

## 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.