

Location Review - Andover

Warehouse and Distribution Sector Recruitment Profile 2014



East West Locations

About The Location Review

Introduction

The 2014 Location Review covering Andover's recruitment catchment provides a thorough and independent assessment of the demographic profile, local labour market conditions, target recruitment groups and extent of recruitment potential for employers. The contents of the report are our own and without editorial influence of Hampshire County Council, Test Valley Borough Council or third parties.

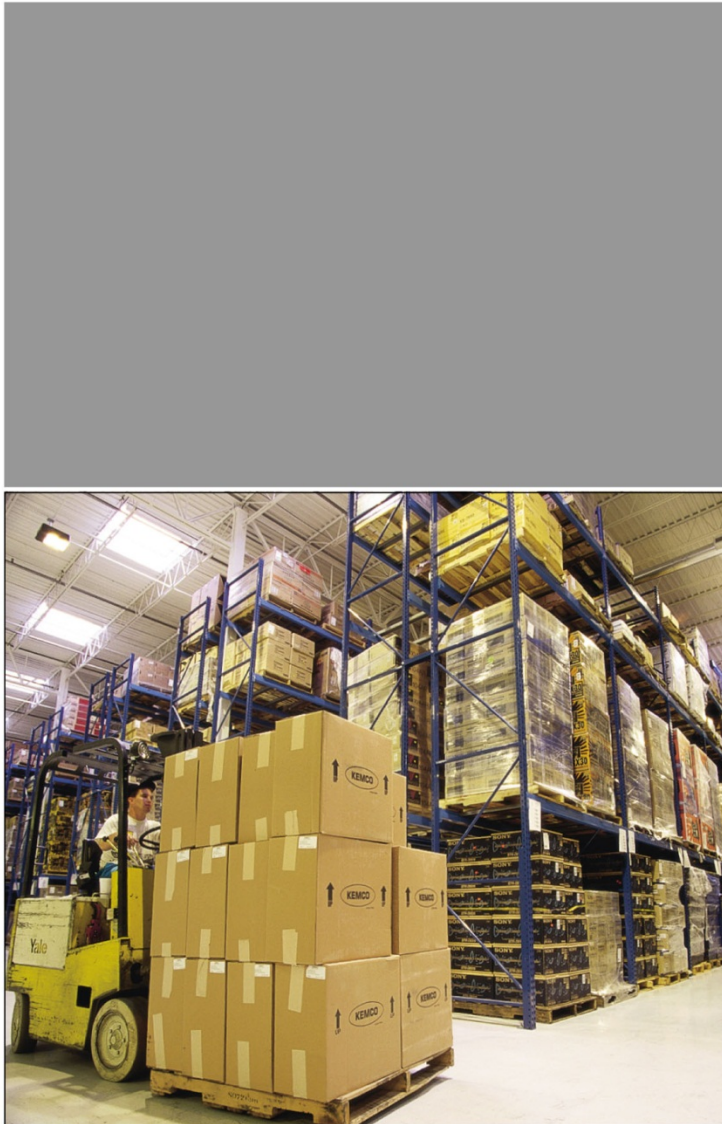
All data in the report relate to the current observed Journey To Work Area (JTWA) that the majority of staff working across a range of logistics sector positions in Andover's central area travel from unless otherwise stated. The JTWA takes account of typical travel to work methods of staff, the competing draw of other employment locations and transport conditions in and around the catchment area.

All data draws on official statistics, modelled and presented to reflect the true recruitment area for employers in Andover. It is the most relevant and up to date source of information on the workforce scale and characteristics in the area.

More detailed information including a comprehensive set of demographic, workforce, training, skills and labour market cost data for the area is available from the authors or Hampshire County Council.

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Executive Summary



- Over a third of a million people live in Andover's recruitment catchment.
- The working age population is 220,850 people and is set to steadily grow over the next decade.
- Staff travel is easier surrounding Andover. Lack of congestion in the area places Andover among similar scaled catchments serving much larger towns and cities in the South of England.
- The workforce of 170,800 people is relatively young, with more people in work in the area up to 25 years old than in either the regional or national profiles.
- There is also a relatively large group of people in the area working beyond retirement, more than average in part time positions and national experience suggests able to fill non traditional working hours and weekend posts.
- Manufacturing and distribution sector employment is relatively high in the catchment area.
- The skills base of those living in the area benefits from much higher training participation rates than regional or national data suggest.

- Manufacturing employees are more likely to be found in businesses using medium and high levels of technology.
- In logistics, the area is able to offer a proportionately larger workforce than in both regional or national profiles.
- Light goods delivery, HGV, rail freight and warehousing activities over-perform regional and national rates in their contribution to the area's share of overall employment.
- Almost 20,000 people not yet in work hold NVQs up to Level 2. 11,500 hold a Level 4 NVQ in the same as yet out of work group.
- Costs are competitive. Andover lies at the lower end of South of England employment location in terms of distribution sector roles.
- In addition, employers in the Andover area can recruit at rates that remain competitive against large distribution hubs across England with lower competition from a currently much smaller cluster of distribution companies in place.



Andover's Recruitment Catchment

Average Journey To Work Area (JTWA) for Warehousing Jobs - Peak Commuting Period

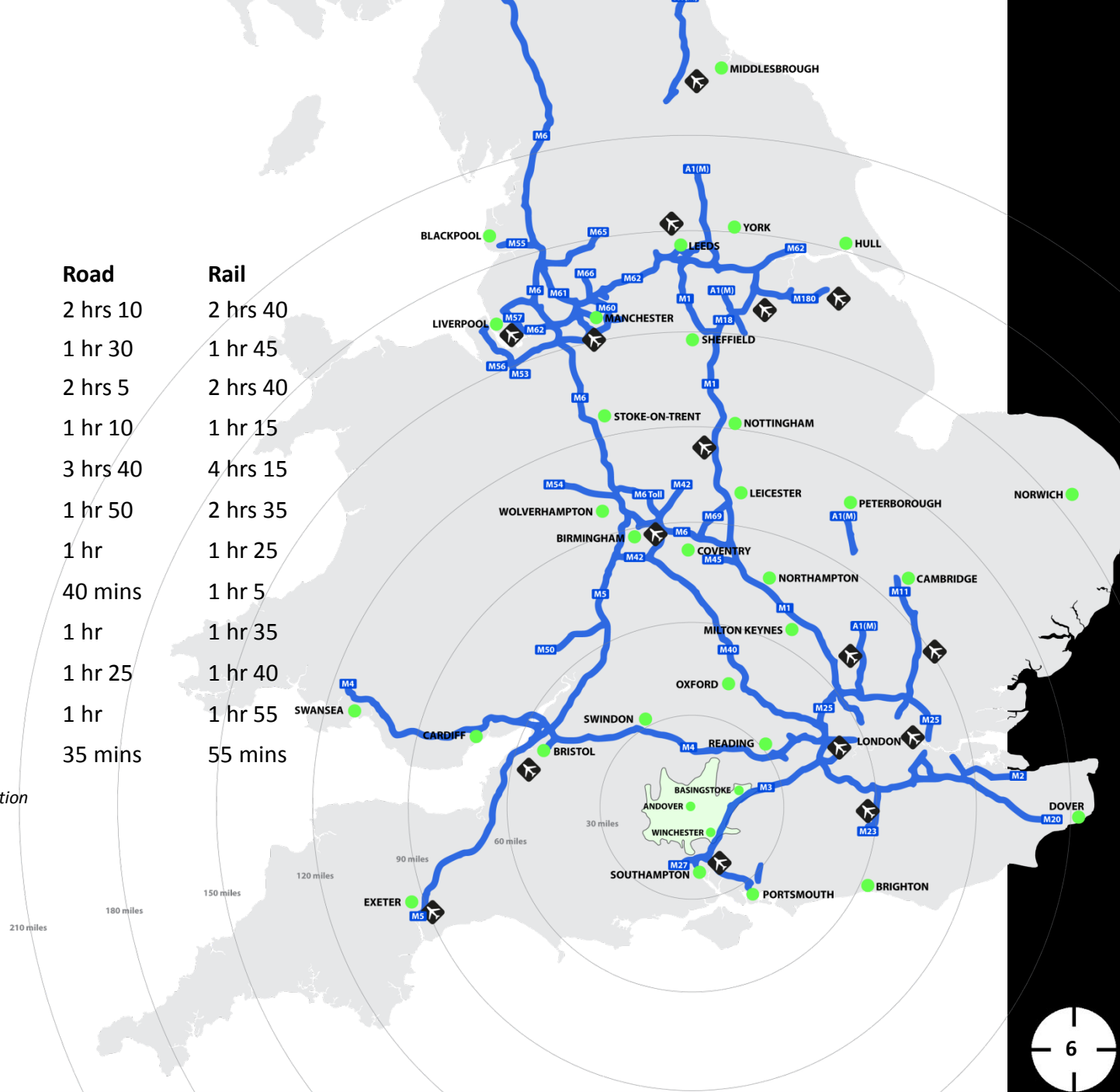


The Location

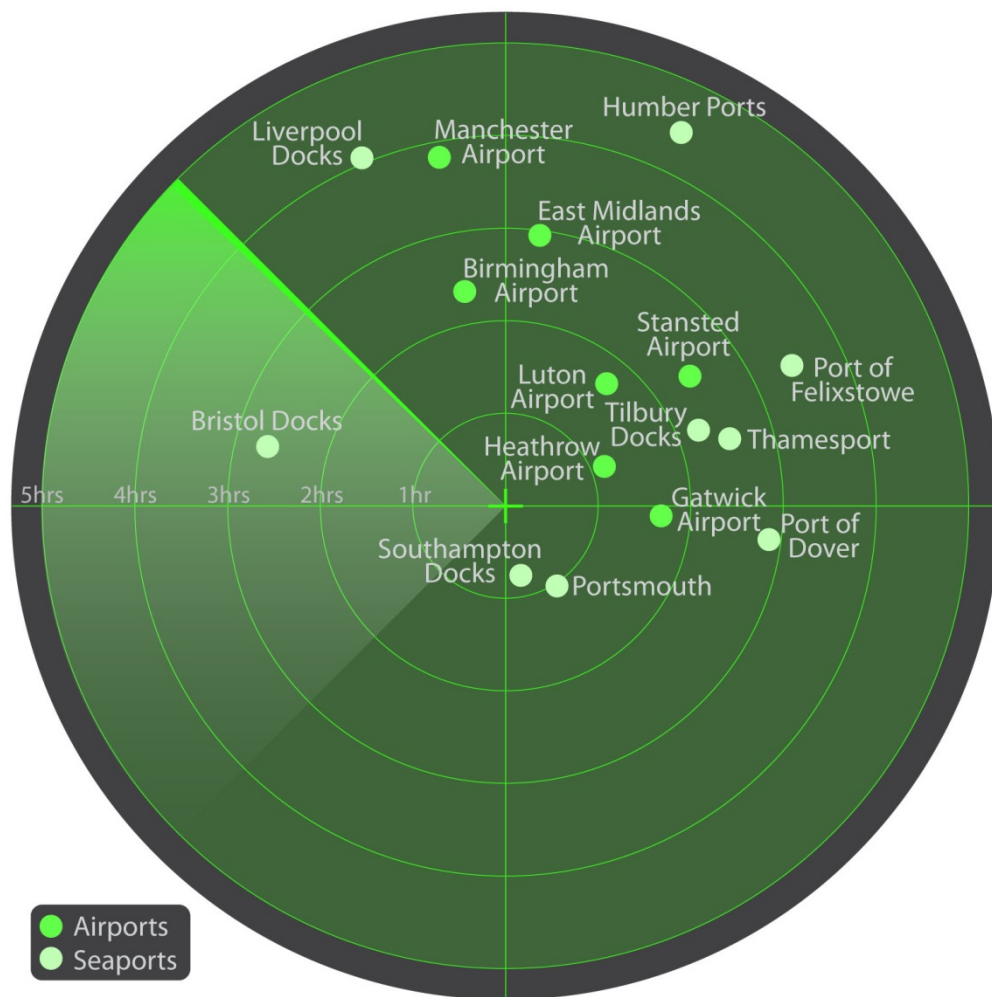
Average Travel Times:

| | Road | Rail |
|---------------------|----------|----------|
| Birmingham | 2 hrs 10 | 2 hrs 40 |
| Bristol | 1 hr 30 | 1 hr 45 |
| Cardiff | 2 hrs 5 | 2 hrs 40 |
| Central London | 1 hr 10 | 1 hr 15 |
| Manchester | 3 hrs 40 | 4 hrs 15 |
| Milton Keynes | 1 hr 50 | 2 hrs 35 |
| Oxford | 1 hr | 1 hr 25 |
| Southampton | 40 mins | 1 hr 5 |
| Swindon | 1 hr | 1 hr 35 |
| Gatwick Airport | 1 hr 25 | 1 hr 40 |
| Heathrow Airport | 1 hr | 1 hr 55 |
| Southampton Airport | 35 mins | 55 mins |

Rail travel times are from Andover station



HGV Drivetime Zones



Andover is within easy reach of the South East's excellent motorway infrastructure. The M3 is a 20 minute HGV drive allowing rapid access to and from the docks at Southampton and all London airports and seaports.

Most of the UK's largest and busiest docks and airports are reachable within the statutory four and a half hour HGV driving limit, including the busiest seaports of the Thames and the Humber (Grimsby and Immingham) and the busiest freight handling airports, Heathrow and East Midlands.

Southampton docks are a 45 minute HGV drivetime and is the UK's fourth busiest port, handling over 38 million tonnes of freight in 2012. Heathrow, the UK's busiest airport handled close to 1.5 million tonnes in the same year and sits just outside the one hour HGV drivetime.

Recruitment Catchment Population

Key Data

■ Overall Demographics (mid 2012)

| | |
|----------------------------------|---------|
| Catchment Population | 347,800 |
| male | 171,650 |
| female | 176,150 |
| Working Age Population (16 - 64) | 220,850 |
| male | 111,050 |
| female | 109,800 |
| Population Change, 2001 - 2012 | 9.0% |
| (South East 9.0%, England 8.9%) | |
| Working Age Change, 2001 - 2012 | 6.5% |
| (South East 8.0%, England 9.2%) | |

■ Forecast Population (16 - 64)

| | |
|---------------------------------|-------|
| Net Change (to 2022) | 2,700 |
| Growth, % of Current Population | 1.2% |
| (South East 3.5%, England 3.7%) | |

Summary

- A warehouse operator locating in Andover is able to draw from a recruitment catchment containing close to 348,000 people within a 30 minute Journey To Work Area (JTWA).
- This compares well to other 30 minute catchments such as Milton Keynes (344,900 people) and Bristol South (344,400) and is larger than Northampton for example (286,900).
- 220,850 people are of working age (OWA); 63.5% of total, close to the South East profile of 63.1%.
- The OWA group is relatively balanced, men accounting for 50.3% against 49.5% regionally and 49.8% nationally. Women start to form a majority in age groupings from 35 years old against 25 in both the region and England.
- The overall population has experienced strong growth since 2001, matching regional and national averages. The OWA group has grown more steadily.
- Looking forward, as more young people replace those retiring, the working age population is forecast an increase of 2,700 people. As a result, the OWA group will be over 1% larger than its current scale by 2022.

Broadly Spread Demographic Profile

Key Data

| | |
|--------------------------------|--------|
| ■ 16 to 19 Year Olds | |
| Total Residents, 16 to 19 | 17,750 |
| males | 9,300 |
| females | 8,450 |
| ■ 20 to 29 Year Olds | |
| Total Residents, 20 to 29 | 44,100 |
| males | 22,800 |
| females | 21,300 |
| ■ 30 to 39 Year Olds | |
| Total Residents, 30 to 39 | 44,750 |
| males | 22,250 |
| females | 22,500 |
| 20 to 39 yrs, % of Working Age | 40.2% |
| ■ Those Approaching Retirement | |
| 55 to 64 Year Olds | 39,350 |

Summary

- Analysing age groups in the catchment shows a relatively similar area to the South East, the scale of most ten year age bands closely reflects the regional profile.
- However, by gender, the catchment comprises proportionately more young men than at both regional and national level. 52% OWA residents under 30 are male compared to 50.5% in the region and the national incidence of 50.6%.
- In total, residents under 30 represent 28% OWA against 27.2% in the South East and 28.9% nationally.
- Those in their thirties make up a further 20.3% OWA compared to 20.1% regionally and 20.5% in England.
- The largest group OWA are currently residents in their forties. This group accounts for 23.4% OWA, mirroring 23.6% in the region but almost 1% above 22.6% nationally.
- Those in their last ten years OWA make up 17.8% of the group, slightly below 18.4% reported throughout the South East and closer to the national average of 17.7%.

A Relatively Young Workforce

Key Data

■ **Employment Data (average 2012)**

| | |
|-----------------------------------|---------|
| Overall Employees | 170,800 |
| males | 90,900 |
| females | 79,900 |
| Employees of Working Age | 164,000 |
| males | 87,450 |
| females | 76,550 |
| Young Employed, 16 to 24 yr olds | 24,850 |
| males | 12,800 |
| females | 12,050 |
| Employed, 25 to 34 yr olds | 32,450 |
| males | 17,900 |
| females | 14,550 |
| Silver Employees, retirement age+ | 6,800 |
| % of Employees | 4.0% |
| (South East 3.7%, England 3.2%) | |
| % Working Part Time | 73.2% |

Summary

- Over 170,000 catchment residents were in work throughout 2012. Some 164,000 of these were of working age. A majority of 53.2% were male.
- In contrast to the evenly spread demographic profile, the workforce is relatively young with 16 to 24 year olds representing 14.5% of all employees against just 12.5% in the South East and 12.3% in England.
- In the middle working age ranges employees aged between 25 and 34 accounted for 19% of total, less than the reported incidence of 21% regionally and 22.8% nationally.
- Despite the youth of the workforce, a distinct feature of the area is that proportionately more residents remain in work beyond retirement age compared to the regional and national average profiles.
- Within this group, close to three quarters of silver employees work part time. At 73.2% of the group working over retirement age, this is well above 66.6% across the South East and 69.9% nationally.
- Evidence suggests silver employees are more likely to take up early shift patterns and weekend opportunities than younger employees.

General Employment Profile

Key Data

■ Employment by Activity

| | |
|----------------------------------|--------|
| Private Service Sector Employees | 81,450 |
| males | 42,000 |
| females | 39,450 |
| <i>of which</i> | |
| Manufacturing Employees | 20,800 |
| males | 15,000 |
| females | 5,800 |
| Financial & Business Sector | 30,200 |
| males | 15,350 |
| females | 14,850 |
| Other Private Sector Employees | 30,400 |
| males | 11,600 |
| females | 18,800 |
| <i>of which</i> | |
| Public Sector Employees | 48,500 |
| males | 14,850 |
| females | 33,650 |
| <i>of which</i> | |
| Education | 14,800 |
| Healthcare | 20,100 |

Summary

- Private sector companies are the largest group of employers. These firms provide jobs for 47.7% of the catchment’s working residents.
- Manufacturing activity has been historically strong in the area, currently accounting for 12.2% of jobs against 9.9% regionally and 10.8% across England as a whole. The majority of these positions locally are found in engineering roles.
- Financial and business service positions make up 17.7% of total, below the particularly high rate of 19.1% in the South East but also 18.4% nationally.
- Other service sector jobs make up 17.8% against 21.8% regionally and 20.9% in England. These positions include retail, leisure, private healthcare, private education and telecommunications activity.
- Public sector employment accounts for 28.4% of resident’s jobs, below regional and national average.
- Positions in education represent 8.7% of total, whilst healthcare sector jobs make up 11.8% of resident’s jobs.

Manufacturing Employment

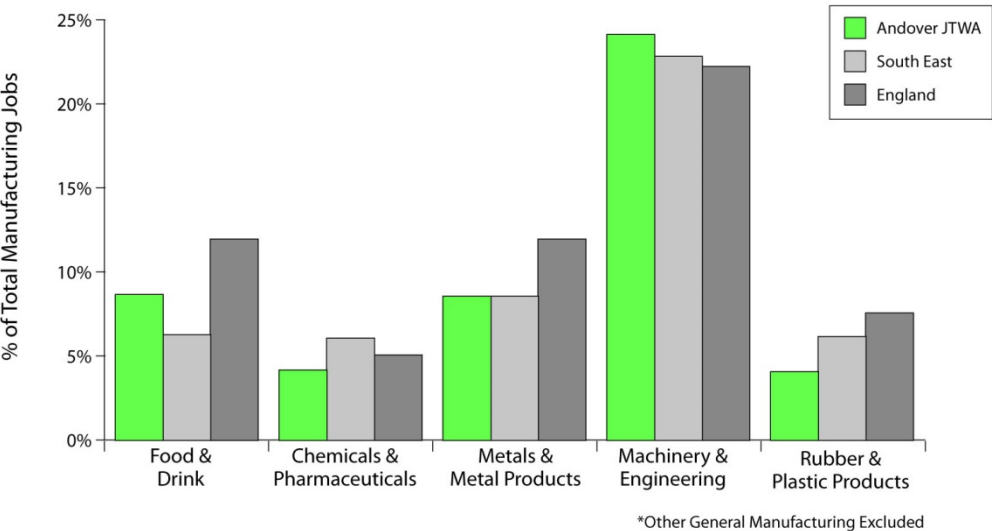
Key Data

■ Manufacturing Jobs

| | |
|-------------------------------------|--------|
| Total Manufacturing Employment | 20,800 |
| <i>of which</i> | |
| Food & Drinks Industry | 1,800 |
| Chemicals & Pharmaceuticals | 900 |
| Manufacture of Metals & Products | 1,800 |
| Machine Manufacture and Engineering | 5,050 |
| Rubber & Plastic Products | 850 |
| Other Manufacturing Activities | 9,450 |

Summary

- Manufacturing employment is quite prevalent among the catchment’s residents, accounting for almost one in eight positions. At 12.2% of total, this stands considerably above the regional average of 9.9% and 10.8% nationally.
- The majority of these jobs are in the highly skilled areas of machine manufacturing and engineering, particularly the manufacture of precision medical devices, measurement instrumentation, ICT manufacturing (communications equipment), electrical engineering (both lighting and electrical equipment) and electronics. These specialisms outperform both regional and national rates in employment terms.



- As a result, there are proportionately more residents within the catchment employed by firms utilising high technology and medium-high technologies than at regional and national level.
- Food and drink manufacturing is also high relative to the South East.

Distribution Employment

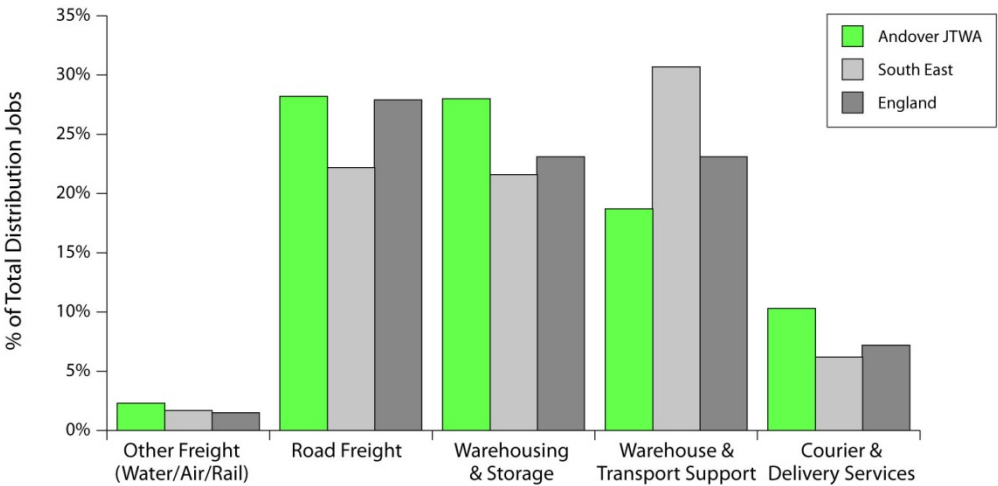
Key Data

■ Distribution Jobs

| | |
|-------------------------------------|--------|
| Total Logistics Employment | 15,600 |
| <i>of which</i> | |
| Distribution Employment | 4,400 |
| <i>of which</i> | |
| Road Freight | 100 |
| Other Freight (Air, Rail, Water) | 1,250 |
| Warehousing & Storage | 1,250 |
| Warehouse & Transport Support | 800 |
| Light Courier & Delivery Activities | 450 |
| Postal Services (inc Royal Mail) | 550 |

Summary

- Logistics employment in the catchment is proportionately high when compared to the South East and England. 9.1% of total jobs fall into this category, well above the regional or national profiles.
- Employment in distribution activities (excluding wholesale companies) accounts for 2.6% of all jobs locally, slightly below 3% in the region and nationally.
- The majority of these positions are in road freight activities, representing 28.2% of the distribution sector total. This stands notably above the 22.2% in the region.



- Similarly, warehouse and storage jobs account for 28%, standing significantly above both the regional incidence of 21.6% and 23.1% nationally.
- One in ten distribution jobs involve light courier and delivery activities. At 10.3%, this is above the South East and national rates of 6.2% and 7.2% respectively.
- Although small in numbers, activities in other freight are also proportionately above regional and national average.

Occupation Profile

Key Data

■ Employment by Occupation

| | |
|----------------------------------|--------|
| Senior Managers & Officials | 20,150 |
| Professional Staff | 36,500 |
| Part-Qualified Professionals | 27,400 |
| Admin / Secretarial Occupations | 22,400 |
| Skilled Trades Occupations | 16,500 |
| Process & Plant / Machinery Jobs | 7,150 |

■ Part Time Employees

| | |
|--|--------|
| Total Part Time Employment | 52,800 |
| Part Time Employment Rate (South East 27.5%, England 27.1%) | 30.9% |
| Part Time, 16 - 19 yrs old | 4,850 |
| Part Time, 20 - 24 yrs old | 5,600 |
| Part Time, above retirement age | 5,000 |

Summary

- By occupation, 11.8% of employed residents in the catchment are senior managers, directors or senior officials. This stands above 11.5% in the region and 10.4% at national level.
- Over one in five people are professionals. Again, at 21.4% of total, this is above 20.9% in the South East and 19.5% in England. A third of these positions (33.2%) are in science, research, engineering and technology, proportionately more than regional and national comparisons (32.4% and 27.1%).
- A further 16% of employees are semi-professionals, marginally above 15.8% regionally and 1.6% above the national incidence of 14.4%.
- Close to one in ten employed residents are in skilled trades occupations. At 9.7%, this sits slightly below 10% in the South East and English average of 10.4%.
- Process and plant work and machine operative positions account for 4.2% of resident’s jobs, reflecting 4.5% reported regionally whilst being 2% below 6.3% nationally.
- The catchment’s part time employment rate stands markedly above regional and national rates.

Non-Working Labour Pools

Key Data

■ Jobseekers Data (JSA)

| | |
|---------------------------------|-------|
| Unemployed (average 2012) | 3,700 |
| males | 2,450 |
| females | 1,250 |
| Unemployed 20 to 29 | 1,200 |
| males | 850 |
| females | 350 |
| Unemployed 30 to 39 | 800 |
| males | 500 |
| females | 300 |
| Claimant Count Rate | 1.7% |
| (South East 3.0%, England 4.6%) | |

■ The Hidden Labour Market

| | |
|----------------------------|--------|
| Economically Inactive OWA | 39,050 |
| males | 12,900 |
| females | 26,150 |
| 16 to 24 year olds | 12,450 |
| 25 to 34 year olds | 3,850 |
| % Who State They Want Work | 25.2% |

Summary

- Throughout 2012 an average of 3,700 people were actively seeking work each month. This equates to a claimant count unemployment rate of 1.7%, almost half the regional rate of 3% and well below the English rate of 4.6% over the same period.
- A large group of jobseekers fall in the youngest age ranges, particularly those between 20 and 29 years old who make up close to a third of all claimants.
- In addition to those in work or actively seeking it, the catchment is home to a large group of 39,000 residents currently classed as economically inactive for various reasons. This is a large group, equivalent to 17.7% of the catchment's working age population. Among these, 31.9% are aged 16 to 24 and one in three are males.
- This group is important in extending the recruitment reach of a business, with many looking for part time and starter positions and possessing only entry level skills. Nevertheless a quarter of the economically inactive, close to 10,000 people in total, state they want to work given the right opportunity.

Strong Workforce Training & Skills Base

Key Data

■ Workforce Training (2012)

| | |
|------------------------------------|--------|
| % OWA employees in training | 22.0% |
| males in training | 25,250 |
| females in training | 23,350 |
| Production Industries in training | 22.1% |
| Private Service Sector in training | 25.6% |
| Public Sector in training | 46.3% |

■ Qualifications (2012)

| | |
|--------------------------------|--------|
| OWA Residents with NVQ Level 1 | 21,900 |
| Out of work, % total OWA | 2.9% |
| OWA Residents with NVQ Level 2 | 36,600 |
| Out of work, % total OWA | 6.1% |
| OWA Residents with NVQ Level 3 | 34,700 |
| Out of work, % total OWA | 3.1% |
| OWA Residents with NVQ Level 4 | 85,200 |
| Out of work, % total OWA | 5.2% |

Summary

- A large proportion of those in the local workforce have benefited from recent training activity, participation rates are two percentage points higher than in the South East and 3.5% above national rate.
- In productive industries, manufacturing and some distributive trades, over one in five employees have undertaken training against 18.6% in England and 21.3% in the South East.
- At 25.6%, rates in service sector positions are also much higher than 21.2% regionally and the national average of just 20.5%.
- Some 178,400 (80.8%) of the working age group hold NVQs. 38.6% hold NVQ Level 4 or higher, broadly equivalent to a degree, notably above 36.2% in the South East and 33.5% in England.
- Of these, the groups that possess NVQs but are not yet in work are sufficiently large to signal a healthy recruitment market for an inbound employer.
- 19,850 people are out of work with Level 1 or 2 NVQs, 9% of the OWA population. 6,950 hold Level 3 and some 11,500 people hold a Level 4 NVQ but are not working.

Labour Costs

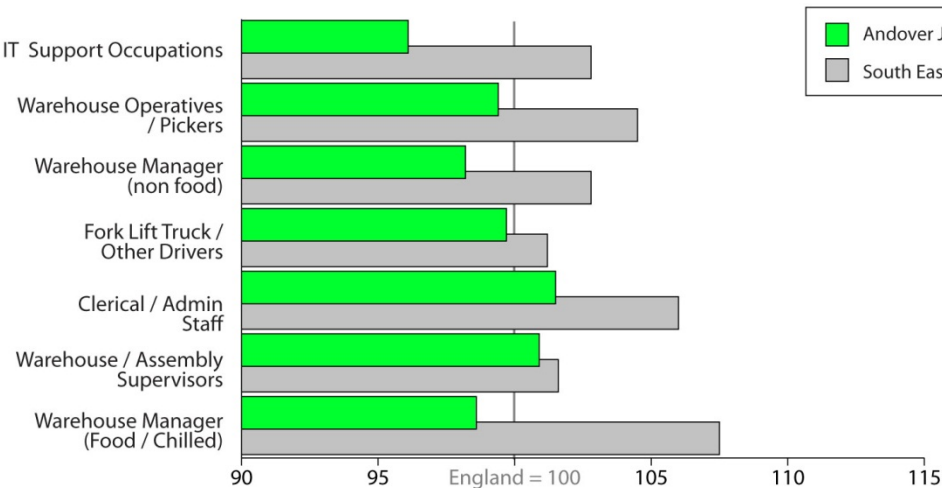
Key Data

■ **JTWA Cost Index (England = 100)**

| | |
|------------------------------------|-------|
| Warehouse Manager (Food / Chilled) | 101.5 |
| Warehouse / Assembly Supervisors | 100.9 |
| Clerical / Admin Staff | 99.7 |
| Fork Lift Truck Drivers | 99.4 |
| Warehouse Manager (non Food) | 98.6 |
| Warehouse Operatives / Pickers | 98.2 |
| IT Support Staff | 96.1 |

Summary

- Most costs across manufacturing and distribution activities compare favourably in the catchment serving Andover’s employment locations against both South East levels and nationally.
- Significant cost savings of between 5% and 10% on regional rates are available when recruiting to the bulk of general positions in warehousing and IT and clerical support posts.
- Warehouse manager salaries are closer to national average but remain substantially below regional rates.

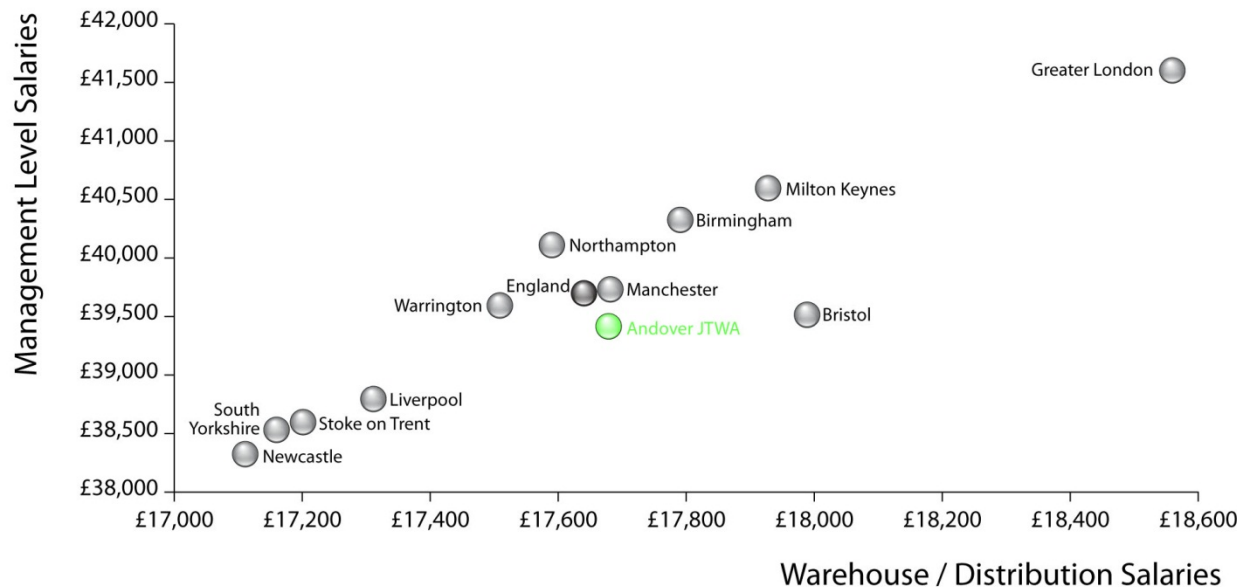


- Minimum wage setting reduces the cost differential for fork lift drivers and other warehouse staff costs.
- Though a smaller saving on national levels, fork lift and other warehousing operatives can be recruited with savings of around 3% against major South East distribution hubs and higher savings are be achievable against locations serving predominantly international freight companies such as Heathrow, London Docks and Southampton.

UK Comparison Costs

- Salary rates in distribution sector positions around the Andover catchment are competitive judged against a range of competing UK locations. The rates below indicate typical achieved salaries in warehouse floor and management level roles against a range of leading markets in the South and elsewhere in England during 2013.
- This shows Andover to be at the lower end of locations in the South and distribution hubs surrounding London and remaining competitive against many larger locations in the north of England.

Sample of Warehouse & Distribution Salary Rates, 2013



Source: 2013 achieved pay rates
East West Locations Salary Database 2013, IDS pay benchmark 2013, salarytrack.co.uk, mysalary.co.uk

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