companies interviewed ranked Literacy & numeracy highly as a requisite for employment, and ranked specific skills needs highly with an overall gap of only 17%.

On the job training was clearly the preferred with 100% of respondents using this method.

Companies in this Port are more sensitive to financial barriers to training than is the norm, 20%, with 83% citing cost of training as the main barrier.

Others

Respondents in this sub-sector include small ports, manufacturers and retailers and employ 10% of the total interviewed.

Significantly they have a higher than average reactive view towards training, 78%, and the most difficult employees to retain where overwhelmingly operatives, 78%.

Gaps identified on general and specific skills were relatively low and perhaps have been influenced by the impact of retailers who tended within this sector to generally promote training.

5. Outputs from Research

Contained in **Appendix 3** is a summary, as defined by the consultants of the key features of the sector and all sub-sectors defined in **section 3** of this report.

We have further summarised the features by port location

In order to lend consistency to the research we have used percentages as a means of measurement.

A full analysis of the outputs from the face-to-face meetings held to discuss the questionnaire is contained in CD Rom format for further use by the Brokerage.

A set of the original questionnaires is also presented separately to the Brokerage and forms part of this report.

6. Schedule of skills gaps and training needs

From the responses we have quantified any skills gaps and training needs indicated by the individual responses. We have built further on this during the interview process and subsequent conversations.

We have not weighted the answers in any way, and therefore the gaps and needs identified are noted as a concern of the employers.

We have presented these needs under each business category, however we would particularly highlight the section relating to personal attributes. This was a common strand throughout the research in the sector.

We believe that the matrix presented here, as **Appendix 4** is self-explanatory, and has been used as the basic model in compiling our recommendations.

7. Outline SWOT (In the context of skills gaps and needs)

Strengths	Weaknesses
Good cross-section of Ports & Logistics operators. Excellent infrastructure & Hinterland. Close proximity to international markets Companies already investing in business related training A pool of labour is available to the Sector	Poor perception of sector as a career opportunity Lack of depth in business skill availability Perceived low quality of labour pool Failure to harness young people Shortage of HGV drivers. Shortage of special equipment skills Lack of IT integration Training is concentrated on business need only

Opportunities	Threats
New capital development schemes continue to be made Continued development of local logistics businesses Business economics will drive traffic to ports closest to markets Growing supply of source of ports & logistics education e.g.: • Hull University Business School • Grimsby College HIFF (ILT) • Colleges of FE in region	Perception of Humberside as a place to live Finding the next generation of Entrepreneurs and Business Managers Continued lack of quality of the labour pool Continued apathy by/from young people Ongoing shortage of specialist skills Lack of container handling facilities Inability to meet future challenges will lead to downturn in trade

7.1. Observations from SWOT

The Humber is well positioned both geographically and economically and has a mature and established Ports & Logistics business.

Despite an emerging supply of industry specific educational establishments, without a general uplift in the quality of individuals entering the industry we perceive that this will become a handicap to the future development of the sector.

8. Recommendations

8.1. Perception of the industry to potential employees.

From the comments made by a wide range of employers, it is clear that the Ports & Logistics industry (per se) does not feature highly in the career aspirations of many younger candidates. The Brokerage may wish to consider meeting with educational providers (Schools & Colleges) to raise awareness of the virtues of the industry.

We are aware, through personal contact made in attending progression evenings, that Franklin College in Grimsby, have a desire to develop Business/Industry vocational links. The Vice Principal there, Mr David Whittaker is wishing to develop such links. In his opinion, as the next generation of students review their options for Higher Education, vis-à-vis University 'top up fees', there will be a greater number of students completing Further Education, and then wishing to enter the jobs market into a meaningful career.

Franklin College have shown a keen interest in pursuing opportunities for such business links, and he would personally welcome an approach from the Brokerage.

Such contact could be made to test bed the viability of such links, and if successful, could be rolled out to other Further Education providers in the region.

See Bibliography: Franklin College Grimsby

This process is not without its difficulties since currently many employers are not geared towards providing trainee/apprentice schemes, and of course the nature of the business will not suit all tastes. The key ingredient would be to try to ensure that those that have an interest are placed with potential employers in a meaningful role, and with some development plan.

See Bibliography: Skills for Logistics
Grimsby College (HIFF) Institute of Logistics

We believe that the Brokerage should encourage local companies to support Logistics Management Education, by examining some form of cost support.

Over time as individuals work their way through the basic educational requirements, there will be an increased general pool of better-educated resource with industry specific understanding and qualifications.

8.2. Establish Steering Group/s

Many of the respondents to our questionnaire, across the sub-sectors, expressed particular interest, if requested, in working together with the

Brokerage to develop skills needs in the sector. This shows a positive attitude to the needs of the industry, and a willingness on the part of the employers to participate.

In our considered opinion, there are two main areas where skills gaps and needs could be better addressed by a meeting of interested parties.

These areas are:

a) Stevedores

Items for this steering group to consider would be:

- Agree a standard minimum entry level i.e.: NVQ level 2 stevedoring to ensure that the overall labour pool increases in skill over time.
- Availability of equipment to use for training on a shared basis
- Determine the current role and future direction of the Contract labour providers
- Provide opportunity for the training of resource (on shared cost/contract basis) in specific skills such as:
  - Crane driving
  - Clamp driving
  - Heavy Forklift Truck driving

b) HGV Drivers

Road transport is a fragmented industry ranging from many small companies, with inherent self-interest, to larger fleet operators. The increasing level of driver shortages – a problem that is well documented - will impact all.

Anecdotal evidence is that the larger operators are in a position to have some form of influence, through their contractual relations with their multi-national customers, to shelter their exposure, but the rest of the industry may well be at the mercy of market forces.

Local transport providers would benefit from meeting together to agree the issues and direction of training needs to meet future requirements.

- Implications of using Foreign drivers
- Young drivers – Skills for Logistics initiative
- Mitigation of training costs. - Brokerage support
- Critical mass to achieve cost benefits in specific training such as ADR

The Brokerage providing cost support to enable the sponsorship of trainers to roll out skills in the stevedoring and HGV driving areas

8.3. Quality of Workforce

Clearly this is an issue affecting many regions and people across the UK. In this regard it is difficult to make any major proposals that have not been mentioned at national level.

However the following points are made:

The Brokerage could encourage the industry, in conjunction perhaps with bodies such as Employer Direct, the Job Centres and Connexions, ensure that all potential employees have undergone a basic standardised Literacy & numeracy test to ensure that they meet the minimum standards demanded by employers.

In view of the perception that the Job Centre network is a provider of ‘quantity’ rather than ‘quality’ we believe that there would be merit in the Brokerage meeting with the JC Network to raise their awareness of the skill needs – and indeed the importance of – the sector in the Humber region.

In order to encourage and inspire personal development amongst individuals the Brokerage should consider making representation to established training providers i.e.: Learn Direct, to examine the possibility of some form of basic Literacy & numeracy training package, to be used by existing employees, against which the Brokerage would offer some form of financial support.

The industry should in many cases be helping itself by ensuring that their own internal methods allow for all employees to understand the wider business issues.

8.4. Succession Planning, Management Development & Supervisory skills

Traditionally the industry has a reputation for producing graduates of the ‘University of Life’ with formal qualifications tending to be trade based. As methods become more sophisticated, then this career path method may change.

The research highlighted the fact that little development training was being performed, other than directly filling a business need, but that some respondents were fearful for the next generation of managers.

A concerted attempt should be made to encourage middle managers to engage in both trade and general development. This would require the Brokerage (along with others) to convince employers that these qualifications should be valued. (ILT Foundation Degree in Logistics) or other general management courses.

The Brokerage may consider supporting the costs of this study and the industry for its part needs to take a positive attitude towards, and perhaps rewarding individuals undertaking training.

The sector identified a weakness at supervisory management level. Whilst training provision is available in this region, the companies did not give this essential business requirement a high priority, largely we believe due to business disruption.

Financial assistance from the Brokerage, together with a package of relevant training methods would go some way to re-addressing the balance.

8.5. Other Recommendations

The Brokerage could offer targeted support towards the training of drivers of specialist equipment (which would include cranes and shovels) and handling skills for special products such as paper and steel.

IT skills requirements are becoming more relevant. Most respondents made mention of the fact that they would welcome support in undertaking IT training. Most employers maybe felt that IT skills were a personal responsibility, and perhaps the brokerage should examine ways of supporting the industry through access to cost supported existing IT courses. This is another area, which could link well into Local Authority Education providers who already offer an appropriate range of courses.

A similar but less demanding approach can be taken to the identification of language and geography skills gaps and needs.

Customer care, in particular the customer relationship at the operational level, I.e.: drivers acting as the first line representative are an issue of increasing importance. The Brokerage could take the lead in being the provider of cost effective training solutions for all operational staff.

9. Useful statistics concerning the Humber Ports area

Biggest natural asset, with substantial availability of land and resources

Include the UK's No 1 cargo handling Port (Grimsby & Immingham)

Import 25% of the UK's annual requirement for new cars (Grimsby & Immingham)

Generate 20% of the UK's rail freight (Immingham)

Handle over 1 million passengers annually (Hull)

Provide the UK's East Coast premier inland Port (Goole)

Employ across all sectors, both directly and indirectly @ 47,000 people, in a wide range of activities, and @ 30,000 in core activities. This core activity constitutes some 8% of the workforce in the sub regional areas of East Riding, Hull, North Lincolnshire and North East Lincolnshire

Directly contribute some £250 million, which is over 2.4% of sub regional and 0.4% of regional GDP, and indirectly contribute around £500 million, which is 4.8% of sub regional and 0.8% of regional GDP.

Generate a wide range of value adding activities, such as food and chemical processing, and have a major influence upon the location decision of inward investors in the regional hinterland

Improve market access for the region's companies providing a key channel for communication and innovation

40 million consumers can be reached by road within 3 hours of the Humber

80% of UK Frozen Food, and 40% of ambient processing is in the Sub region

Several studies estimate that container traffic into the UK is forecast to double over the next 10 years.

10. Bibliography

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Ragged edge Consulting Limited – The importance of the Ports of Grimsby & Immingham to the economy of NE Lincolnshire and the Grimsby Travel to Work area October 2001

Skills for Logistics: www.skillsforlogistics.org

Grimsby College: asquitha@grimsby.ac.uk (01472 500380)

Franklin College: Mr David Whittaker Vice Principal (01472 875003)

11. Appendices

Appendix 1: Strategic Logistics structure:

Appendix 2: Original Questionnaire (Blank)

Appendix 3: Outputs from research – Key features

Appendix 4: Schedule of skills gaps and training needs

Appendix 5: List of those Companies contacted