

Transport Committee

Oral evidence: [Road freight supply chain](#), HC 828

Wednesday 24 November 2021

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Members present: Huw Merriman (Chair); Simon Jupp; Chris Loder; Karl McCartney; Grahame Morris; Gavin Newlands; Greg Smith.

Questions 88–162

Witnesses

[II](#): Adrian Jones, National Officer for Road Transport, Unite the Union; Kieran Smith, Chief Executive Officer, Driver Require.



Examination of witnesses

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Witnesses: Adrian Jones and Kieran Smith.

Q88 **Chair:** Thank you for your patience. I am sorry that we are late. Please introduce yourselves for the record.

Kieran Smith: Good morning. I am the CEO of Driver Require Ltd. We are a specialist driving agency.

Adrian Jones: I am the national officer for Unite the Union with responsibility for road transport logistics.

Q89 **Chair:** Good morning to you both and thank you for being with us. We have obviously heard from representatives of the industry. Now, we look to you to represent the drivers directly and, in your case, Kieran, the recruitment of drivers.

I will open by asking: why does the UK not have sufficient HGV drivers to work in the road freight supply chain? Kieran, we will start with you as you are responsible for bringing more into the market.

Kieran Smith: I would argue that it is primarily an issue of retention. In my view, we have had a very effective recruitment process and flow for the last 10 years. The issue is that too many people are leaving, and predominantly in the under-45s.

Q90 **Chair:** Why are they choosing to leave the profession?

Kieran Smith: Conditions and pay.

Q91 **Chair:** In that order?

Kieran Smith: Pay and conditions.

Q92 **Chair:** Are you seeing issues around retention with competition from other sectors with better pay and conditions, or is it more nuanced than that?

Kieran Smith: I would say that what is happening is that people are making life choices. This is, to some degree, anecdotal and it is hard to prove it. I would hypothesise that what happens is that people come in at an earlier age, at a younger age. They then decide that they wish to create a family and start a family. The nature of the job is that the majority of the hours are antisocial and unpredictable. That is the hardest thing. We are in a double-income culture now in a family unit. You can only have a double income if you have predictability for both parties to be able to make their plans. When you get to a point where you wish to start a family you end up with a bit of a conflict because the wages to date, up until this year, have not been sufficient for a driver to be the primary income earner for a family unit.



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I would argue that you get to a point where they make a decision and think, "There is the inconvenience, long hours and unpredictability. I can take a pay drop, go into the warehouse and earn slightly less, but my partner can now earn a double income because they can attune their lives to mine and suddenly our family income has increased to a level that is beneficial to the family unit as a whole."

Certainly in the statistics, we have seen the majority of the churn. In fact, there was more churn in the under-45s than there was total churn in the sector. In other words, people were joining the over-45s to offset a larger churn in the under-45s.

Q93 **Chair:** Adrian, can I make some of those points to you as well? What is causing the shortage of HGV drivers?

Adrian Jones: In the last session Duncan mentioned the lack of respect. That is where we have got to with our membership in the discussions with our membership over many years. Within the industry there is an almost total lack of respect for the job that drivers do. That means different things to different people. It can be in pay and conditions. It can be in the facilities that drivers are offered. It can be the equipment that drivers are expected to use, the job that they are expected to do and the way that they are treated by members of the public, other road users or us, as customers.

It was interesting to listen to the last session. Some really poignant questions were asked, which I absolutely welcome. The representatives that we have already heard from represent the employers, as was very astutely pointed out. It is those employers and those distribution centres—the DCs—where drivers are kept waiting for hours. They are put into a drivers' room. I have literally been into a retail distribution centre and asked to see the drivers' facilities. Their own drivers' facilities comprise a great room, comfortable seats, screens up, vending machines and access to a canteen. It is great. If I ask about the goods-in drivers—these are external drivers, not directly employed—it was a room a quarter of the size of this, next to a stinking toilet. There was one vending machine, hard plastic chairs and any female drivers had to ask to use a toilet and be escorted upstairs.

If you are talking about why people are leaving the industry, it is all of those things. How do we deal with all of those things? We cannot do that in isolation. The reason why we are sat here today is we have come to the edge of a cliff, but it has been a really long journey to get to the end of the cliff. Like all of us, we have probably sat and read through the last time we met in 2016 to discuss these issues. To be perfectly honest, there is a phrase we use within Unite, "as read". There is the report. That is what needs to be done. On 1 February 2016 all those issues were there. There is no alternative; we now need to make some changes.

Chair: We would be really keen to hear your proposed solutions, as well as the actual issues. I roamed straight into the cause of the driver



shortage. I should have asked about the scale of it. I will ask Chris to do that because he was also going to talk about the causes.

Q94 **Chris Loder:** I want to ask you both, to what extent do you feel that the driver shortage is through individuals' choice—drivers' choice—or do you think this shortage is as a result of commercial decisions of employers?

Kieran Smith: It is entirely an economic situation. We have a highly fragmented haulage market. Over 50% or 60% of the market have less than 15 units. Essentially, there is lots of competition with very powerful, consolidated buyers dominated by the grocery sector and the high street retail sector, as well as construction.

Essentially, what is happening is that you have very aggressive, fragmented hauliers fighting for the business and very strong buyers pushing those rates down. When you consider that labour, as in predominantly drivers, represents between 30% and 60% of the cost of their haulage services, by definition what are they going to do? They are going to push down on conditions, which cost them money, and wages.

Therefore, we have seen repressed driver salaries for the last 10 or 20 years. Certainly, the progress has been lower than inflation.

Q95 **Chris Loder:** Are you thereby suggesting that part of the reason that individuals have decided not to stay in the industry is that employers have allowed their salaries to get out of sync? I think you used the term "repressed". Is that one of the key components of why they are deciding not to stay?

Kieran Smith: It is commercial forces. When you can engage a workforce at a certain price, you do it. It is only when you have a critical shortage or a shock to the system—

Q96 **Chris Loder:** Is your belief that that critical shortage has been brought about by Coronavirus—

Kieran Smith: Correct.

Q97 **Chris Loder:** —or leaving the European Union—

Kieran Smith: No.

Q98 **Chris Loder:** —or any other things?

Kieran Smith: I do not believe it has been brought about by leaving the European Union. Yes, there was probably a 10,000 to 20,000 impact on the total workforce, but the majority of it was down to the over-45-year-olds leaving in their droves. We are talking about over 50,000 who left at the beginning of this year in Q1. That is what triggered the crisis.

The think-tank that we have been operating estimated that there would be around a 20,000 to 30,000 drop in the number of drivers caused by IR35, Brexit and other factors. We believe that it was exacerbated to the



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tune of about another 50,000, which eventually took us to a 70,000 shortage. That has then propelled the symptoms that we are seeing now.

Q99 **Chris Loder:** Thank you. Adrian, do you have anything to add to that?

Adrian Jones: Absolutely. As Kieran has said, the sector is very diverse and is predominantly made up of small enterprises. In 2020, there were 81,817 road freight enterprises. There were nearly 82,000 enterprises in the sector. The average size of that is five or six employees. The sector is extremely fragmented. We have very large operations that the previous witnesses referred to, but there is a hell of a lot of small operators.

Q100 **Chris Loder:** To what extent do you think competition for HGV drivers exists, and how much of that, do you believe, is affecting the availability of drivers? In effect, what I mean is the demand and supply of drivers.

Adrian Jones: At the moment it is very high.

Q101 **Chris Loder:** What is “very high”? Is it the demand?

Adrian Jones: The demand and the competition for drivers is extremely high. In the companies where we work with employers and represent our members, we have better terms and conditions than others, and I unashamedly say that, but that still does not stop drivers literally looking over the fence to see what next door are doing and what options are available.

Q102 **Chris Loder:** Kieran, do you have anything to add on that?

Kieran Smith: The evidence of the price increases, the wage increases, demonstrates that there is enormous competition. That is good, because, essentially, it is resetting to the correct level.

Q103 **Chris Loder:** You heard my questions earlier to the first panel about the proportionality of full-time employment versus agency employment. Do you have any insights to offer on the extent to which you have seen, at some point, drivers dismissed or made redundant and their role replaced with agency staff?

Kieran Smith: I certainly have a view on it.

Q104 **Chris Loder:** Has it happened? Do you know that that has happened in the industry?

Kieran Smith: Yes, over the past 10 years probably there has been a trend towards the outsourcing of labour to agency. That has been by some of the very large entities, and for very good reason. The Government and HMRC essentially tolerated the avoidance of tax using IR35 with avoidance mechanisms, basically by a limited company. That meant that if you took into account the tax avoidance effect of about 20% in terms of total cost of agency, using that mechanism, you ended up with a total cost of employment of the agency—in other words, the agency fee—being less than the total cost of employment of the driver as a full-time employee. The result was that it made more sense to



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outsource the standard operations. In fact, in the previous Committee report you said that you had noticed that there was outsourcing of standard operations.

Q105 **Chris Loder:** This is in the eyes of the commercial entity rather than the employee. It was in their interests rather than the employee.

Kieran Smith: It works both ways. As a limited company, you get more net income. As an employer, you pay out less because you do not have to pay the employment costs of employer national insurance and so on. What actually happened was that the market stabilised at a point where the net pay for the permanent workers matched the net pay for the limited company workers and you ended up with a market equilibrium.

Q106 **Chris Loder:** Thank you. Adrian, would you like to add your insights?

Adrian Jones: Yes, I have a slightly different view, unsurprisingly. I will agree with Kieran that over the last few decades there has been a significant move to outsourcing and lots of use of agency drivers.

Q107 **Chris Loder:** On that specific point, do you believe that has significantly contributed to the resilience issues within the sector today?

Adrian Jones: I think it will have been a contributory factor, but you then have to look at the drivers that were used and recruited by labour providers and by agencies. A lot of that, as has already been referenced, was migrant labour that is not now available.

There has also been a change more recently in removing, and rightfully so, the Swedish derogation, so there is pay parity between agency workers and directly employed workers. We very much welcome that. That has made a significant difference.

In more recent times, we see a lot more employers looking to recruit, and rightfully in our opinion, their own account drivers—directly employed drivers, rather than sourced through an agency provider. There just is not that financial benefit to the operator or to the economic employer. A Tesco might be outsourced to a Wincanton. Tesco are the economic employer and Wincanton are the direct employers. There has been a significant move in that, but that whole system was predicated on companies looking for more flexibility and more cost efficiency and doing it cheaper. The race to the bottom has been at a frantic pace for far too long.

Kieran Smith: I would just confirm what Adrian was just saying there. To make sure we are all clear, we were supposed to have IR35 implemented last year and it was postponed to April of this year. In that timeframe we saw the large companies very much in-source and move back to a PAYE model. When the IR35 reforms were rolled out in April of this year, we saw an immediate 20% increase in agency costs and therefore agency fees because we had to match to parity. It was the synchronous implementation of the parity AWR system along with the



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reform of IR35 that pushed the wages up. That was a tremendous impact on overall wages. It has also corrected the market to a very large degree.

Q108 Chris Loder: I want to ask you briefly about employment conditions, and specifically how you think they should be improved. We have heard lots of fleeting comments about, "We need to make them better and do this and that," but tangibly it is very difficult to get anyone to say, "This should be improved, and this should be changed specifically," other than to have a pay rise. Can you help us with specific insights into what should be done?

Adrian Jones: I will do my best to give clear and concise answers.

Q109 Chris Loder: I should say that we can include employment conditions and facilities.

Adrian Jones: Because it is all about that. Within Unite earlier this year our drivers put together their driver manifesto, which included seven key points that we see need to be changed. CPC is one of those changes; pay; and the transparency of the OCRS system, the operator rating system so that drivers can see the repute of the people that they are working for. There is a number of different things that need to be done, but fundamentally in a sector with 81,000 different enterprises—the majority of them very small and un-unionised—there is such an element of dog eat dog and undercutting in the third-party logistics world that the one flexible thing that employers and their customers, the retailers and the manufacturers, look to change is the cost of the driver in one form or another. We can only address that if we have some form of establishing standards for pay and conditions that is sector-wide.

Can we do that across the whole of HGV drivers, the commercial drivers? No, we cannot. Someone who delivers aviation fuel is very different from someone who delivers parcels, who delivers milk, who delivers chemicals, cars, car parts or pizzas. They are very different. What we can do is look to establish standards across the industry and standards on facilities.

I am sure we will get on to this, but the Government's £32.5 million for existing facilities is putting money into the pockets of private companies who are already letting professional drivers down. What we need to see are proper facilities supplied, as in other countries. If we look at the port of Rotterdam, the facilities for lorry drivers are provided by the port authority. They are secure and somewhere where drivers can get out of the cab. They can have a shower and get something to eat, with proper, clean toilets. They are maintained by the port. That is the public and private sector working together.

That is what we need to see, but we need to see standards across the piece. If we are talking about pay, we are seeing—and long overdue—significant increases in pay. Unite is negotiating significant increases to rates of pay, but far too many companies are looking at applying a retention bonus or a recruitment incentive. That is, "Okay, we will give



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you a grand if you stay until Christmas," or, "We will give you five grand if you stay until March," with the hope and the expectation that that will be able to be removed when the equilibrium, as they see it, is maintained.

Q110 Chris Loder: Who do you see is responsible for addressing facilities? Do you see it as the employers, the National Highways or some other part of the Government?

Adrian Jones: There are different parts. I think employers have a massive role to play. I welcomed the question—I think it was from yourself—in the previous session. Employers in this sector are not providing facilities for anybody other than their own. We have drivers turned away from other transport companies, saying, "You cannot use these facilities." It is against the law now anyway, but unfortunately it still happens.

What we need to see—it is a bit late even now, unfortunately—is a massive increase in speculative development in warehousing and logistics. If you go anywhere in the country you will see massive sheds being put up, but nowhere for drivers to park and no facilities. In the DCs themselves, yes, they will be there, but the model is, "You turn up and we will tip you or load you, and then you are out the door because I need you to turn around quick." You have a statutory obligation to take a break, but far too many employers are saying, "That is not our problem."

Q111 Chris Loder: You are basically saying that it is the employers' responsibility as well as that of National Highways. Is that correct?

Adrian Jones: Whether it is National Highways, the Government certainly have a role to play. I would agree with both Elizabeth and Duncan in the previous session that the planning rules need to be looked at. I think where we have developments and planning applications on developments, one of the things that need to be included as a compulsory element is facilities for lorries to be able to park.

Q112 Chris Loder: I am going to move on to Kieran just to ask the same question. Do you have a view as to how specifically terms and conditions and facilities for drivers can be improved? I mean, specific tangible things.

Kieran Smith: In my view, it is about secure parking facilities. To reiterate what Adrian has just said, it is about standards. I have asked around, and every time I ask people who are supposed to know about this stuff they are unaware of any standard. I am unaware of any standard apart from the HSE standard, whereas if you look at the European connecting Europe facility, where they recently announced €176 million or £160 million—which is not a lot when compared to the £32.5 million—they tied that to the standards. It would be a grant to private enterprise, which works perfectly well, but it is committing them to standards.



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Q113 **Chris Loder:** You say that and it sounds wonderful, but when you have some organisations that are declaring considerable profits why is it the taxpayers' responsibility to deal with that and not the commercial organisation that is declaring billions in profit?

Kieran Smith: It is the taxpayers' responsibility to set standards, is it not, in the same way as we do with HSE?

Q114 **Chris Loder:** Indeed so.

Kieran Smith: If we could at least do that, and set a level that is required and then, if you are going to grant money to institutions on an entrepreneurial basis to set them up, keep them to those standards.

Q115 **Chris Loder:** I think you are wanting the Government to mandate very clear minimum standards for rest areas.

Kieran Smith: Yes, absolutely, and, as Adrian said, very clear planning requirements. Again, on the continent, if you are going to build a very lucrative retail park or commercial park, you must put in sufficient secure parking with security and with facilities.

It comes back to road pricing as well. We tax but we do not use that tax to invest in the provision of secure and decent facilities with amenities. If you look at France, where you have a toll system, when they build a toll road there are requirements that they have aires de repos every so many kilometres, and on each of those aires de repos you must have a toilet, it must be functional and it must be clean. We do not do that. Yes, there is a Government obligation because you are taxing us.

Q116 **Chris Loder:** You would love us to put in our report that we think the Government should mandate minimum standards. Am I right in saying that?

Kieran Smith: I think so, yes, and also planning standards.

Adrian Jones: I would agree with that, but those standards have to be done in clear partnership with drivers. There is also a way that we want to see those standards maintained. If you have standards, how do you enforce them? We all know what a decent toilet should be, but our drivers are faced with substandard toilets every day. What we want to see is a panel of experts with ex-drivers. We have them in Unite. We have plenty of drivers who have unfortunately left the industry for one reason or another. They know when facilities need to be accessed and know what those standards are. We can hold those providers to the agreed standards.

Q117 **Chris Loder:** Thank you. Can we briefly cover what the sector is doing to fix the driver shortage? We have talked about the issues and why we have them, but in terms of fixing and getting better it is important.

What, specifically, could be done by individuals and/or organisations to deal with this shortage? I know that we have talked about pay and



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conditions, and so on, but specifically what can be done? I think it is more than just literally the pay packet.

Kieran Smith: There is a lot happening already. It shocks me that throughout this whole thing nobody has mentioned SNAP and the Transport Association. They are two initiatives that have been going for quite some time. You are aware of them? They are collaborative parking and amenity sharing between different haulage companies. If you look on their web pages you will see a map of all the different locations, along with the public facilities. As a truck driver, if you are signed up to that network, you can then stop and use their amenities. You will have safe parking there.

I know for a fact that over the past year and a half, during the Covid crisis, several operations have opened up their doors, even when they are outside those particular networks.

What we are also seeing is a lot more flexibility and openness by employers to accommodate different shift rosters and hours.

Q118 **Chris Loder:** Can I briefly reset? What I am asking is: what else can be done other than what is being done?

Kieran Smith: They can do that better. They can do more of that.

Q119 **Chris Loder:** So more of the same, but in terms of specific—

Kieran Smith: You say, “the same”, but I do not think it has been recognised.

Q120 **Chris Loder:** Are there any specific things, then, that you want recognised for our purposes that are being done but we do not know, it is not talked about or the press do not seem to cover?

Kieran Smith: You touched on whether overtime is cheaper for offsetting. I think what we are going to see are natural market forces at play. As wage rates go up, people are going to become more inventive and will go back to the last century, offering a base rate with a higher premium for antisocial hours.

Q121 **Chris Loder:** Would you agree with that in terms of the offsetting? For example, do you believe that there is a vacancy gap maintained through overtime?

Kieran Smith: I would not call it a vacancy gap. What I would say is that over the past 20 years, due to the pressures on the costs of labour and because of the use of outsourcing to agency because of the IR35 symptoms, what has happened is that you have had a gradual concertinaing of the rates to one standard rate, with only small variables for night and overtime. Night and overtime became very much on par with base.

What is going to happen now, and what we are seeing happening—it is only anecdotal at the moment—is that the base rate is not increasing as



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much as the antisocial rate is increasing, and harder work is being compensated to a greater degree than easier work. We are seeing the differentiation between the two, and again it is about allowing market forces to essentially roll out and take their effect. What will happen is that that will make overtime less attractive. Therefore, transport operators will start to curtail overtime and bring in new drivers at base rate.

Adrian Jones: It is not really an overtime issue. Overtime is a concept in a contract of employment.

Q122 **Chris Loder:** The specific question was really about what more can be done by businesses and individuals to sort this issue rather than just go off on that tangent. Can we just cover that?

Adrian Jones: Absolutely. One thing that employers that operate as a business need to do is to stop looking at the law in relation to drivers as a target rather than a maximum. A driver can work a 15-hour day. If I work a 15-hour day I am knackered, let alone sleeping at the side of a road in a tin can and then doing another 12 or 15-hour day the next day. For far too many drivers their own employer will plan them for a 15-hour day and then say, "Right, you have nine hours in your cab." The response when the driver pushes back on that is, "No, you can do it, so you will." Even now, and even when there is a recognised shortage of skilled drivers, that is still happening.

There needs to be a clear culture change in the way that drivers are treated and respected. We need to look specifically at the laws that apply to drivers. Drivers are monitored every single second of their working day. Every single second they are accountable. But they are not just accountable for the tachograph rules. They are accountable for working time rules. Sometimes those conflict. In a survey of our members, what is the single most common infringement that drivers are pulled on? It is not even a driving infringement; it is a working time infringement, which is six hours.

We want to see a complete review of the rules that apply to drivers, so that we can get a simple, single standard that drivers can apply. We can then start to address the issues around that maximum being a target rather than a safety safeguard.

Chair: We have some really good evidence out there in terms of potential recommendations, but I sense that we will get even more decent evidence if we carry on asking the questions before we try to summarise that.

Q123 **Simon Jupp:** Obviously, I mentioned in the last session that employers in my patch have had to put up wages quite considerably in recent months. Do we know what the average salary for a driver is now in comparison to what it was pre-pandemic?

Adrian Jones: The number of times I have been asked that question in the last few months. It is extremely difficult. I am accompanied by a



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colleague today who is a retail driver from Northern Ireland, so he is very interested in the earlier debate. He is leading for us in the discussions on the CPC review. It is really difficult because you cannot compare somebody who delivers cars with someone who delivers bricks.

Q124 **Simon Jupp:** Is there regional disparity, though?

Adrian Jones: There is regional disparity, absolutely. We will see employers with a national fleet applying different rates and different increases in different ways in different places. We will absolutely see that.

Elizabeth referenced that the survey with the Logistics UK members was averaging a 10% uplift in pay. If we look at where RPI is at the moment—and RPI is the right inflationary measure, by the way—that is a 4% increase and not a 10% increase. A pay increase is only a pay increase when it is —

Q125 **Simon Jupp:** There are lots of either “welcome back” bonuses or “welcome to the industry” bonuses. I know of employers who are giving, for example, up to £5,000 to welcome new drivers to the industry, or even to cajole people back. Is that something that factors into your mathematics?

Adrian Jones: We do not count that as pay because it is not pay. It is a one-off payment.

Q126 **Simon Jupp:** It is helpful though, is it not?

Adrian Jones: Of course. Money in your pocket is always helpful, is it not? That is what I say to employers. If you want to put money in our members’ pockets, go ahead and do it, but that will not resolve the low-pay issues. If you offer £1,000 or £5,000 to get somebody in, and there are strings attached to that—you might get that in instalments or over 12 months—you do not get it on day one and then leave on day three; of course not. It is not just about that.

I think you, or one of the panel, spoke about a constituent on £11 an hour. That is not an uncommon rate of pay for a professional HGV driver. It is not uncommon.

Q127 **Grahame Morris:** Can I just follow up on that? My colleague Chris Loder asked Duncan Buchanan this question earlier. He was a little bit sensitive in relation to the rates of pay over the last five or 10 years. It is certainly true that there have been some terrific awards in recent times that Unite have secured, but that is against a background of a number of years of decline in real incomes. Is that your experience across the industry?

Adrian Jones: Absolutely, spot on. We have seen headlines saying that John Lewis lorry drivers are on £100,000 a year and all of that stuff.

Simon Jupp: I am in the wrong job.

Adrian Jones: Trust me, you are not. The reality is very different. One of my shop stewards, who was in pay negotiations earlier this year,



secured a good deal for our members, as you would expect. He, himself, applied for a job. He saw it on a website and applied for a job. It was £62,000 a year. As soon as he started looking at what you had to do to get that £62,000 a year, he realised he would be out every night, maxing his hours every single week. He would be absolutely thrashing the system to do everything and maxing out every tax-free allowance that he could, doing everything. Yes, there are jobs out there all the time in any sector where you can earn big money, if you are prepared to throw yourself in front of a bus almost.

Q128 **Simon Jupp:** Kieran, is there anything you want to add to that on the wider question about salaries, wages and what they look like now in comparison to how they looked before?

Kieran Smith: Certainly from the agency side, we have seen increases of about 20%. I do believe that that is filtering back into the permanent sector, into permanent employment. The Logistics UK survey probably gives the best estimate of where that is right now. If you say it is an average of a 10% increase, then, as we just said, there are regional and sectoral disparities or variations. You can expect in some sectors for it to be going up by 20% to 30%, as in the grocery sector, and in others it stays very low. Again, it ties into how difficult the work is and the difficulty of the hours as well.

Simon Jupp: One of my colleagues, Karl McCartney, is jumping the gun at this point. I can sense it.

Q129 **Karl McCartney:** Thank you. It is because we are talking stats at the moment without actual figures. You mentioned the job was advertised for £62,000. In reality, what would a normal driver earn in that role? Would it be £40,000 or £45,000?

Adrian Jones: A normal driver?

Q130 **Karl McCartney:** In the role that you mentioned.

Adrian Jones: I cannot remember what that role was.

Q131 **Karl McCartney:** If he did a normal job.

Adrian Jones: Let us talk about a retail delivery driver, delivering to supermarkets and shops. You are probably talking between £30,000 and £35,000, depending on what the company would be, as a broad—

Kieran Smith: Pre-pandemic.

Adrian Jones: No. I would not say that is pre-pandemic.

Q132 **Karl McCartney:** So what would somebody just starting out driving start out at? Would it be £25,000 or £30,000 or less than that?

Kieran Smith: For a class 1, as in articulated lorry, we would be offering a base between £14 and £16, heading up towards £18 an hour. You can work that out. It is heading towards £45,000 to £50,000.



Q133 **Karl McCartney:** Somebody with 10 or 15 years' experience?

Kieran Smith: No.

Q134 **Karl McCartney:** No change?

Kieran Smith: Ten to 15 years' experience as a lorry driver is arguably not much different from somebody with two to three years' experience in reality. It is knowledge of the roads and so on.

Q135 **Karl McCartney:** You do not get consummate pay rises through having had that experience.

Kieran Smith: No. You will get an improvement in salary for having an ADR certificate, for example, for hazardous goods or for—

Q136 **Karl McCartney:** How much would a petrol tanker driver earn?

Kieran Smith: They are the ones who are the kings of the road. They had the best salaries before. Arguably, the reason we had the crisis was grocery companies and high street retail companies started paying more than them. What did they do? They thought, "Well, I am going to go over there." Of course, because you have PDP, petroleum distribution passports, and—

Q137 **Karl McCartney:** What would their average annual salary be, roughly?

Kieran Smith: I do not know, to be fair. I thought it was in the £50,000 to £60,000 range.

Q138 **Karl McCartney:** £55,000 or £60,000?

Kieran Smith: That is what I thought it was.

Adrian Jones: It is a highly unionised sector where we get deals. There is a sectoral approach—

Karl McCartney: I am just trying to get some actual figures.

Q139 **Simon Jupp:** If I may change tack, in this meeting we have discussed pay and conditions—both in the terms of the contract but also the literal conditions—and you have given some powerful testimony, Mr Jones, about the way drivers have to stay in very small rooms in some places or by the road. I mentioned my hatred of the A303 earlier. I got that out of my system and I am very glad to have done so. There are the antisocial hours.

In the first session, parking and congestion were mentioned. I am a frustrated driver on a regular basis because I am stuck in traffic. Traffic continues to increase, and we have had a car-led recovery from the pandemic, which means that more people are not using public transport in many places but are using their car again. They have reverted to doing that because we were told for ages that public transport was dangerous, wrongly, by various different health professionals.

In particular, congestion must be a really big downside to the job. Who



wants to sit in a traffic jam for an hour on a motorway or any other big A road? It is just not very appealing, is it, Mr Jones?

Adrian Jones: No, it is not, but to be perfectly honest it is one of the parts of the job that comes with it, and always has done. It is one of the unplanned elements. You cannot say, "I'll be home at 10 o'clock," or, "I will finish at this time." You can have a guess, but professional drivers are ultimately very patient and understand that the safety of themselves and other road users is paramount.

Q140 **Simon Jupp:** What about the impact of different transport policies, as they have evolved over the last 10 years? We are talking about low-traffic neighbourhoods. We are talking about active travel schemes in and around cities and places like that. Do you think that has exacerbated the frustration amongst drivers and your members?

Adrian Jones: To a certain extent, yes, very much so. We absolutely acknowledge designated cycle paths, for example. We understand that for the safety of all road users and for cyclists we want to promote environmentally supportive modes of transport. But if you are driving a 40-foot lorry the recent changes to the Highway Code—for example, with priority for cyclists and other road users so that it is the motorist's responsibility—it puts even more pressure on to the driver.

Yes, there are certain policies that are having a detrimental effect—and I use that word cagily—for professional drivers. Ultimately, the drivers will deal with that. That is what professional drivers are there for.

Q141 **Simon Jupp:** It does not help, does it?

Adrian Jones: Of course, it does not help, but as long as drivers are paid appropriately, if it takes me two hours or eight hours to get to my destination, that is what it takes me. That is my job, to get there safely.

Kieran Smith: I do not have a particular view on that. The only thing I can add is that, in addition to being held up in congestion on the roads, they are very often held up for longer at the client sites when they arrive. That is the most frustrating thing of all. At that point you put it down as POA. It is not driving time, and there are all sorts of consequences. Often you do not have the facilities, as Adrian was saying.

At the end of the day, if the wages go up then, by definition, the driver becomes more valuable, in which case having them sit around for four hours because whichever company will not unload them starts to become more expensive and therefore the negotiation between the haulier and the customer changes. Hopefully, they start to make that more efficient and give priority to the driver rather than to the warehouse.

Simon Jupp: I am conscious of time, so I will hand back to the Chair.

Chair: Thank you very much, Simon. Before Greg Smith takes us into the area entitled "the role of Government", Grahame Morris is going to touch on recruitment and retention.



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Q142 **Grahame Morris:** Very briefly and in particular, who do you think should pay for driver training? I also wanted to say to both Kieran and Adrian, thank you very much for your written submissions. It is very helpful to our deliberations.

On that specific issue, I think you heard some of the responses from the employers' panel earlier. What is your view?

Adrian Jones: Vocational training should always be paid for by the employer. In a sector where there is a lot of genuinely self-employed drivers, obviously that falls to them as being self-employed. If we are talking about the CPC—certificate of professional competence—then that should absolutely be paid for by the employer, and it should be done in work time. We have drivers who are told, "It is your responsibility; you will do it at the weekend; and you will pay for it." Why would you do that? Think of another profession where you are told that.

Q143 **Grahame Morris:** And that is an impediment to recruiting more people into the business?

Adrian Jones: Absolutely.

Q144 **Grahame Morris:** Do you have the same view, Kieran?

Kieran Smith: At the end of the day, yes, of course it should be paid for by the employer. What I would say, though, is that in the past when standard operations were outsourced to agency, by definition you also laid off all your industrial relations costs, your HR costs, your training costs, your workwear costs and everything. That is changing. It has all gone back in-house. I think we are back to a normal standard operation.

Q145 **Grahame Morris:** I would like to ask one other unrelated question that arises from an earlier answer. You were talking about a good example being the port of Rotterdam with secure parking, good facilities for drivers for rest and to have something to eat and so on. In the lack of progress that we have had since the last Select Committee report, both you and the employers have said that there is a role for Government in planning in particular, if not in funding these facilities.

We have this new dimension of elected mayors. Is there any forum where the industry or the sector could approach elected mayors and say, "Look, in incorporating your new infrastructure, will you please address this deficiency?" Is that a new dimension that has been explored?

Adrian Jones: We have had discussions with elected mayors over the last few years. We have not really made much progress. We have made as much progress as we have with national Government.

Q146 **Greg Smith:** We have heard a lot throughout this session that has been very helpful around Government intervention and things that the Government can do. I really want to probe your thoughts on, first, very much an in-principle question of how much is this the Government's problem and how much is it down to the sector? I guess within that we



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can draw together some of the things you have already said and hopefully bring in some new ones. The United Kingdom is now a sovereign country again, free to set our own regulations and laws and is not hampered by regulations from regional organisations.

What are the most effective things that the Government have done already. Is it drivers' hours? I know there has been some controversy on safety points around that. Is it cabotage rights? What has worked, what has not and what more can the Government, as opposed to the sector, do to support the industry?

Adrian Jones: I think you have already heard from the representatives earlier about the issues around testing and licensing. That is fine. That is there and that is happening. Getting people through testing is one thing, but we need to fill the hole in the bucket and stop people falling out. We do have some concerns about the changes to the standards of testing. Reversing is not now part of the test, but it is part of the training. That seems a bit ludicrous to most drivers out there. We do have concerns around that.

On the steps that the Government have taken, the relaxation of hours is a bit of a moot point now, to be perfectly honest. Even though we are into probably month 20 of the last 24 months of a relaxation of drivers' hours, as of yesterday, from figures from the DfT, there are 39 operators who have confirmed that they are using that relaxation. Remember that I talked about nearly 82,000 enterprises in the sector. There are 39. It is absolutely irrelevant to the current situation.

Grahame Morris: And it is dangerous.

Adrian Jones: Of course, it is dangerous because of the cumulative effect. Drivers work long hours anyway. We have drivers that now, without a relaxation, will be working 60, 70 or 80 hours a week. Kieran referred to POA—periods of availability—but we need to get rid of it because it completely skews the whole purpose of safety rules, which are about managing the amount of hours that drivers should be working.

Q147 **Greg Smith:** I take you at your word in what you have said on that, but from an evidential perspective, so that we can come to the best recommendations and conclusions within this report—and I accept a limited number of operators have taken on board some of the relaxations—how many incidents have there actually been as a result of those drivers changing their hours?

Adrian Jones: We do not know, and that will not be recorded.

Q148 **Greg Smith:** There is no data at all?

Adrian Jones: There may be data available at some point in the future, but at the point of an incident—an RTC, for example—will that be recorded? It is one of the things that we have discussed previously. DVSA are the standards enforcement agency, but police investigate road traffic collisions.



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Q149 **Greg Smith:** Anecdotally, from a union perspective, I am pretty certain that if there had been certain incidents and your members or members of other unions had been involved in them—this is what they pay their money for—they would have been on to you pretty quickly.

Adrian Jones: Anecdotally, we have not had any reports. We have made a freedom of information request to the Department for that data, but we do not have that data available.

Q150 **Chair:** Evidentially, how can you say it is dangerous then?

Adrian Jones: Because if you are extending the time that somebody is working in a safety-critical role, that is very clearly going to be dangerous. The accumulated effect of fatigue on a driver, if you are talking about congestion, long hours and all the pressures that drivers are under, and if you are doing that for even longer over a period of time, that will have safety connotations.

Q151 **Chair:** We are really focused on the evidence here and not picking on it on that basis. That presupposes that the absolute max was being operated at previously, and so then you go over that. That would then be proof. I can see anecdotally why you might say it is dangerous because you are going that way, but I cannot see how you can prove that evidentially.

Adrian Jones: The only evidence that would provide it will be by cross-referencing road traffic collisions with the hours that professional drivers are driving. That is not done. It is not measured as a factor, as far as we are aware.

Q152 **Greg Smith:** That is fair enough. Kieran, do you want to add anything on the base question of how much of this is Government or how much has worked or has not worked?

Kieran Smith: The testing initiatives have definitely worked. We saw record months in September and October of almost a 50% rise in the total number of tests. By definition, the flow in is working. The evidence in the report that I have given you indicates that it is the critical below 45-year-old sector that we are really looking at. That is the bit that takes the brunt of the harder work and also it is the area where we get the most retention problems. The indications in the Q3 stats from the ONS quarterly level four survey are that we lost pretty much everybody who came in in the third quarter, even despite wage increases. I would argue that it is always going to be about retention.

What can the Government do for retention? It goes back to planning and investing strategically in roadside infrastructure. It goes back to making sure that, now that we are out of the EU, let us reform our CPC, drivers' hours and working time rates. It is mind-bogglingly complex. You almost need a degree to be able to work out some of the more esoteric combinations of working time and driving time. You are supposed to do that while you are driving a 45-tonnes truck at 56 mph, going around



hazards like roundabouts. How are you supposed to do that? It would be a perfect opportunity to simplify the hours.

The other thing to do—and I know this is probably very radical—would be to look at the benefits. On the continent you are not allowed to drive an LGV on Sundays. I cannot imagine that we are ever going to get that far, but that enforces a break for every single LGV driver on the continent every week. At the moment, we have European regulations that we have adopted and taken on but we do not have that rule about weekly working. Drivers can really and truly be exploited and pushed to the limit in their daily driving. Reforming that will have a fundamental impact.

Q153 **Greg Smith:** That is enormously helpful. From my perspective, as you have rightly said, we have left the European Union and that gives us great freedoms to shape our own regulations to suit the needs of the United Kingdom.

I appreciate that you might want to write to us, and perhaps it is in the presentation that we were given just before this meeting started, but can you give us some specifics about how those reforms would best be done?

Kieran Smith: I certainly do not have an opinion on that. Other expert people have much better opinions on that than I do. I would actually defer to the representative bodies, the RHA and Logistics UK on that one.

Q154 **Greg Smith:** Adrian, do you have a view on that?

Adrian Jones: Yes, absolutely. It is very complex, and I could quite happily bore you with all the detail. It is things around the confliction between four-and-a-half hours' driving time and six hours' working time. That is the biggest contentious issue.

We have issues around the derogations that are built into the current rules. We have a derogation for night drivers. The law says that night drivers can only work for 10 hours, but you can have a derogation out of that. It makes a mockery of it.

On the reference period, drivers should only work an average of 48 hours over a reference period. The standard statutory period is 17 weeks, but again there is a derogation, and you can extend that to 26 weeks to make that a longer period. Drivers can work 60 or 70 hours at the beginning of a period and less towards the end. We can look at all of these variations.

We just need to scrap periods of availability. We need to get rid of POA and pay people properly. There are all of these specific issues. Unite, the trade associations and the Department did look a few years ago at what we could do. In the confines of the European legislation it was found that that was too difficult, so I think there is a will across the industry from drivers and operators to look in detail at what is the art of the possible in the statutory obligations of drivers.



Greg Smith: That is great. If you do have further thoughts, and I am mindful of the time, I think the Committee would be interested in the detail of what reform we can make, what regulations make no sense that we can get rid of and what regulations potentially need tweaking for the UK market.

Adrian Jones: Absolutely. We can forward that.

Q155 **Greg Smith:** At the very end, I will change tack slightly and bring up a subject that is important to my constituency but has an impact nationally. Returning to the driver shortage question, how big an impact is it when Government turns up with massive great infrastructure projects that require huge construction staffing and so on? I am talking about HS2 in particular, but there are other projects available. In my constituency alone there are 600 HGV movements a day, on a quiet day, connected to the construction of HS2. How big an impact have big projects, led by the Government and funded by the taxpayer, had on disrupting other supply chains, with HGV drivers going into fuel runs, delivering to supermarkets or moving freight about and being abstracted by these huge, great, well-funded and taxpayer-backed infrastructure projects?

Adrian Jones: To be honest, I am not sure. I think there would need to be a much more detailed look at the total number of drivers. We do not think there has been a huge shift. There are huge numbers of drivers. Hinkley Point is another example. The amount of supply chain workers, whether they be drivers or others, on those projects is huge. We welcome that. That secures employment and, usually, decent-quality employment.

Has that had a drain on other sectors? I do not believe that it will have done because all the evidence is there to show that, actually, the numbers have decreased. The actual number of drivers has decreased and the number of drivers required has gone up, so I do not think it has been a drain on other—

Q156 **Greg Smith:** But if the numbers have decreased and the state comes along and says, "We are spending £100 billion on this and are going to need thousands of movements a day," there is going to be a shift, is there not?

Kieran Smith: But it is over a long period of time. There are large infrastructure projects going on all the time. There was the A14, the M1 and HS2. You see tipper drivers especially—these are the sorts of guys who do all the earth works—moving around. They tend to be people who are happy to move around and live in a caravan. They move with the project. It is very hard to answer that one; it really is.

There are two other aspects, if I could volunteer them, that I think the Government could be looking at. I make the statement in the presentation that I have given you, which I invite you to read. In fact, there is a misconception that foreign labour has in some way stolen our jobs and helped to reduce wages. Both of them are completely untrue. Foreign labour only ever got to 40,000, so marginally over 12%. Quite



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frankly, it is still here. We are only 7,000 down now relative to the beginning of the pandemic. In other words, they are not foreign labour. They are, in fact, settled or pre-settled labour.

The reality is that every Christmas it went up by about 10,000 and went down again in January and February. One of the things that this did—and I have plotted it and done the net; it is all in there—was to demonstrate that in fact the foreign labour cushioned any substantial increases or decreases in demand to the tune of 40% to 50% each time.

Given the inflexibility of the immigration system now, we have to find that flexibility within our own workforce. It may be possible, given the higher rates of wages, but we are going to find that out. The reality is that we are a cyclical sector. It does depend on what different industries and sectors are doing and their demand. We are going to have these peaks and troughs, one of them being Covid.

Essentially, by cutting off that source I do believe that we have cut off a level of flexibility. It would not be contradictory to our Brexit strategy to actually exercise some level of flexibility with regard to strategic labour that is not in any way detrimentally impacting the sector, which I do not believe it does.

The second thing we have done is to implement IR35, which albeit painful and expensive to the operators, and unwelcome, has brought a welcome change, theoretically to level the playing field and to bring wages up to the right level. It has had a cathartic effect on our sector, along with the AWR parity legislation, but it is not being enforced. Let us put it this way: it is not clear. Clarity is required as a matter of urgency to convey that to the community and specifically to the driving and haulage sector community, so that we all know where we stand. At the moment it is very evident that some large companies are taking one view and others are taking another. Some are saying they are within IR35 and others are saying that they are outside. The discrepancy is substantial in cost of labour to those companies, and those who stay within are going to be at a financial disadvantage. The sooner that can be resolved and clarified, the better. That is a Government and HMRC responsibility.

Greg Smith: I hear that very clear. That is something that we do need to reflect on within the report that we produce. Thank you very much.

Q157 **Chair:** Thank you. Wrapping up the evidence you have given, with perhaps a couple of additional points first, is the DVLA's and DVSA's performance in training and licence processing getting better?

Kieran Smith: I hear so, but it is only recent. Again, anecdotally, I do believe that the processing of medical renewals has been a fundamental problem. Although there is something called section 88 that allows you theoretically to permit a driver to continue, hauliers and agencies alike will be very averse to taking that risk because the onus is put back on the provider of the medical certificate and the driver. To be fair, the DVLA



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has not been responsive in confirming that the application has been received. If you cannot do that, you cannot then do it. The delay on the medical applications has been an issue.

Adrian Jones: I would fully agree with that.

Q158 **Chair:** We took evidence from Julie Lennard, chief executive of the DVLA. She said that the average for non-medical vocational licences was 13 working days from April to July. Medical was 70 working days. I do believe that the numbers have got better.

Kieran Smith: That needed to be prioritised as a matter of urgency. It still needs to be prioritised. I do believe that it is being, and I am hopeful that we will start to see an improvement.

Grahame Morris: One of Kieran's slides is showing above 5,000 on page 28 for HGV tests.

Kieran Smith: Yes, that is the testing.

Q159 **Chair:** I will be brief because we are about to lose our quorum. Perhaps I could summarise what has been said. If you look at the industry as a whole, if a big supermarket is going to build a distribution centre, they do not expect the Government to come and build it. That is part of their cost of business to help them expand. Yet those are the noises we hear on additional facilities to make working conditions better for drivers. The industry does not seem to be taking the lead in the same way as it would when it builds distribution centres. Is that fair?

Adrian Jones: I would agree with that. I think we have reached a point where, because of the vital nature of the industry, the Government have to take it seriously and provide the facilities for an essential part of the economy.

Q160 **Chair:** That was going to be my point. Are we looking at a situation where the Government can say to industry, "Right, you start providing this; otherwise we will intervene and either charge a levy and provide it ourselves or we will legislate"—and that might be something that this report looks like—"to have minimum standards," which Kieran mentioned? In that way, better working conditions will be delivered. Do you have a preference of which model should be there?

Adrian Jones: Voluntary or compulsion?

Q161 **Chair:** Yes. Effectively what you are saying—

Adrian Jones: Voluntary has not worked, has it?

Q162 **Chair:** It is similar to how the Government reacted with the sugar tax. It said, "If you do not reduce the amount of sugar in your products, we will start hitting you with a tax or a levy." You could do the same and say to the industry, "If you do not start providing these facilities to make working conditions better and to fix this market, then we will start doing it for you with a levy."



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Adrian Jones: If that had been done after the previous Select Committee report in 2016, it may have made a difference, but we are here because we are at the cliff edge that I referred to earlier. Yes, there are long-term problems that we need to find solutions to. If we are asking this industry to make those changes voluntarily, I think we will be back and saying, "Okay, you have not done it so now let us do it." I think our members would welcome the intervention of Government in forcing that issue.

Chair: You can say, "You should do this, but if you do not do this then this is what will happen, either by legislation, levy or national action." I do not want to put words into your mouth, but it is always helpful for us to summarise the evidence with recommendations.

Kieran and Adrian, thank you so much for the evidence you have given to us. There are some great ideas, as well as the challenges facing members and those that you interact with. We wish you a good rest of your day. Thank you.