

## **Agenda – Economy, Trade, and Rural Affairs Committee**

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Meeting Venue:	For further information contact:
Hybrid – Committee room 5 Ty Hywel and video Conference via Zoom	Robert Donovan Committee Clerk
Meeting date: 9 December 2021	0300 200 6565
Meeting time: 10.00	<a href="mailto:SeneddEconomy@senedd.wales">SeneddEconomy@senedd.wales</a>

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### **Private pre-meeting (09.35–09.50)**

In accordance with Standing Order 34.19, the Chair has determined that the public are excluded from the Committee's meeting in order to protect public health. This meeting will be broadcast live on [www.senedd.tv](http://www.senedd.tv)

**HGV driver shortage and supply chain issues Engagement findings  
(09.50–10.00)**

Rhayna Mann, Citizen Engagement Senior Manager, Welsh Parliament

### **Public meeting (10.00–12.55)**

**1 Introductions, apologies, substitutions and declarations of  
interest**

(10.00)

**2 Paper(s) to note**

(10.00)



**2.1 Letter from the Chair Legislation, Justice and Constitution Committee to the Counsel General and Minister for the Constitution**

(Pages 20 – 21)

Attached Documents:

Common Frameworks

**2.2 Letter from the Counsel General and Minister for the Constitution to the Chair Legislation, Justice and Constitution Committee**

(Pages 22 – 23)

Attached Documents:

Common Frameworks

**2.3 Letter from the Minister for Rural Affairs and North Wales, and Trefnydd**

(Pages 24 – 25)

Attached Documents:

Additional information following the committee meeting on the 21 October 2021

**2.4 Letter from the Minister for Rural Affairs and North Wales, and Trefnydd**

(Pages 26 – 27)

Attached Documents:

Joint Fisheries Statement (JFS)

**2.5 Letter from the Minister for Rural Affairs and North Wales, and Trefnydd**

(Pages 28 – 29)

Attached Documents:

Water Resources (Control of Agricultural Pollution) Regulations 2021 (the Regulations)

## **2.6 Letter from the Chair to the Minister for Rural Affairs and North Wales, and Trefnydd**

(Pages 30 – 31)

Attached Documents:

Water Resources (Control of Agricultural Pollution) Regulations 2021 (the Regulations)

## **2.7 Letter from National Farmers' Union Wales**

(Pages 32 – 33)

Attached Documents:

Review of the Water Resources (Control of Agricultural Pollution) (Wales) Regulations evidence session

## **2.8 Letter from National Farmers' Union Cymru**

(Pages 34 – 36)

Attached Documents:

Additional information following the meeting on the 11 November

## **3 HGV Driver Shortage and Supply Chain Issues inquiry – Logistics & Haulage Organisations**

(10.00–11.00)

(Pages 37 – 61)

Sally Gilson, Policy Manager Skills, Road Haulage Association

Chris Yarsley, Policy Manager, Wales, Midlands & South West, Logistics UK

Andrew Potter, Chartered Institute of Logistics and Transport Wales

Attached Documents:

Research Brief

Evidence from Road Haulage Association

Evidence from Logistics UK

Evidence from CILT Wales

## **Break (11.00–11.15)**

### **4 HGV Driver Shortage and Supply Chain Issues inquiry – Business organisations**

(11.15–12.00)

(Pages 62 – 69)

Pete Robertson, Chief Executive, Food and Drink Federation

Paul Slevin, President, Chambers Wales

Attached Documents:

Evidence from Chambers Wales

## **Break (12.00–12.10)**

### **5 HGV Driver Shortage and Supply Chain Issues inquiry – Trade Unions**

(12.10–12.55)

(Pages 70 – 72)

Peter Hughes, Secretary, Unite Wales

Attached Documents:

Evidence from Unite Wales

### **6 Motion under Standing Order 17.42(ix) to resolve to exclude the public for the remainder of the meeting**

(12.55)

## **7 Private**

(12.55–13.30)

Consideration of evidence following the meeting

Strategic Planning Review

# Agenda Annex

Document is Restricted

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**Legislation, Justice and  
Constitution Committee**

**Welsh Parliament**  
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senedd.wales/SeneddLJC  
0300 200 6565

Mick Antoniwr MS  
Counsel General and Minister for the Constitution

15 November 2021

Dear Mick

**Common Frameworks**

At our meeting today we formally noted your letter of 8 November informing us that a quadrilateral ministerial meeting on common frameworks would be held on 10 November.

We are grateful to you for providing us with information on who was due to attend, what the focus of the meeting would be, and a list of the draft agenda items.

While we acknowledge that you have committed to update us on the outcome of the quadrilateral meeting within two weeks of it having taken place, there are a number of questions which we would like to put to you now so that they can be addressed as soon as possible.

You will recall that I wrote to you in July to seek an update on the common frameworks programme and your letter in response of 7 September was extremely helpful to us in assessing and planning for the anticipated workload. I would again be grateful if you would provide:

1. the latest update on the common frameworks programme, including progress towards agreement on how frameworks will manage international obligations and interactions with the *UK Internal Market Act 2020* and the Northern Ireland Protocol;
2. a confirmed (or likely) date by which each provisional framework now in operation will be published, in the interests of transparency for stakeholders affected by the decisions being made on laws and policies in these areas;
3. a date by which the governments of the UK are expecting all common frameworks to have been scrutinised by their respective parliaments and subsequently finalised.

I am copying this letter to the Climate Change, Environment and Infrastructure Committee; the Economy, Trade and Rural Affairs Committee; and the Health and Social Care Committee.

I would welcome a response by 25 November 2021.

Yours sincerely,

*Huw Irranca-Davies*

Huw Irranca-Davies

Chair





Llywodraeth Cymru  
Welsh Government

Huw Irranca-Davies MS  
Chair  
Legislation, Justice and Constitution Committee

25 November 2021

Dear Huw,

Thank you for your letter of 15 November. I updated the Committee on the quadrilateral meeting of frameworks Ministers in my letter of 19 November.

Regarding your specific points:

At the quadrilateral meeting, on 10 November, agreement was reached on cross cutting issues affecting the wording for Common Frameworks, namely to the wording of the text for International Relations, the Northern Ireland Protocol and the process for how exclusions for policy areas in frameworks impacted by the UK Internal Market Act will be delivered. As I explained in my letter of 19 November, the agreement of the Welsh Government to UKIMA exclusions text is without prejudice to the ongoing judicial review in relation to the Internal Market Act.

Following the quadrilateral meeting, the frameworks are progressing rapidly to publication for scrutiny by committees of the legislatures. The Public Health Protection and Health Security Framework has already been published, on 28 October. Framework documents are being finalised and publication dates are still fluid, but given these caveats every effort is being made to publish frameworks for scrutiny on the following dates:

## **2 December**

Blood Safety and Quality; Organs Tissues and Cells; Company Law (NIE and UKG only); Specific Quantities (NIE and UKG only).

## **9 – 16 December**

Emissions Trading Scheme; Late Payment; Radioactive Substances; Public Procurement; Agricultural Support; Agriculture – Fertiliser Regulations, Agriculture – Organic Farming;

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Agriculture – Zootech; Animal Health and Welfare; Plant Health; Plant Varieties and Seeds; Air Quality; Best Available Techniques (BAT: air quality); Food Compositional Standards and Labelling; Ozone Depleting Substances and F-Gases; Chemicals and Pesticides; Resources and Waste.

**January 2022**

Fisheries: Management and Support.

My officials have been liaising with committee clerks for some time on approaches to handling the frameworks and I understand Senedd officials are preparing to analyse frameworks and package them for scrutiny by Committees as soon as they are published.

The length of the framework scrutiny process is of course a matter for committees. It would be hugely desirable if the frameworks could be scrutinised and signed off before the beginning of Northern Ireland's pre-election period. This date has not yet been confirmed but it is likely to be in late March if the elections take place as scheduled on 5 May. I fully appreciate this puts very considerable pressure on already hard-pressed Committees to examine a very substantial amount of frameworks material in a short space of time. My frameworks policy team would be happy to offer any assistance they can to aid the scrutiny process.

Yours sincerely,

A handwritten signature in blue ink, reading "Mick Antoniw". The signature is written in a cursive style and is positioned above a short horizontal line.

**Mick Antoniw AS/MS**

Y Cwnsler Cyffredinol a Gweinidog y Cyfansoddiad  
Counsel General and Minister for the Constitution



Llywodraeth Cymru  
Welsh Government

Paul Davies MS  
Chair of Economy, Trade and Rural Affairs Committee

25 November 2021

Dear Paul,

Thank you for your letter of 10 November regarding questions not reached on fisheries and aquaculture policy during the Committee meeting on 21 October.

I will address each question in turn.

- **How are you prioritising implementation of the Fisheries Management Plans?**

Alongside the other UK Fisheries Administrations, I will be publishing, in the Joint Fisheries Statement (JFS), a list of Fisheries Management Plans (FMP) to be delivered over the lifetime of the first Statement. Some of these FMPs will be joint approaches with other Administrations to reflect the geographic extent of the particular fish stocks. Others will be regional Wales plans and will reflect and support the considerations I am undertaking in relation to our own policy aims and ambitions.

- **Can you provide an update on the Assessing Welsh Fishing Activities Project, and particularly, when you will bring forward a consultation?**

Bottom trawling impacts are being assessed through the Assessing Welsh Fishing Activities (AWFA) project being delivered by NRW. The project has so far delivered the high priority assessments and we are expecting the 'medium priority' towed gear assessments at the end of this financial year.

When the assessments are complete, the Welsh Government is planning to develop and consult on any proposals needed to address both the 'high' and 'medium' priority assessments. The timing of the consultation will be determined alongside other Welsh Government priorities once the assessments have been considered.

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- **Can you provide more information on how the Welsh Government is supporting future production of sustainable shellfish aquaculture in Wales?**

Growth of sustainable shellfish production in Wales is a key element of the Welsh National Marine Plan, we are aware of the environmental benefits of low trophic aquaculture, such as shellfish and seaweed production brings. We recently published an online story board for aquaculture. The storyboard provides contextual information on relevant policy, legislation and sources of guidance and an overview of consenting and environmental assessments relevant to the sector to support applicants. The storyboard can be found at the following link. [Marine Evidence packages | GOV.WALES](#)

The Menai East Fishery Order covering the majority of mussel production in Wales is due to expire next year, I have prioritised resources to deliver a replacement to provide security to the businesses which rely on it. However, Brexit, and the subsequent loss of access to EU markets, provides a significant threat to sustainable shellfish production in Wales. We continue to press this issue with the UK Government who have raised this issue direct with the EU. While we await a response from the EU, 11 months down the line we are no closer to finding a solution which would allow the resumption of trade.

I will be meeting key industry operators in December to discuss these challenges and the opportunities for aquaculture production in Wales as we develop our strategic approach to the sector.

- **To respond to reports that the ‘Wales Marine Fisheries Advisory Group’ is no longer ‘functioning’: What impact has this had on policy implementation?**

Following the end of the tenure of the previous Chair, we have taken the opportunity to review the Group. I accept that due to competing pressures, and resourcing issues, this has taken longer than I would like. I have asked my officials to finalise the work within the next few weeks. The Group essentially does three things – an advisory group to the Government on Fisheries issues; stakeholder engagement and co-management of fisheries. I am committed to a co-management / co-production approach and I want to be assured the Group, as presently structured, is the best mechanism for doing this.

I will be writing to Committee separately on the JFS shortly. However, I can confirm the next stage for the JFS will be a public consultation and scrutiny in each UK legislature in early 2022.

Regards,



**Lesley Griffiths AS/MS**  
**Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd**  
**Minister for Rural Affairs and North Wales, and Trefnydd**



Llywodraeth Cymru  
Welsh Government

Our ref: MA/LG/3908/21

Paul Davies MS  
Chair, Economy, Trade, and Rural Affairs Committee

25 November 2021

Dear Paul,

The Welsh Government has been working with all other fisheries policy authorities (FPAs) across the UK to develop a draft Joint Fisheries Statement (JFS). The JFS must be published within two years of Royal Assent of the Fisheries Act 2020 (the Act) – by 23 November 2022. The JFS must:

- set out the policies of the FPAs for achieving, or contributing to the achievement of, the fisheries objectives in the Act;
- contain a statement explaining the use the FPAs propose to make of fisheries management plans in order to achieve, or contribute to the achievement of, those fisheries objectives; and
- contain a statement explaining how those fisheries objectives have been interpreted and proportionately applied in formulating those policies and proposals.

Paragraph 3 of Schedule 1 to the Act requires each of the FPAs to lay a consultation draft of the JFS before the appropriate legislature and to specify a period for scrutiny of it.

Please be advised of my intention to lay the consultation draft JFS before the Senedd on 10 January 2022. This will be carried out in tandem in all other UK legislatures. The draft JFS would then be the subject of a public consultation from 11 January – 5 April 2022.

I propose a scrutiny period of 11 January to 18 February for the Senedd. The same scrutiny period is proposed for each of the UK legislatures.

I recognise it is a matter for you to determine how you wish to proceed with scrutiny. I will make myself available should you wish to discuss the documents with me in the New Year.

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I hope this information will help you to manage your forward work programme.

Regards,

A handwritten signature in black ink that reads "Lesley Griffiths". The signature is written in a cursive, flowing style.

**Lesley Griffiths AS/MS**

**Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd  
Minister for Rural Affairs and North Wales, and Trefnydd**



Llywodraeth Cymru  
Welsh Government

Paul Davies MS  
Chair, Economy, Trade, and Rural Affairs Committee

26 November 2021

Dear Paul,

Thank you for inviting me to attend the Economy, Trade, and Rural Affairs Committee to provide evidence as part of the Committee's review of the Water Resources (Control of Agricultural Pollution) Regulations 2021 (the Regulations).

As you are aware, the Regulations are currently subject to judicial review. Whilst the hearing of the case has been completed, the case remains active and a judgment has yet to be made. I understand the judgement will not be delivered before the proposed Committee session on 9 December.

The appropriateness of holding the Committee session just before the court gives judgment in the case is a matter for you as Chair of the Committee. As a Minister, I must determine the appropriateness of any evidence I, or my officials, provide as part of the Committee's review, particularly as it is my decision based on my officials' advice which is the subject of the legal challenge.

After considering the potential risks of impeding or prejudicing the court proceedings, I have determined any evidence I or my officials could provide in advance of a judgment in this case, would need to be limited to matters not relevant to grounds of challenge in the legal case. I have concerns this would significantly limit my ability to engage with the review process effectively which I would find unsatisfactory, and believe Committee members would feel the same.

Questions put to representatives of Natural Resources Wales (NRW) by the Committee on 30 September related directly to the grounds of the case and matters raised in the court hearing. Unlike NRW, I would not be able to respond fully to questions on those matters, or on a number of other issues the Committee is likely to raise.

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We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Whilst I recognise the Committee is mindful of the Senedd's instruction to urgently review the Regulations, I suggest consideration is given to postponing the Committee session at which my officials and I will give evidence until after a judgment has been issued and these constraints no longer apply. This will enable more informative responses to be provided and would provide the additional benefit of enabling the court's decision to be taken into account during the session.

I am happy to instruct my officials to liaise with the committee's clerk to ensure you are informed as soon as the court lists the case for judgment so arrangements can be made to convene the committee session as soon as possible after that date.

Regards,

A handwritten signature in cursive script that reads "Lesley Griffiths". The signature is written in black ink and is positioned below the "Regards," text.

**Lesley Griffiths AS/MS**  
**Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd**  
**Minister for Rural Affairs and North Wales, and Trefnydd**



# Agenda Item 2.6

**Pwyllgor yr Economi,  
Masnach a Materion Gwledig**

—

**Economy, Trade and  
Rural Affairs Committee**

**Senedd Cymru**

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**Welsh Parliament**

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Lesley Griffiths MS  
Minister for Rural Affairs and North Wales,  
and Trefnydd

30 November 2021

Dear Minister,

I am disappointed you do not feel able to give evidence to the Committee next week. As you mention, in June the Senedd voted unanimously to instruct a Committee to “urgently review” the Water Resources (Control of Agricultural Pollution) (Wales) Regulations 2021.

I have felt the weight of that instruction acutely – ensuring that once the Committee was established we turned our eyes to this work immediately. The first consultation the Committee launched, and the first evidence panel we held, were both part of our review of these Regulations.

I accept that the court case adds a level of complexity to our review. However, we have already held three good quality evidence sessions with Natural Resources Wales, the farming unions and environmental organisations.

When deciding how and when we should embark on this review, I was informed the court case could take a year, and it was highly likely the losing party would appeal adding further length and uncertainty as to when we could take forward Plenary’s instruction. Whilst it would have been easy to postpone the whole review until the case was heard, I was concerned this would not meet the request from the Senedd to look at the matter urgently.



To avoid prejudicing the court case I have ensured that the Committee sticks to the policy supporting the Regulations and does not stray into their lawfulness. Clearly this is a matter for the courts, however scrutiny of the policy is a matter for this Committee.

As it is unclear exactly when the Court will hand down its judgment, I am concerned that your decision to not attend will potentially add months to the timeframe for this review. If there is an appeal, then there could be an even longer delay. As such, and taking into account the above, I would urge you to reconsider your position and attend our meeting on 9th December.

Thank you for offering to instruct your officials to liaise with the Committee's clerk, I would welcome that.

I look forward to hearing from you.

A handwritten signature in black ink that reads "Paul Davies". The signature is written in a cursive style with a large initial 'P' and 'D'.

Paul Davies MS

Chair: Economy, Trade and Rural Affairs Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg | We welcome correspondence in Welsh or English.

# Agenda Item 2.7



Paul Davies MS  
Chair  
Economy, Trade and Rural Affairs  
Committee  
Welsh Parliament  
Cardiff Bay  
Cardiff  
CF99 1SN

Your Ref:  
Our Ref:  
E-mail: dylan.morgan@nfu.org.uk  
Phone: 01982 554200  
Date: 2<sup>nd</sup> December 2021

Dear Chair

## **Review of the Water Resources (Control of Agricultural Pollution) (Wales) Regulations**

We write concerning the Review of the Water Resources (Control of Agricultural Pollution) (Wales) Regulations currently being undertaken by the Economy, Trade and Rural Affairs Committee.

We listened with interest to the contributions of the environmental organisations at the evidence session on Thursday 25<sup>th</sup> November 2021. We note, at paragraph 125, Rachel Sharp - Director of Wildlife Trusts Wales and representing Wales Environmental Link stated in the context of whether there were any gaps in the regulations that:

*“Remember, that slurry isn’t just faeces, it’s also vet meds, it’s also growth hormones”.*

We write to bring to the Committee’s attention the fact that this statement cannot be correct. The use of hormonal growth promoters for livestock is banned in the UK. The practice has been banned in the EU since 1981 (Directive 81/602/EEC) and this ban was incorporated into UK law as part of the EU withdrawal agreement.

Welsh farmers are proud to operate to some of the highest standards of food safety and animal welfare in the world. As a result, we are dismayed to see such misinformation about our food production methods and standards being propagated by individuals who should better understand these matters.

At paragraph 127, in response to a question about where agriculture is in terms of where it fits in with the range of polluters, Rachel Sharp responded:

*“It depends which river you’re talking about. So, on the River Wye, we’ve got an intensive poultry unit issue....”*

Again, we are concerned this statement does not reflect the true position. The Natural Resources Wales (NRW) [Compliance Assessment](#) of Welsh River SACs against Phosphorus Targets published in January 2021 determined that:

*“...the overall pattern of failures in the Wye does not support the hypothesis that poultry units are the main or even a particularly important reason for nutrient failures on the Wye”.*

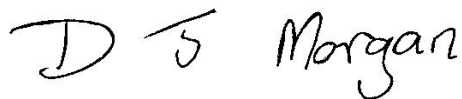
Further, at paragraph 168, Rachel Sharp stated:

*“Because remember, these rivers then spill out into our marine environment, and we’re trying to do things like develop seagrass beds. Where seagrass beds get smothered in slurry or chicken manure, then those beds become ineffective”.*

We take this opportunity to refer the Committee to bathing water quality monitoring undertaken annually by NRW which has found Wales’ [bathing waters](#) to be 100% compliant with strict water quality standards for the fourth year in a row, with 85 out of the 105 designated bathing water sites classed as excellent.

We trust that the Committee will have no regard to the comments made, and that the witness will be invited to clarify and correct the comments.

Yours sincerely

A handwritten signature in black ink that reads "D S Morgan". The letters are cursive and somewhat stylized.

Dylan Morgan  
Head of Policy  
NFU Cymru

# Agenda Item 2.8



Paul Davies MS  
Chair  
Economy, Trade and Rural Affairs Committee  
Welsh Parliament  
Cardiff Bay  
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Your Ref:  
Our Ref: DM/LM/  
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Phone: 01982 554200  
Date: 2<sup>nd</sup> December 2021

Dear Chair

## **Priorities for the Committee - Panel Session with Farming Organisations - Questions not reached on Bovine TB**

Firstly, can I thank the Committee for the invitation to attend the evidence session on the 11th November 2021 and for giving NFU Cymru the opportunity to set out priorities across a range of important policy areas that will be taken forward during the course of this Senedd. At NFU Cymru we very much look forward to continuing to work with you as a Committee to help deliver our vision for a productive, profitable and progressive farming sector producing world renowned climate friendly food in an environment and landscape that provides habitats for our nature to thrive.

Thank you for your letter dated the 16<sup>th</sup> November providing the opportunity for comment on the questions the Committee was unable to cover due to time constraints on Bovine TB. You have asked for any information that we would like to provide on the following two points:-

- The bovine TB disease picture and its impact on farm businesses;
- Views on the Minister's statement that she doesn't have enough legislative resource to introduce a mandatory informed purchasing system to help counter bovine TB.

Before I will seek to provide brief comments on the two points for which you have requested information, you will be aware that subsequent to the evidence session Welsh Government, on the 16th November, launched a consultation on A Refreshed TB Eradication Programme. NFU Cymru is currently seeking views from our membership on the proposals put forward within the consultation and will be submitting a comprehensive response to the consultation ahead of the 8th February 2022 deadline. Given the importance of this consultation and some of the proposals within the consultation, in particular around changes to compensation arrangements, we hope that the Committee will be able to consider and scrutinise this matter in some detail in 2022.

There is no doubt that the disease remains one of the main barriers to the Welsh agricultural sector realising its aspirations and potential. NFU Cymru recognises that there are a number of different statistics that can be used to measure current levels of disease. Welsh Government point to the fact that there has been a 48% decrease in new TB incidents since 2009, this is to be welcomed. However, 98,640 cattle were slaughtered as a result of bovine TB between 2010-2020 inclusive - and 10,700 over the past 12 months, this is inescapable proof of the impact of this disease on Welsh farming. In the 12 months to the end of June 2021, there were 633 new incidents on farm, an increase of 3% on the previous year. At the end of June 21 there were 606 herds under restriction as a result of Bovine TB, an increase of 2% on the previous year.

A Bovine TB incident impacts on all aspects of everyday farm management. Marketing will be adversely affected, in particular for those farmers who rely on selling store cattle, breeding animals and calves. Costs increase as there will invariably be a requirement to purchase extra feed and bedding, secure additional housing and farmers also incur higher labour costs to cope with additional animals on farm as a result of TB movement restrictions. There are also costs associated with the significant extra paperwork required as a result of dealing with a TB incident.

More cattle on the holding can put pressure on farm infrastructure such as slurry storage capacity. This has become even more of an issue since the introduction of the All Wales NVZ Regulations on the 1st April 2021. Welsh Government have made no provisions within the regulations for the exceptional circumstances that can arise as a result of the impact of Bovine TB restrictions. There are two key matters to consider, pressure on storage capacity and restrictions on spreading caused as a result of the farming by calendar approach adopted under the NVZ rules and the fact that farms under restriction are unable to export slurry off their farm due to concern over the bacterium being present in the slurry. Some farmers will be placed in an impossible situation with the adherence to one regulation almost certainly meaning that the other regulation will be breached.

The loss of adult productive cattle as a result of a TB outbreak reduces production and therefore reduces the income on affected farms through loss of milk yield on dairy farms or a reduction in numbers of calves born on beef units. These are substantial consequential losses that farming businesses face as a result of a bovine TB outbreak and the more animals that are lost from a herd and the longer the TB incident lasts then the greater the losses, and the higher the costs, inflicted on the business. It is important to note that current compensation arrangements do not in any way cover the consequential losses (the loss of production, inability to market produce, increased housing and feeding costs etc.) sustained by the business as the result of a TB breakdown.

Farmers are extremely concerned to read the options put forward by the 16th November Welsh Government consultation with regards to changes to current compensation arrangements. NFU Cymru categorically rejects any move to tabular valuations. NFU Cymru's firm view is that compensation arrangements must reflect the value of the animal's individual merits, and this can only be achieved via an individual valuation. Welsh Government suggests the review is brought about by overspend of the budget. We are absolutely clear that the only way to reduce any overspend that government may have is to ensure that the disease is controlled quickly and effectively so that the disease has the smallest possible impact on the national herd. The fewer animals that need to be slaughtered as a result of bovine TB, the lower the compensation bill and the lower the cost for both Government and industry.

When considering the impact on farming businesses, it is extremely important to also consider the emotional and mental anguish that this disease places on farming families, seeing bloodlines that have been bred on the farm for many generations being lost to this disease is devastating and we must not forget the strain associated with the disease puts not just on farmers but also the veterinary profession in Wales who work so closely with farming families.

NFU Cymru fully recognises that Bovine TB is a complex disease that requires a comprehensive multi-faceted approach to control and eradicate this disease from Wales, we are broadly supportive of the Regionalised Approach to TB Eradication introduced by Welsh Government in 2017. We agree that in areas where the disease is not endemic that stringent cattle movement and testing requirements are needed to prevent the disease gaining a foothold. The frustration of farmers is focussed on the fact that in areas of the country where both cattle and wildlife are suffering from this horrendous disease that little is being done to actively remove infection from the wildlife population.

We are deeply frustrated that Welsh Government refuses to learn the lessons from England, and all the other countries in the world, who have successfully tackled this disease through a comprehensive TB

eradication strategy. Welsh Government appears to be unique in its thinking that this disease can be eradicated without proactively dealing with diseased animals in both cattle and wildlife populations.

In relation to informed purchasing, in principle NFU Cymru supports proposals that give potential purchasers of animals as much information as possible about the animals they are considering purchasing. It is important that any system adopted strikes the balance between providing the necessary information required without becoming overly complicated or potentially misinterpreted. We believe that the development of the EID Cymru movement database to include a cattle element could play an important role with regards to informed purchasing, giving potential purchasers of cattle information on the TB testing history of that animal prior to purchase.

We previously welcomed Welsh Government making funding available to allow markets to upgrade their facilities so that information about the status of the animal can be displayed on screen and we would support further funding being made available for this purpose.

Informed Purchasing has been introduced in some other countries but in these countries informed purchasing has been introduced alongside measures to actively control the disease in wildlife. By removing the reservoir of infection in wildlife farmers in high incidence areas have a chance to become disease free and improve their status. The feeling in high incidence areas of Wales is that until the reservoir of infection in the wildlife population is tackled then farmers have limited opportunity to become and remain clear of restrictions and by introducing informed purchasing on a mandatory level it creates a two-tier market for stock with the farmers in high incidence areas feeling their ability to improve their disease status is hampered by Government Policy.

In summary, NFU Cymru believe that the development of EID Cymru as a cattle database may provide the opportunity for more information to be made available on the disease status of the animal / herd and there is the potential for this to cover other diseases in addition to Bovine TB. We also support measures that make it easier for this information to be provided at the point of sale. Our current thinking is that there is a need for further discussion between Government and Industry on how these proposals can be taken forward and practically delivered, we do not believe that any legislative proposals can be considered until EID Cymru is fully operational.

Thank you once again for the opportunity to provide comment on these two matters, NFU Cymru very much looks forward to continuing to work with the Committee over the course of the Senedd.

Yours sincerely

A handwritten signature in black ink that reads "Dylan Morgan". The signature is written in a cursive style with a large 'D' and 'M'.

Dylan Morgan

**Head of Policy**

**NFU Cymru**

# Agenda Item 3

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## **HGV Driver Shortage and Supply Chain Issues - Consultation**

In response to the Senedd's request for evidence regarding the HGV driver shortage and supply chain issues, RHA has worked with Welsh members to provide details of the impact on businesses and the Welsh economy.

### **Overview**

1. The RHA have been highlighting the shortage of HGV drivers for several years but 2020/21 has created the perfect storm and what was a manageable shortage of HGV drivers is now causing significant supply chain issues.
2. Due to the pandemic, it's estimated 15,000 EU HGV drivers returned home and only 5,000 have since returned. During this time DVSA closed their test centres meaning no new drivers were being trained. We normally see an attrition rate of about 30,000 leave driving each year, either due to retirement, moving into another logistics role or leaving the sector. These leavers are normally balanced out by new recruits. In addition, IR35 was introduced in April 2021 which led to drivers who had been working via limited companies leave driving as they saw salaries impacted.
3. At the start of the crisis RHA estimated that the sector was 100,000 short, we believe that the shortage is now approximately 80,000 given the volume of HGV tests that have been passed since DVSA reopened sites in April 2021.
4. Since April of this year, we have seen significant increases in salary for HGV drivers across the UK with salaries of over £50,000 being offered by way of gaining new drivers and retaining those already employed.
5. This has had an impact on the bus and coach sector as these drivers have moved across to HGVs. It has also caused issues for training providers and test examiners as they have been tempted back to driving commercially. These employers have also had to increase salaries.
6. Where businesses are restricted, eg those linked to council contracts, and are unable to increase salaries. These businesses have had more difficulty in retaining staff leading to issues with jobs like refuse workers.
7. Although the salary increases are welcomed, these will not be sustainable.
8. It is important that we develop a long-term approach to the issue which includes a combination of funded training, promoting careers in the sector to a wider demographic and the inclusion of HGV driver on the Shortage Occupation List

In response to the specific questions asked within the consultation, our members have provided the following feedback.

- To outline the current issues facing your sector/business/organisation
9. Difficulties in recruitment and retention have become more evident over the last 18-24 months. Recruitment programmes via job centres have not yielded applications or interest. Although social media campaigns have proven more useful, these people need full training.
  10. There is a lack of funding available for training. People require flexibility with their training and although apprenticeships are a good option for some, the commitment to the learning programme is not suitable and they would prefer a shorter course. Some drivers already have a form of HGV or bus and coach licence and only require the funding for upgrading their licence to a different category or their Driver Certificate of Professional Competence (DCPC) which every commercial driver needs.
  11. Driver facilities are regularly mentioned as both a barrier to becoming a driver but also in retaining drivers. Facilities are often a poor standard and rarely safe and secure. Only 2 truck stops across the UK are approved by Transported Asset Protection Association (TAPA) for their safety and security. Not only are facilities dirty and insecure, but they also offer poor quality food for inflated prices.
  12. In addition to facilities, road infrastructure caused drivers to leave the sector. Congestion causes long delays and adds to working hours, the M4 round Newport was highlighted as a problem.
  13. Drivers are often kept waiting for hours at sites whilst loading and unloading, some of these sites won't allow them access to facilities and toilets. Not only is this a welfare issue it reduces the productivity of drivers.
  14. Although salaries have increased over the past 6 months, hauliers work to tight margins. Where businesses are attracting drivers with signing on bonuses, they are just taking drivers from another business rather than bringing in new workers. Sadly, some of the offers are not as good as advertised leading to drivers being disappointed and then leaving the role completely.
  15. Where businesses are bringing in new drivers by using apprenticeships or other training, they are encountering problems insuring the new drivers, especially those younger drivers. This is despite systems such as telematics and cameras that monitor driving.
  16. Driver CPC is also causing drivers to leave the sector, especially older drivers who have already completed 5 days of training and face having to do another 5 days of very similar classroom training.

- To outline the effectiveness of measures that have been put in place by the UK and Welsh Governments to alleviate the shortage of hauliers and its associated impacts

17. It is probably too early to report on the effectiveness of the measures. Although there are record numbers of people taking the HGV test, there was a significant backlog caused by the pandemic so we will need to wait and review the numbers for 2022.
18. The 5,000 visas that were made available for fuel and food drivers do not appear to have recruited anywhere near the numbers required. Although government has not released the information, we believe that the number will be in the hundreds rather than the thousands. This is because the offer was for 3 months only. Given that drivers are in demand across the EU, people already in a driving job would be unlikely to take up an offer of a 3 month contract over the Christmas period. With employers expected to pick up the costs of the visa, accommodation and travel it would not have been an expensive option.
19. Our members were concerned by the extension to cabotage. Cabotage allows non-UK haulage companies to work in the UK while being based outside of the UK. Although it may help the initial crisis, it will undermine the work being done by UK businesses to deal the shortage of drivers. Non-UK companies have advantages over UK hauliers including cheaper fuel, lower driver salaries, and a lack of control over safety standards.
20. Changes to the staging if the Cat C and C+E tests have provided additional test availability which we see as a positive step. However, these are not always in the correct regions or times for training providers to take advantage of.

- What additional measures should the UK and Welsh Governments introduce in order to support the sector

21. HGV drivers need to be added to the Shortage Occupation List to allow wider access to EU drivers but crucially UK government can still limit the numbers of people qualifying for a visa.
22. Amend the Driver CPC and introduce a one module for one year's driving offer. This will help retain older drivers, especially those who don't want to work full-time.

23. Welsh Government need to provide different funding options for people to gain their licence. We are told by members that apprenticeships can be difficult to run especially during the “unproductive” period of a driver’s training. Although some companies can redeploy learners to other areas of the business, some struggle to do this. An alternative training option would be beneficial for those people who either want to do a short course or are wanting to upskill. Hauliers find it difficult to fund the training and the additional costs (i.e. insurance) related to employing a new driver.
  24. Some drivers chose to self-fund the training but require an alternative to a commercial loan. A student style loan would also be beneficial.
- What impact the shortage of HGV drivers will have on consumers and businesses in Wales
25. Consumers will see rises in their weekly shopping and consumer goods will cost more as hauliers will need to raise rates to cover the cost of the additional wages and costs of training.
  26. A lack of logistics staff across the country will impact the ability for Welsh business to get its goods to market.
  27. It could lead to some haulage businesses closing given the rising costs, not just from labour shortages but other financial obstacles such as costs associated to decarbonisation of vehicle fleets.

## HGV Driver Shortage and Supply Chain Issues – Economy, Trade and Rural Affairs Committee

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November 2021

### About Logistics UK

Logistics UK is one of Britain's largest business groups and the only one providing a voice for the entirety of the UK's logistics sector. Our role, on behalf of over 18,000 members, is to enhance the safety, efficiency and sustainability of freight movement throughout the supply chain, across all transport modes. Logistics UK members operate over 200,000 goods vehicles - almost half the UK fleet - and some one million liveried vans. In addition, they consign over 90 per cent of the freight moved by rail and over 70 per cent of sea and air freight.

### Response to consultation

This is a non-exhaustive reply to the consultation and, for brevity, does not contain details of every action undertaken by Logistics UK in regards to the driver shortage but hopefully provides a good understanding of the situation and of the views of the Association on how best to respond to it.

#### *What are the current issues facing the sector?*

The logistics sector is the backbone of the Welsh and wider UK economy and plays a vital role in local and national supply chains. It has been well documented that the sector has labour shortages across all areas of employment but the some of the hardest roles to fill are HGV drivers and fitters/mechanics/technicians.

The current estimates of the HGV driver shortage range from 60,000 to 100,000, with a central estimate of around 76,000.

Whilst Logistics UK does not have specific data on shortages in Welsh companies our Logistics Performance tracker (September 2021) identifies how shortages are impacting the UK sector as a whole:

- 96% of UK logistics businesses are now reporting problems recruiting HGV drivers
- 34.3% of Logistics UK members reported a "severe" or "very severe" problem filling fitter/mechanic/technician roles.
- 26.7% of Logistics UK members reported "no problem" filling warehouse staff roles.
- 30.4% of Logistics UK members reported "no problem" filling forklift drivers.

Should the Committee wish to have a full copy of our Logistics Performance Tracker, it can be obtained through the following weblink <https://logistics.org.uk/coronavirus/logistics-performance-tracker>

There has been a historic shortage of drivers and wider logistics workers for many years but the combination of the end of EU membership and the end of the EU transition period along with the Covid pandemic transformed this shortage into an acute crisis. There are a number of issues that have been affected by the two 'world events' that have contributed to the crisis and they are:

- The closure of DVSA testing from March 2020 meant that around 45,000 fewer vocational tests not performed , it is usually around the 70,000 level and prevented the entry into the occupation of new drivers and could take until Spring 2022 to clear the backlog.
- EU nationals have returned back to their home country for reasons connected to COVID and to EU exit; the Annual Population Survey statistics show that 16,000 EU drivers left the industry in the year to March 2021. In Q2 2021 compared to Q2 2019 there were 13,500 fewer EU HGV drivers working in logistics year on year.
- The UK government's new Immigration system has now made it impossible to hire a commercial vehicle driver from outside of the UK as driving is classed at Educational Qualification level 2, and the ability to request skilled visas begins at level 3.

The change to the tax laws, IR35, also has impacted on the driver labour market.

Drivers continue to struggle to find good quality, safe and affordable roadside facilities across Wales and the entire of the UK for both their regular breaks and rest periods that might involve an overnight stay. The UK's Department for Transport (DfT) conducted a survey in 2017 on commercial vehicle parking and found there to be a critical lack of around 1400 overnight parking spaces across the country (mostly missing from South East England) but has not yet addressed providing for these spaces.

To enable swift delivery of goods and services around Wales, transport operators need high quality infrastructure, including new roads. The recent pause on all new road infrastructure funding and the creation of a Roads Panel to evaluate all new projects could lead to delays in the provision of new, badly needed, infrastructure across Wales.

***Outline the effectiveness of measures that have been put in place by the UK and Welsh Governments to alleviate the shortage of hauliers and its associated impacts***

Logistics UK has been working very closely with Welsh Government and UK Government on several initiatives that are designed to ease the crisis situation in the short term and to help reduce the overall shortage of drivers and skilled employees in the medium to long term.

In the short term the key point was to get DVSA testing restarted and reduce the backlog of vocational tests, through a mixture of changing the testing requirements and managing the DVSA workforce. In the medium to long term Logistics UK is calling on increasing the size of the labour-force through targeted interventions in the skills and training domain, through additional financial support for apprenticeships and vocational licence acquisition to increased provision of suitable motorway service areas and other roadside facilities that are desperately needed across the entire of Great Britain.

**Government actions undertaken:**

**Cabotage**

The UK government recently consulted on the removal of cabotage restrictions on non-UK registered vehicles operating in the country. Logistics UK does not oppose the use of cabotage to support road transport supply during the Christmas peak of 2021. There are merits for supply chains in this proposal as a complement to other measures required in the short to medium term. However, the following conditions should be met:

- a) Government must commit to a transparent review of the measure at 3 months, and allow to continue only if there is clear evidence of a positive impact.
- b) The unlimited cabotage period is reduced from 14 days to 7 days, since a period greater than 7 days raises concerns surrounding road safety and parking capacity.
- c) Recognising the risks posed by operators conducting unlimited cabotage in a road transport market where supply is constrained, DVSA must target these operators in enforcement efforts to ensure effective enforcement of Drivers' Hours and cabotage rules.

The cabotage should not be limited to any sectors, it is for the market to decide where there is need and limiting it would lead to unnecessary red tape.

At the present time there is insufficient UK haulage capacity to meet customer needs, so there is less chance that this will take business away from them. The impact on UK hauliers must be kept under transparent review by Ministers so that the measure can be ended should there be evidence of detrimental impacts on them. A feedback mechanism to inform this review should be put in place.

The measure itself must remain a temporary intervention measure as it is a concession to non-UK hauliers/operators that differs from the equal status reached in the Trade & Cooperation Agreement. UK hauliers are not being offered unlimited cabotage by the countries invited to work here, which creates unfair competition for UK hauliers operating internationally.

Total liberalisation of cabotage in a supply-constrained market will incentivise non-UK hauliers to carry out as many domestic journeys as possible during their visit to the UK. There is a risk that under these conditions, non-UK hauliers may decide not to observe some regulatory requirements viewing enforcement penalties as a factored cost: for example, the Fixed Penalty Deposit for exceeding daily driving limits by less than 2 hours is £200.

It is also more difficult for enforcement measures such as fines to be taken against non-UK hauliers, thus reducing the incentives to comply. With this background in mind, reducing the cabotage period to 7 days would reduce incidents of non-compliance.

An additional concern of allowing 14 days rather than 7 is that it will encourage drivers to take weekly rests in the UK which will impact on parking availability, which is already too little, and lead to more overnight stays on the side of roads.

### **Drivers Hours relaxations**

Logistics UK disagrees with the UK government on its use of a temporary relaxation of drivers' hours rules as a means to ease supply-chain issues. Commercial drivers have worked tirelessly throughout the Covid pandemic to keep the country supplied and the answer is not to permit them to work longer hours.

### **DVSA and wider testing regime**

Logistics UK welcomes the recent package of announcements from the UK government Up to 4,000 people will be trained as new HGV drivers to help tackle skills shortages and support more people to launch careers within the logistics sector.

Department for Education is investing up to £10 million to create new skills bootcamps to train up to 3,000 people to become HGV drivers – free, short and intensive courses to train drivers to be road-ready and gain a category C or category C+E licence. An additional 1,000 people will be trained through locally accessed courses and funded by the UK government's adult education budget.

### **Attracting workers to the profession**

Logistics UK co-signed the nearly 1 million letters that were sent to all drivers who currently hold an HGV vocational driving licence, encouraging them back into the industry.

The UK government recently agreed to industry request for a number of visas to be issued, up to 4,700 drivers added to existing visa scheme for three months to ease supply chain pressures during exceptional circumstances this Christmas in the food sector. Whilst Logistics UK welcomed this action, we believe that the limited time-frame available to use the visas and the restriction on application to the food sector would mean the scheme is not as attractive as possible to non-UK workers, who would need to be persuaded to come to the country to work.

### ***Additional measures the UK and Welsh Governments should introduce in order to support the sector***

Greater attention and funding must be given to the chronic shortage of commercial vehicle parking spaces in Wales and the wider UK along the main road network. The lack of suitable facilities at the roadside is often quoted as one of the main reasons that people are hesitant to come and work as a professional driver. By improving the facilities available, this will deliver better working conditions and help to improve the public perception of the sector and could lead to attracting a more diverse workforce.

## **Inquiry into the HGV Driver Shortage and Supply Chain Issues**

### **Written evidence from the Chartered Institute of Logistics and Transport Cymru Wales**

The Chartered Institute of Logistics and Transport (CILT) is a professional institution embracing all the management of logistics and the supply chain, transport planning, government and administration. This response has been prepared by the Cymru Wales nation within CILT.

#### ***Outline the current issues facing your sector/business/organisation***

Our members are currently dealing with significant challenges associated with the lack of HGV drivers in the UK. It should be acknowledged that the logistics industry has for a long time faced a shortage of drivers but, until recently, it has not caused major challenges as European drivers were able to take advantage of the freedom of movement and this helped to fill the gap. The same was true elsewhere in Europe – driver shortages have existed but mitigated through the freedom of movement.

However, over the past 18 months, the problem has become significantly worse. Impacts from the pandemic have played a big role, both directly through illness and the need to isolate as well as indirectly through driver learning and testing capacity being significantly reduced as a result of COVID-safe working practices. Brexit has also contributed, reducing the number of European hauliers operating within the UK while also seeing European employees of UK hauliers move elsewhere. A further factor is changes to the IR35 tax rules governing off payroll working, which have increased the costs on self-employed workers. Beyond these, there will be other factors that make smaller contributions to the shortage – for example, increases in online shopping has resulted in more driving jobs which, in the case of vans, are easier to recruit to and may also be perceived as more attractive than HGV driving.

While much of the media attention has been focused upon consumer facing supply chains, there are other areas where the driver shortage is being felt. Waste collections are being affected, as drivers seek higher paid jobs in the private sector. Equally, the bus industry is facing similar shortages, both due to the factors listed above and through drivers moving from bus to HGV driving.



***To outline the effectiveness of measures that have been put in place by the UK and Welsh Governments to alleviate the shortage of hauliers and its associated impacts***

One of the major challenges in dealing with the issue in Wales is that many of the steps that can be taken are not devolved responsibilities and therefore the main measures taken to alleviate the shortage have been introduced by the UK Government. Any steps to provide short term increases in the number of HGV drivers are to be welcomed, although it is also important that a longer term strategy to alleviate the problem is developed and supported.

The changes to driving tests, plus increased testing capacity, will help to address backlogs in bringing new drivers into the industry. However, this also needs to be supported by other agencies such as the DVLA, to ensure that licence applications can be processed and returned in a timely manner. Any impact from these changes is unlikely to be seen until early 2022, when many of the new drivers will start out on the road. However, as new drivers, there will be a need for these drivers to be supported in the short term, so the increase in supply of drivers will take longer to take effect. The changes to the driving tests are also leading to perceptions of poorer driving standards for HGV drivers and it will be essential to monitor if there is any evidence of this actually occurring.

As a short term measure, the easing of visa and cabotage restrictions for European vehicles will help to ease supply chain pressures, particularly during the peak period in the run up to Christmas. It is hard to determine the exact amount of capacity which will be created, but it would not be significant and is estimated 0.8% of current UK market capacity. There is evidence that take up of the visa scheme has been very low. However, it is likely that the effect may be less in Wales, being more peripheral from major UK to mainland Europe traffic flows. Further, it is essential that the extension does not undermine the urgently needed longer term initiatives to improve the UK transport sector by putting pressure on cost, the development of facilities and productivity of the domestic fleet.

The extending of driver's hours to allow for longer working days is a retrograde step. It puts greater pressure on the workforce through longer working hours and potentially has safety implications as a result. A key factor behind drivers leaving the industry is long working hours and permitting firms to extend these within the driver's hours regulations is only likely to make this worse.

***What additional measures should the UK and Welsh Governments introduce in order to support the sector***

Looking to the future, there is a need to both recruit and retain drivers within the industry. Driver training costs can be a barrier for attracting new drivers, and support from the Welsh Government through apprenticeships would be a welcome development. More generally, the Welsh Government should work with the industry to raise awareness of the potential career opportunities that exist with driving jobs. In looking to attract new talent to the

industry, it is important to also encourage diversity in applicants, such as gender and ethnicity.

Encouraging retention within the industry is more challenging as often this is dependent upon the industry to provide suitable working conditions. Here, the UK and Welsh Governments should work with the sector to identify options to achieve this.

Increasing pay is perhaps the most obvious lever to ensure retention. At the moment, there is an active market for existing drivers and those who pay the least are most at risk of experiencing shortages. However, the active market will also lead to wages increasing and this overall is likely to be beneficial, albeit with consequences for consumers through higher prices. Many driving roles are in the private sector and, in these instances, it is up to the employers to ensure they have appropriate pay structures. However, it may be that additional funding could be provided to local councils to raise the wages for those drivers involved in waste collection to ensure that pay levels remain competitive and services are not compromised.

Another area where Welsh Government could intervene is in facilitating and providing, where there is market failure, better service areas for HGV drivers. This may be through enhancing existing locations or providing new facilities. Improvements could include enhanced security provision, healthier and cheaper food options, opportunities for drivers to relax away from their cab and clean toilet and shower facilities. Such enhancements are essential in improving working conditions and encouraging recruitment and retention, especially in looking to increase diversity in the workforce.

A crucial first step would be for Welsh Government to undertake a national lorry parking survey of lorry parks, and layby facilities on and in proximity to the Welsh Trunk Road Network including key industrial estates similar to the survey of the Strategic Road Network that the Department for Transport undertook in 2011 and 2017. A similar type of survey was also an accepted recommendation by Transport Scotland in their Strategic Transport Projects Review 2 (February 2020). Such a survey would help to identify the current locations, usage, driver and vehicle facilities and gaps in provision across Wales. The undertaking of this baseline survey of driver rest and lorry parking facilities would also support initial consideration of the provision of alternative fuelling facilities (Hydrogen / Electricity) in Wales for HGV's on the move.

The government may also wish to consider short term steps to address the congestion which trucks can get caught up in. This reduces the useful time drivers can spend on the road, as well as adding to stress levels. Such interventions need not require substantial changes and, for example, reviewing the phasing of traffic lights or the timing of road works may be sufficient.

Overall, however, it is important for government to be working with the industry to improve the image of HGV drivers, making it more attractive for people to apply for roles and developing clear career progression paths within the sector.

All of the above measures will help in maintaining the supply of HGV drivers to the industry. We would also encourage the Welsh Government to investigate proactively how to reduce the demand for HGV drivers. In other parts of the UK, there has been an increase in rail freight activity, particularly intermodal traffic flows both for domestic and import flows. With each freight train potentially removing up to 76 loads from the roads, there is the potential to free significant driver resources for use where rail genuinely is not an option. Currently, there is limited evidence of increased rail freight in Wales and no change in the number of intermodal trains being run.

***What impact will the shortage of HGV drivers have on consumers and businesses in Wales?***

As has been evident across a range of sectors over the past six months, the consequence of the shortage has been the failure to deliver products, leading to shortages of inventory with consequential impacts on production schedules, service provision, hospitality availability and retail sales. It is not possible to fully evaluate the impact of HGV shortages in isolation, as the effects of COVID-19 are still being felt within supply chains and, for many goods, the challenges currently present within international shipping are also affecting product availability.

There are consequential impacts on other organisations too. With a finite pool of HGV drivers, and increasing pay rates within the industry, there is movement within the workforce as drivers seek better paid employment elsewhere. This is having consequential impacts on public sector services such as waste collections, with drivers moving to better paid roles in the private sector. This has led to reductions in waste collections, especially for those that are non-statutory (such as recycling). Another sector being impacted by these workforce changes is the bus industry, with services across Wales being affected by shortages. In this latter case, the impact may often be more significant than for retail sales, as for some (particularly those on lower incomes and the elderly) the bus may be their only means of transport. Given these consequential impacts, we would encourage any solutions introduced by the Welsh Government to also cover other driving roles such as waste collection and buses.

## Economy Trade and Rural Affairs Committee: The HGV Driver Shortage and Supply Chain Issues.

22nd November 2021.

To respond to this consultation, the Chamber surveyed our members with specific questions relating to the HGV driver shortage. At the back of this document is an appendix with a breakdown of each question.

### To outline the current issues facing your sector/business/organisation

Staff shortages are a reoccurring issue facing businesses across Wales. In our recent Quarterly Economic Survey, 85% of businesses experienced difficulty in recruiting the right staff. There are concerns throughout the supply chain in the lead up to the busier Christmas period; from the shortages of HGV drivers causing delays and increased costs to delivery to the shortage of workers in customer facing roles in retail and hospitality. These shortages are affecting all areas of the Welsh economy including public transport, for example one bus company that we have spoken to is currently 34% short staff, with usually anything above 10% being seen as unworkable.

The chief cause of such extensive staff shortages is the skills deficit in Wales. In our latest QES 67% of businesses were looking specifically to recruit skilled or technical workers. This is again, cognisant of the haulage sector and the shortage of trained and skilled HGV drivers.

Apprenticeships play a significant role in driving forward skills development and recruiting younger workers to sectors such as the haulage industry. There are concerns that uptake of apprenticeships is low in Wales. For example, a poll taken at one of our partners events post budgets found that only 15% of respondents were planning on using apprenticeships. Additionally, another business found it 'impossible' to get apprenticeships as a smaller business; according to the Institute for Apprenticeships and Technical Education found that 40% of apprenticeships are with SMEs but the rest are with larger multinational companies. With the vast majority of Wales's economic landscape occupied by SMEs it is important to improve access to apprenticeships in order to minimise the current skills deficit.

Businesses are still grappling with the socioeconomic impacts of the Covid-19 pandemic. The HGV driver shortage was exacerbated by delays and backlogs in getting drivers licensed as a result of the pandemic and associated lockdowns. In other sectors of the economy such as hospitality, we are still seeing businesses running at below capacity and below pre-pandemic levels. For example, venues that traditionally would be extremely busy in the lead up to Christmas with corporate Christmas parties throughout every weekend of November and December have taken two bookings for the entire year. Consumer and business confidence in safety has not returned to 'normal'. Similarly in the transport sector, one large bus operator we have worked with noted they are operating at between 65-75% carrying when compared with 2019 figures.

Businesses are experiencing what appears to be a perfect storm; staff shortages, skills deficits and the pandemic are all market forces significantly impacting businesses all in parallel with the impact of fractured and slow supply chains. Over half of the businesses, we surveyed had been impacted by supply chain issues caused by a lack of HGV drivers, the most common issue businesses are facing as a result are delays in receiving or sending goods, with 86% of businesses stating they were impacted by delays in receiving or sending goods. As a result, businesses are also experiencing increased costs in receiving or sending goods, 73% of businesses had found their costs were increasing. One business we have spoken to had suppliers proposing over a 10% increase in the cost of delivering components. Another business

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noted that reduced capacity had been the cause of such volatility in lead times and components shortages and component cost rising. 38% of businesses were also concerned that reduced capacity could increase pressure on existing staff within a company.

Finally, fuel costs associated with fractured supply chains are also a concern for business in Wales, fuel costs continue to soar considerably and businesses operating in the transport sector for example have shown little optimism that these costs will drop or even stagnate.

To outline the effectiveness of measures that have been put in place by the UK and Welsh Governments to alleviate the shortage of hauliers and its associated impacts.

What additional measures should the UK and Welsh Governments introduce in order to support the sector.

There needs to be a balance of short-term support measures that offer quick solutions to alleviate the immediate challenges Wales face as well as introducing longer term measures to address the labour shortage in the haulage sector.

Efforts to recruit more drivers to the sector are welcomed, but training drivers will take time and therefore, there is a need for tangible short-term actions that help to deal with the shortage of drivers in the next year. This shortage is estimated to be as large as 100,000 drivers according to the Road Haulage Association. Short term actions include embracing international recruitment to fill existing gaps and finding ways to allow qualified drivers to rapidly re-join the industry. While the [UK Government have](#) taken steps to make the current visa scheme more flexible in a bid to temporarily attract HGV drivers to the UK, they have added 4,7000 drivers to the existing visa schemes specifically to help food industries with the driver shortage during the next year. If we are to compare this number to the predicted 100,000 shortage, there is still a significant number of temporary visas needed to fill the shortage in the short term. In our survey to members in the last two weeks, over 40% of businesses still believed there was a need for Government to introduce more flexible immigration system that identifies HGV drivers as skilled workers.

The [UK Government have](#) also introduced relaxed drivers' hours rules until the 9<sup>th</sup> January 2022 to allow for the short-term extra flexibility to the industry. It would perhaps be worth considering extending this measure beyond January 2022, while supply chains in certain sectors such as food and drink may be under significant pressure in the lead up to Christmas 2021, it is assumed that many of the pressures causing a slow and depleted supply chain will not have been solved by January 2022 and so it may be worth remaining flexible beyond this date.

Obtaining a license to drive a lorry and the associated costs of driver CPCs and medical can be seen as a significant impediment to joining and, in some cases re-joining the HGV profession. For businesses access to training and access to finance for training were identified as the most important measures needed to support the sector; 64% believed it was important to introduce funding for training of HGV drivers and 64% also believed it was important to improve access to HGV driver training, licensing and apprenticeships. A drive by Government to improve apprenticeships in the sector is particularly important in the context of an ageing workforce with the average age of an HGV driver being 56.

The UK Government have introduced encouraging measures to support the sector. For example, the [UK Government have](#) invested up to £17million to create new HGV skills bootcamps to train up to 5,000 more people to become HGV drivers in England. It would be worth UK Government extending this scheme to also recruit more HGV drivers in Wales or worth Welsh Government introducing similar schemes to cover Wales. Moreover [UK Government have](#) provided extra funding for medical and HGV licenses for any adult who completes a vocational qualification in HGV driving accessed through the adult education budget in the 2021 and 2022 academic year. Again, it would be encouraging to see plans in place to replicate this in Wales. With the aim to attract young people to the profession to combat the ageing workforce, UK Government have provided funding to Think Logistics, with Career Ready. This funding should be sustained throughout Wales to ensure a steady stream of young people entering the sector.

In the longer term it will be important to improve working conditions for HGV drivers, over half of businesses noted that this was vital to support the sector. Business identifies that respect for drivers and the vital skilled contribution they make needs to be better recognised. Drivers experience congestion, poor conditioned roads, hostility, poor treatment at collection sites, long hours and tight delivery slots. In the UK there is not a significant infrastructure in place for drivers to park up and stay over night. If we want to drive forward recruitment in the sector then we need to fundamentally shift the perception and treatment towards driver. It is therefore welcome that the [UK Government have](#) identified sites for short-term improvements to lorry parking, invested £32.5million in roadside facilities for HGV drivers such as showers, toilets and eating areas. Additionally, UK Government have launched a review of HGV parking and facilities. It is important that these investments in improving conditions for drivers are invested equally across the UK including throughout Wales. Welsh Government may look to provide additional support to fund facilities aimed at improving working conditions for HGV drivers.

## What impact the shortage of HGV drivers will have on consumers and businesses in Wales

Over half of the businesses, we surveyed were impacted by the supply chain issues driven by a lack of HGV drivers. The most significant impact businesses face are delays in receiving or sending goods, 86% of businesses were suffering from delays. Moreover, 73% of businesses were experiencing increases in the cost of receiving or sending goods and a further 38% were having to increase the price of the product or service they offered to consumers as a result.

While some businesses are struggling to obtain raw materials due to the HGV driver shortage, 60% of businesses were not experiencing difficulty in obtaining raw materials. However, over half of businesses said that they were stocking more materials because of a delayed supply chain. One business explained that they were having to pre-plan, order in advance and buy in larger quantities that they stored on site to ensure they could access raw materials to continue with deliveries. Of the businesses who were struggling to obtain raw materials nearly 60% note that that customer deliveries had been impacted as a result. Moreover, 85% register increased lead times, 77% register increased costs and 73% register a delayed arrival of goods.

There is a concern that the impact of the HGV driver shortage on consumers as well as businesses will become further exacerbated in the run up to Christmas, particularly in the delivery of food to retail and hospitality sectors.

The delay in receiving raw materials will also have a knock-on effect on businesses in the construction sector which in turn transfers impact to consumers who are faced with delays in building times. One business noted there were delays in receiving key construction materials such as cement and timber and this was causing delays in build times.

The drive to recruit more HGV drivers to alleviate current issues in the supply chain is welcomed but one transport company that we have spoken to, that were experiencing staff shortages internally, noted that they had lost a significant number of staff to become HGV drivers. Training and encouraging younger people to enter the HGV profession will therefore be important to ensure that staff shortages can be addressed across the entire workforce.



## Appendix

Question 1: Has your business been impacted by supply chain issues caused by a lack of HGV drivers?

68 people answered this question.

Answer	Response
Yes	35 (51.47%)
No	33 (48.53%)

Question 2: If yes, how has your business been impacted?

37 people answered this question. Respondents could choose more than one option.

Answer	Response
Increased cost of receiving or sending goods	27 (72.97%)
Increased price of the product or service you offer	14 (37.84%)
Delays in receiving or sending goods	32 (86.49%)
Increased pressure on existing staff	14 (37.84%)
Having to turn away customers due to lack of drivers to deliver raw materials or goods	2 (5.41%)
Other (please specify)	3 (8.11%)

Other: increased supplier prices on goods, delays to completion of new homes, storing extra materials.

Question 3: Are you struggling to obtain raw materials due to a shortage of HGV drivers?

68 people answered this question.

Answer	Response
Yes	24 (35.29%)
No	41 (60.29%)
Other (please specify)	3 (4.41%)

Other: N/A answers.

Question 4: If yes, has this...

26 people answered this question. Respondents could choose more than one option.

Answer	Response
Increased lead times	22 (84.62%)
Increased costs	20 (76.92%)
Delayed arrivals of goods	19 (73.08%)
Other (please specify)	1 (3.85%)

Other: Having to buy in larger quantities and store more on site to ensure continuity of delivery.

Question 5: If raw materials are delayed, have your customer deliveries been impacted?

47 people answered this question.

Answer	Response
Yes	27 (57.45%)
No	16 (34.04%)
Other (please specify)	4 (8.51%)

Other: N/A answers.

Question 6: If you are experiencing delays, are you stocking more materials as a result?

49 people answered this question.

Answer	Response
Yes	27 (55.10%)
No	19 (38.78%)
Other (please specify)	3 (6.12%)

Other: N/A answers.

Question 7: What additional measures should Government introduce to support sectors adversely affected by supply chain issues?

59 people answered this question. Respondents could choose more than one option.

Answer	Response
Introduce a more flexible immigration system that classifies HGV drivers as skilled workers	24 (40.68%)
Provide funding for training of HGV drivers	38 (64.41%)
Increase wages of HGV drivers	12 (20.34%)
Improve access to HGV driver training, licensing, and apprenticeships	38 (64.41%)
Improve working conditions for HGV drivers	33 (55.93%)
Other (please specify)	5 (8.47%)

Other: Remove IR35 legislation, is this the Government's job?, N/A answers.

# Agenda Item 5



## **Economy, Trade and Rural Affairs Committee**

### **The HGV Driver Shortage and Supply Chain Issues.**

#### **Unite the Union**

Unite is the largest trade union in the UK and Ireland with members in a range of industries including transport, construction, financial services, manufacturing, print and media, energy, the voluntary and non-profit sectors, education, creative industries, local government and the NHS.

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It is widely acknowledged that there is a shortage of professional drivers within the logistics industry. The reasons for this is wide and varied and this response does not seek to identify those reasons, but to put forward solutions to the problem.

#### **Diversity**

Those employed in the road haulage industry are predominantly white, male and middle aged. Underrepresented groups are not becoming drivers. There are more women and BAEM bus drivers than HGV drivers. A preliminary investigation into the reasons behind this must be considered.

For change to occur, it is reasonable to change the way in which the industry recruits. It will be necessary to understand what underrepresented groups think of the sector as it currently operates and what would be an attractive offer to enter the industry.

**Pay**

HGV drivers have been underpaid for years. Driving down terms through benchmarking and outsourcing has led to this, as well as the misuse of agency drivers and bogusly self-employed drivers has resulted in pay that does not reflect the skills, knowledge and qualifications needed to the job.

Unite believes that a national council to determine industry standards is a necessity.

Setting industry standards will vastly reduce the ability of rogue employers to undercut rates at the cost of drivers' safety, pay and conditions.

### **Driving v working time**

Without exception, when we have asked drivers, the number one issue is the clash between driving and working time rules. Specifically the six hour working rule. The level of regulation drivers must follow is almost unprecedented. We need to simplify the rules for UK drivers in order to maintain safety whilst applying common sense. Any derogation to rules is nothing more than a loophole. Currently the 10 hour night rule and reduced daily and weekly rest are seen as a target for employers rather than a legal maximum. These derogations need to be at the drivers' explicit agreement not simply implemented by the operator. We are proposing changes to the way the enforcement of driving and working time rules applies to drivers so that there is one standard rather than two for drivers to fall foul of. This would include the removal of Periods of Availability (POA).

### **Parking**

In order to comply with driving and rest rules drivers need somewhere to park. When applying for planning permission developers of all industrial sites must include provision for lorry parking. This must not just be by the side of a road but proper off road parking with basic facilities that would be funded through Section 106 agreements. Local councils should also ensure that any new park and ride facilities are suitable to be used for HGV parking when not used for public parking.

### **Access to Toilets and Showers**

Unite welcomes the strengthening of the regulations pertaining to workers access to toilets. However, we still receive significant numbers of complaints from drivers who are refused access to the most basic facilities. Current enforcement simply isn't working. We seek a much firmer position from health and Safety Executive (HSE) or local councils in applying sanctions to companies that are shown to refuse drivers access to proper facilities.

Also, many Local Authorities have closed public toilets as a means to save money given the financial constraints that they are now faced with. Public Toilets are now few and far between and although they are kept clean to a standard, they only offer the most basic facilities and only hand washing at best. Also, drivers don't have access to showers on a regular basis, many drivers sleep in their cabs, sometimes from Monday to Friday and then going home on a weekend, surely the right to keep clean and to have a shower should be a basic human right in a civilized society.

### **CPC – Accreditation**

Many drivers do not see the value of the current Certificate of Professional Competence (CPC). We know that in practice drivers will sit through the same module repeatedly that may have no real link to their jobs. Whilst we would not support a move to an examination as part of the CPC it is clear that the participation model is not adding value for drivers. Unite believes that each CPC module should include an assessment to confirm the participant has fully understood the module. CPC modules should also be industry and job specific so that drivers can see that the subject matter is relevant to them. The cost of CPC is erroneously placed on the driver. This is vocational training that is legally required to do the job. CPC training must be paid for by employers, through government subsidy if necessary, and carried out in work time.

### **Transparency of OCRS**

The current Operator Compliance Risk Score (OCRS) is not public. A system that rates operators' roadworthiness and traffic violations should be available for drivers. There is no legitimate reason why drivers should not know the conduct and repute of their employer or potential employer. With transparency of the OCRS score customers will also be able to use enforceable data to inform decisions when awarding contracts. This can only drive up standards