

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.