

Transport Committee

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

Wednesday 8 December 2021

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[Watch the meeting](#)

Members present: Karl McCartney (Chair); Mr Ben Bradshaw; Ruth Cadbury; Simon Jupp; Robert Langan; Chris Loder; Grahame Morris; Gavin Newlands; Greg Smith.

Questions 208–268

Witnesses

[II](#): Ken McMeikan, Chief Executive, Moto Hospitality; Tim Morris, Chief Executive, UK Major Ports Group; and Matt Rhind, Transport Director, Tesco plc.

Written evidence from witnesses:

- [UK Major Ports Group](#)



Examination of witnesses

Witnesses: Ken McMeikan, Tim Morris and Matt Rhind.

Q208 **Chair:** We now have our second panel. I will come to each of you in turn. First of all, we will go to our online witness. Please introduce yourself with your name, your role and the organisation you work for.

Matt Rhind: Good morning. My name is Matthew Rhind. I am the transport and network director for Tesco.

Tim Morris: I am Tim Morris, chief executive of the UK Major Ports Group, the trade association for large port operators.

Ken McMeikan: Good morning, I am Ken McMeikan. I am the chief executive of Moto, the UK's largest motorway service area operator.

Q209 **Chair:** Thank you all. Matt, what are the most serious challenges facing the road freight supply chain, in your view?

Matt Rhind: It has been a challenging couple of years, some of which we know has been driven by Covid. Clearly, we have seen some issues with driver availability in the country. What we have focused on as a business is just making sure that our customers can access goods in a timely fashion. That has meant that we have had to adapt some of our plans to fit some of the labour challenges that we have seen. I would say that, predominantly, in our road industry it has been driver availability.

Q210 **Chair:** Thank you. Tim.

Tim Morris: It is a bit like Matt It has been a very busy and stretching time for ports. We have been the jam in the sandwich of what has been a very busy and very volatile shipping market. There has been very strong demand for goods that are shipped. On the land side, there are the challenges of moving those goods on and off the port, where the issues about HGV driver availability have been a notable factor in constraining the flow of goods on and off the port.

Ken McMeikan: I think there is a whole myriad of challenges for HGV drivers specifically. We have obviously been going through Covid. I think they have been largely among the unsung heroes of the pandemic, keeping vital foods and medicines moving across the UK.

Back in 2017, it was identified that there was a chronic shortage of dedicated HGV parking spaces for drivers to park overnight, with managed on-site facilities and basic requirements like toilets, showers and access to food and drink. We have made very little progress since 2017. One of the big challenges that we face is planning, whether it is to get dedicated lorry parks or extensions on our managed sites for more HGV parking spaces. Providing facilities in which HGV drivers can work comfortably and have a place to park safely and securely overnight remains one of the biggest challenges.



Q211 **Chair:** I am going to come straight back at you, Ken, because I realise that you have mentioned things that some of my colleagues are going to touch on later. You have recognised initially what the problems are. What are the hold-ups that are not allowing you to address those problems perhaps as quickly as you want to?

Ken McMeikan: The biggest single challenge we have is planning. It is not easy; it is complex. I would suggest that, rather than trying to take too much time today, I should probably provide further written evidence to explain the complexities around it.

At a high level, there is the national planning policy, which has very little reference to the requirements for local authorities with regard to HGV parking and the facilities that should be available for HGVs. Therefore, when we are trying to get extensions to our existing sites or we are looking to open a new MSA with dedicated lorry parking, with all the facilities that a motorway service area would provide, or indeed a new dedicated HGV truck stop, which we are trying to do in Kent at the moment, I believe local authorities do not have sufficient guidance on exactly what the requirement is for HGV drivers, to then make decisions around the actual shortfall in the number of dedicated HGV parking spaces that are required in a local area. Our sites can often be in areas of outstanding natural beauty or in the green belt. The land that we need to extend our existing sites will fall into that. Without specific detailed guidance on what the requirements are for HGVs across the UK, it is unlikely that we are going to get speed in having more HGV parking facilities available for drivers.

Q212 **Chair:** Thank you for that answer. My colleagues might well come back to that issue later on in the session.

I want to go back quickly to Matt, if I may. I asked the same question of the first panel. Are there productivity and profitability considerations that may have hindered you or exacerbated the challenges that the road freight supply chain is experiencing, in your view?

Matt Rhind: No, not really. We have seen productivity through Covid improve, when you look at it from a road transport perspective. Roads were less busy and there was less congestion. Equally, there was greater availability of labour during that time as many other businesses had furloughed, so I would not say that is the case, no.

Q213 **Chair:** Tim, do you have anything to add?

Tim Morris: There have definitely been pinch points, as we have seen it, in the supply and demand balance of goods flowing through ports. We have had to work very hard as ports to mitigate some of the issues that we have experienced through truck driver shortages. For example, a key lever is greater use of rail freight, and we would like to do more. It is a question, for ports, of not just seeing road haulage as its own siloed activity, issue or opportunity. It is about seeing it fitting within the broader framework of different freight modes.



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Chair: Witnesses, thank you for the short answers. If we can keep that up, it would be great. I will hand over to my colleague, Simon Jupp.

Q214 **Simon Jupp:** Good morning, panel. Thank you very much for joining us. Matt, why do you think that so many HGV drivers choose to leave the profession?

Matt Rhind: It is a very good question. I am certainly very prepared to offer a statement on that. It is an ageing demographic. Historically, we have seen very few new entrants in that space. That has been a problem that this Committee has identified previously.

I believe that, as a result, we have seen more individuals and drivers retiring. That has not helped. The end of freedom of movement has certainly impacted on our ability to access labour. The IR35 legislation, which was introduced in April this year, has definitely had an effect on those who are self-employed choosing alternative careers. Covid and its impact on the ability to access licences in a timely manner has meant that we have seen some delay there. Equally, through the Covid period, testing was not undertaken, which has resulted in us seeing a flow-out of retirees and the inability for any flow-in of new drivers. Those are the key considerations that I see at the moment.

Q215 **Simon Jupp:** Thank you, Matt. Tim.

Tim Morris: There is definitely a demographic element. There is a perception about truck driving as an attractive thing to go into, as a number of your previous witnesses referenced. There is also the issue of alternative careers and working hours that has been referenced before. That is something we see as well. There is a big job for the sector.

I would say that it is a little broader than just road freight. Interesting young people and people from more diverse backgrounds in the freight and logistics sector is a broader challenge, but it has come particularly to the point with HGV drivers. It would probably be remiss of me not to mention the fact that other parts of the logistics sector, such as warehousing, are also seeing a real squeeze on workers at the moment. It is a very hot labour market for drivers, warehouse operatives, and so on, all the way through the chain at the moment.

Q216 **Simon Jupp:** You have identified a few problems there. I will ask Ken the first question before I talk about terms and conditions, if I may. Why do you think that HGV drivers are leaving the profession?

Ken McMeikan: I agree with what both of my colleagues have very eloquently outlined. The only thing I would add is that the reality is that it is quite a hard job. If you are staying away overnight during the week—we are at our busiest Monday to Thursday when we have 2,300 HGV drivers parked with us overnight—and if you identified back in 2017 that there is a chronic shortage of HGV parking spaces, with an estimate that 39% of drivers are having to park in lay-bys or industrial estates, away from managed sites and facilities, it is not particularly attractive as a



career to think that you are possibly going to be parking in a lay-by with no washing or toilet facilities and nowhere for food and drink. We have to improve the conditions considerably if we want to attract people.

Q217 Simon Jupp: Talking about terms and conditions, in your company, Moto Hospitality, what have you done to improve the conditions and facilities for drivers?

Ken McMeikan: We listen to our HGV drivers constantly. They are a very vocal group; they don't hold back. We know what they want. They want increased shower facilities, working and available when they want to have a shower. They want increased and improved food, particularly on the healthier option side. They want greater availability and choice later in the evening, if they happen to be doing a long day. Security is probably the one that comes up more than most. If an HGV driver cannot sleep overnight, safe in the knowledge that they are unlikely to have their vehicle broken into, it is not a particularly conducive work environment. That is why we have invested in showers and security on our sites. We continue to invest in security and showers. We are refurbishing and refitting 50% of our showers by Easter.

We have introduced new brands. For example, based on customer feedback, we have started to roll out Pret, which is considered by the consumer to offer alternative, healthier choices in food. We have invested in keeping our hours open longer for HGV drivers, as well as our other customers. We have 120 million visitors to our sites a year. We have to look after all their needs.

Q218 Simon Jupp: Other sandwich shops are available. Tim, I will put the same question to you. When it comes to terms and conditions, you mentioned a couple of the issues that we had in the last session regarding what drivers face and the reality of the role. What are you doing to improve drivers' terms and conditions? Do you see it as your responsibility?

Tim Morris: I would broaden it slightly to the broader driver experience. The No. 1 thing that ports can do, and are very focused on doing, is keeping drivers moving in and out of ports. The No. 1 bit of feedback we get from drivers is that they do not want to be hanging around in ports. They want to arrive, drop their load, pick up the next one and move. There are various initiatives and systems that we work on in order to make sure that that is as slick as possible. It does not always work but, nevertheless, the time between gate to gate movement is a regular KPI that most of the big port operators monitor.

That is the broader thing: get them working and make sure that they are not just sat around waiting for things to happen. There are a relatively small number of ports that employ drivers directly. What we have seen is similar, I imagine, to many of the bigger and more responsible operators in the sector, which is significant increases in pay and flexibility around



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conditions. We are working with the drivers on working hours. It is still a very hot market for already qualified HGV drivers.

The last thing is that, along with Ken, we find that truck drivers are a very vocal stakeholder group. Many ports are working to improve their amenity facilities, toilets, and so on. Again, there is work to be done, but there are certainly new facilities going in at a number of the big ports.

Q219 Simon Jupp: Matt, I have the same question to you about the responsibility to improve drivers' terms and conditions. I think nearly everyone on this panel, both witnesses and Members of Parliament, will be very familiar with seeing your brand going around our constituencies and areas. What are the terms and conditions for your drivers at the moment? How have they changed over the last six months, for example?

Matt Rhind: We have certainly seen a behavioural change in the drivers who deliver to us. I will speak a bit more about what I mean. Through Covid, there was clearly great guidance from the Government as to how we should maintain environments to keep Covid-safe. Through that period of time, albeit that we have facilities for all our goods-in drivers to use, with the necessary amenities that you would expect, a number of drivers chose and wanted to stay in their cabs so that they could isolate themselves from the potential of catching Covid and the risk of that. The amenities were still available to those drivers, but it was a choice that they could make. I think it was a choice that was responsible to keep everybody safe.

We have continued with that operation and that way of working. As some of the other witnesses described, drivers are quite vocal in helping us to understand what they need from us, as well as a number of haulage businesses. We have maintained the facility for them to stay in their cabs if they so wish, but where they do not wish to, they have the facilities available in our distribution centres that you would expect us to have.

Q220 Simon Jupp: Have you managed to improve the facilities in your distribution centres? Based on the feedback you have had from your drivers, have you invested in them? We have heard from other members of the panel this morning that they have had to do that over the last six months. Have you done the same?

Matt Rhind: I do not think we have had to because we already had that. We have facilities that, I think, were always acceptable. If there are any examples, I would be happy to take those away and investigate them. We are satisfied that our facilities are quite good.

Q221 Simon Jupp: Don't worry. I wouldn't have expected you to go round every single one. Quickly, before I run out of time and have to hand back to the Chair, we have had real problems with licensing at the DVLA and DVSA over the best part of a year. What has been the impact on your business, and do you think the performance of those two bodies is improving? I will start with Matt, if I may.



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Matt Rhind: It has been a really tough time with Covid for everybody. Certainly, the DVLA and DVSA are not immune to that issue. We have seen an improvement in the return of licences. We have seen an improvement in the time in which there have been delays. Whatever can be done to help further mitigate those delays, we would really appreciate, but we have definitely seen an improving trend, to answer your question.

Q222 **Simon Jupp:** I will try to keep this as brief as possible. Tim, thumbs up or thumbs down on the DVLA or DVSA in the last couple of months?

Tim Morris: We see the end result, not the mechanisms. Where we currently sit is that there is a broadly improving situation in driver numbers and driver availability, but it is very volatile. On some days, in certain ports, you can be 25% above average in drivers through the door. Sometimes, it can be much lower. It varies between ports; there seems to be a regional dimension as well. Hopefully, something is happening that is producing an improving trend, but nevertheless it is bumpy and volatile.

Q223 **Simon Jupp:** Ken, can I come to you?

Ken McMeikan: It is very similar. I do not really have a strong view on the DVLA other than what I read, or through different HGV associations that we obviously work with. The concern was that Covid reduced the number of tests that were being done. There was already a shortfall of 60,000 drivers in the industry before we went into Covid. That has only been exacerbated.

One of the previous witnesses made a comment that I thought was very pertinent. It takes time to accelerate the number of tests and so on to get a sufficient number of drivers. We have a huge backlog, and it is going to take time.

Simon Jupp: Thank you. You may not have strong views on the DVLA, but I think any MP in this room will have very strong views on the DVLA over the last six months.

Chair: Chris Loder has some questions on this issue, and then I will come to Ruth.

Q224 **Chris Loder:** Good morning, everybody. It is good to see you. Matt, I have a few questions for you first. Could you tell the Committee what percentage of your whole driving workforce is directly employed, and what percentage is engaged through an agency or another arrangement?

Matt Rhind: Yes. Circa 21% of our workforce are what we could call contractors or agency drivers, which means that the remaining 79% are Tesco. That has steadily changed over the years. We are seeing an increase in the number of drivers who want to come and work for us directly, which we very much welcome. We are actively recruiting more agency drivers to Tesco. We see it as good progression for them, and it gives them more certainty, but we respect the views of a number of our



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agency drivers, who see driving for agencies as a more flexible way to work.

Q225 **Chris Loder:** Is that a trend that is increasing as time goes on, or decreasing?

Matt Rhind: The trend of agency drivers and having them in our business is decreasing. We are seeing an increase in the number of own drivers, which we very much welcome.

Q226 **Chris Loder:** Previously, we have heard evidence—both at Committee and otherwise—that Tesco, for example, has taken direct measures, through redundancy, to make that move to agency. Could you confirm whether that is accurate or not?

Matt Rhind: There have been a number of conversations that are still ongoing with the union, where we have been working on something called retained pay and a move to buy colleagues out of terms and conditions. That has now gone to the High Court for judgment. At this point in time, I await the outcome to be able to comment on it further.

Q227 **Chris Loder:** Of course. While I would not want you to comment on it specifically, do you think, given the shortage that we are facing and the many difficulties that we have been talking about at this Committee and at previous Committee meetings, it is appropriate to have that conversation about buying your employees out of their terms and conditions when we are in such a difficult national position?

Matt Rhind: The conversation that we have had with our union colleagues on this has been ongoing for some time. As such, it is not a recent conversation that has started to happen.

Q228 **Chris Loder:** I have two final points. I think you mentioned that 21% of your workforce are agency. What turnover rate of that group do you see, compared with your directly employed drivers?

Matt Rhind: It is a really good question. The turnover that we see in our agency percentile is far greater. They are a far more transient workforce. Obviously, as freedom of movement changed, we saw a more rapid change in the number of individuals and the turnover in that space.

Q229 **Chris Loder:** Would you therefore accept that the high degree of agency workforce is less resilient than your directly employed workforce?

Matt Rhind: The agency workforce is not about resilience. They offer something that is truly valuable to our business, where we work—

Q230 **Chris Loder:** It is commercially valuable, Matt, but, as you said, there is a higher turnover. You mentioned earlier your manpower planning difficulties, that you have a high turnover of staff, and that you have a high average age of staff, if I recall correctly. Does this not contradict that difficulty and, in effect, exacerbate that problem?



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Matt Rhind: No. I think agency and contractors in our market will have a place in the future. I see them as a very valuable partner and solution in our supply chain, which, as you know, has been under incredible strain over the last 18 months, with Covid and the demands that has put on the country. I see this facility and this segment of the market as incredibly valuable.

Q231 **Chris Loder:** I am conscious of the time constraints that we have today, but I think I am right in saying, Chair—please correct me if I am not—that we would welcome it very much if you would write to us, Matt, and explain this in more detail. It has been an area of concern for many of us on this Committee for some time. I think it is important that we can understand, in a little bit more detail, exactly the component parts that may or may not have gone to contribute to some of the difficulties we are seeing across the national network. I appreciate that we are just talking to you as Tesco, and your opinions will not necessarily be reflective of others, but as you are here, I think that would be very much—

Chair: If I can help as Chair, it is specifically any statistics you have that you could make available to the Committee that would help inform our eventual report, if that is okay.

Matt Rhind: I would be very happy to help.

Chair: Before I come to Ruth Cadbury, my colleague Ben is going to ask a very quick question, I think specifically to Ken.

Q232 **Mr Bradshaw:** Ken, in countries that have better facilities, who is responsible for providing them? Do you know the answer to that question?

Ken McMeikan: I am afraid I do not. I am in contact with the chief executive and chair of Tank & Rast over in Europe. I can certainly make inquiries. Again, I am very happy to come back when I speak to my colleagues in Europe.

Q233 **Mr Bradshaw:** Thanks. It would be very useful to know. Is it the operator, like you, of the service station? Is it the Government, regional government, national Government—

Chair: What level of planning authority is basically responsible? I think that is what we are looking for.

Ken McMeikan: I will come back with that.

Mr Bradshaw: Thank you.

Chair: Do any of the other two witnesses have anything to add on that? If not, over to Ruth Cadbury.

Q234 **Ruth Cadbury:** The comparison with the mechanism for providing facilities in countries that appear to do better at providing both the quality and the quantity of facilities would be really useful.

I will start with Ken McMeikan at Moto. We have new planning guidance



around the provision of lorry parks. First, do you welcome that, and what other barriers are there to building and upgrading adequate motorway and major A-road surface areas for lorries?

Ken McMeikan: Thank you. It is a great question. This was the point I was trying to make. It is really complex, as planning issues often can be, unfortunately. The biggest challenge for us is the guidance that local authorities have to make decisions and decide whether they will approve and support our applications for HGV parking extensions on our existing sites, new truck stops or new motorway service areas.

We welcome the fact that it is being reviewed, but it needs to be reviewed fast. We have had four or five years where we have known that there is a shortage. If you want to make progress, the simple solution is that the faster we can get the Government, the Department for Transport and National Highways to be really specific about what the requirements are of local authorities to meet the needs that we have nationally, working with industry, the better.

At the moment, the guidance is woefully inadequate. It is very high level. I feel for the local authorities because there is not enough detail for them to be able to make informed decisions. Often, for example, it is a lorry park. In answer to an earlier question from Simon, four of our sites will have HGV parking extensions next year, but that is only 116 spaces. The shortfall identified in 2017 was close to 3,600 and I suspect it is far greater today. With Kent being a particular hotspot and challenge, we have been spending hundreds of thousands trying to get planning consent for a new HGV truck stop in Wrotham in Kent. We are receiving a lot of pushback from the local community in objections, but I do not think that the local authority have enough guidance, or even a mandate on what they need to do, what part they play in—

Q235 **Ruth Cadbury:** Obviously, applicants such as yourselves and equivalent businesses can appeal a refusal.

Ken McMeikan: Yes.

Q236 **Ruth Cadbury:** Are those appeals being upheld or are they getting overturned, and you are getting permission when you go to inspectors, using national guidance?

Ken McMeikan: It is mixed, and, yes, we appeal, but it is about the length of time for the process, and the cost associated with appeals. Even putting in for planning in the first place, if you do not have a reasonable degree of confidence that you are likely to get the planning, you have to make decisions commercially to invest that money elsewhere.

Q237 **Ruth Cadbury:** What you are saying is that, even at appeal level, the planning guidance that is there, and should give you comfort, is being weighed up against other policies, so you have a mixed picture even on appeals.



Ken McMeikan: Absolutely right. In the national planning policy guidance at the moment, I think there are two references to HGV. It is very high level and says that the local authority should be working with industry to provide the need. My recommendation for the Committee is that the more you can turn the shortfall that was identified back in 2017 into specific geographical local targets and give better guidance on what is actually required—

Q238 **Ruth Cadbury:** A special strategy.

Ken McMeikan: Yes, absolutely right.

Q239 **Ruth Cadbury:** Briefly, Baroness Vere, the Transport Minister, recently announced a package of measures on driver facilities and some funding. Do they go far enough?

Ken McMeikan: The funding definitely will not. Look, it is a good start and we welcome any investment, but I think it was £32.5 million. We opened Rugby, our first new motorway service area in 13 years, in April this year. That cost us £40 million and provided 100 HGV parking spaces, so £32.5 million will not go a long way.

I keep coming back to this. The more the Government, and Baroness Vere and the Department for Transport, can provide greater clarity, around what the actual requirement is, and set time targets to deliver on that shortfall in managed sites, the faster we will improve the conditions for HGV drivers.

Q240 **Ruth Cadbury:** Thank you. Matt, can I address the issue of the distribution centres in Tesco, where we have heard that historically there was almost a two-tier structure for driver facilities, depending on whether the drivers are directly employed or are bringing goods in? Are the facilities for drivers at your distribution centres good enough, and are they for all drivers?

Matt Rhind: I am happy to answer that question. It was one that I referenced earlier. We are happy with the facilities in our distribution centres and what we provide for drivers. We have seen some drivers electing to want to stay in their cabs due to social distancing and Covid rules, as we saw previously. We make facilities available to all drivers, whether they choose to stay in their cabs or not, with the appropriate facilities you would expect if you were visiting one of our DCs.

Q241 **Ruth Cadbury:** Thank you. Mr Morris, at UK ports you said that drivers generally want to turn around quickly, although of course there is the point that if they are coming to the end of their legal working time, as was already covered at distribution centres, they may need to stop and rest. Are the facilities at or near the ports adequate?

Tim Morris: We try to provide facilities on the ports. Around the ports, the picture would probably be variable. Ken and, I think, some of your previous witnesses mentioned the importance of planning in this system.



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That is absolutely crucial, and I would support it as a key focus for improvement.

I would probably take it up a level slightly, which might help. One of the very positive things that came out of the Union connectivity review, somewhat surprisingly, was the idea of a strategic transport network. Something we have been interested in for a long time is a strategic freight network. The first order question for us is, "How do I get a box from Felixstowe to Wakefield?" Whether it goes on a truck, a train or indeed in some way on water is a second order issue.

Identifying that strategic network—there are not that many routes where a lot of freight will move—might then allow you to start focusing on some of the improvement opportunities, and maybe focusing on some of the planning issues in improving the routes themselves, making optimisations between road freight and rail freight paths. Then, if some of Ken's facilities are part of that key network, you will, hopefully, have a real weight of focus on making sure that those facilities are there, so that drivers have the right amenities, and freight itself is moving efficiently and effectively.

We understand that the national policy statement on national networks is coming up for review. That would seem like a tailor-made opportunity to try to rectify some of the wooliness and lack of detail that Ken has referenced.

Ruth Cadbury: Thank you very much.

Chair: We will quickly go to Chris Loder, brevity being our watchword, as ever.

Q242 **Chris Loder:** I want to ask you all briefly about the commercial arrangements that are in place for facilities and so on. You told us a moment ago that you thought it would be good to have more Government funding to support certain things. I want to understand the extent to which commercial operators use your facilities, and whether they pay you anything for it or not.

Ken McMeikan: As part of being a motorway service operator, we have conditions that we have to apply: free two-hour parking on all of our sites; free toilets and shower facilities; and provision of hot food and drinks 24/7, 365 days of the year. We have to provide all of that as a minimum requirement.

We charge HGV drivers who are parking and staying with us overnight, or customers who want to stay beyond two hours. There is a parking charge, and, typically for HGV drivers, it varies site by site. It also varies based on the facilities that are available at those sites. The charges are to provide security, if required, and food and drink and colleagues to be on site. We get a huge amount of investment in maintenance—

Q243 **Chris Loder:** I am sorry to interrupt you, but I am conscious of the



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brevity requirement. What I wanted to understand was whether there was a commercial arrangement, say, between Tesco and yourselves, or another logistics business and yourselves, to provide those facilities, or is it purely on a driver-by-driver basis?

Ken McMeikan: We do it driver by driver, with the one exception being fuel. We are a destination where fuel is delivered for HGV drivers. We take a very small—

Q244 **Chris Loder:** Thank you. Matt, in relation to that, very briefly, in the event that one of your drivers needed to stop at one of Ken's services, would you, as Tesco, pay that, in effect through an expense, or do you expect the driver to have to pay it themselves out of their own pocket?

Matt Rhind: It is unusual for our drivers to need to stop. To help with some statistics around this, our average store from our distribution centre is 50 miles, or an hour and 20 minutes, so it is very close to our—

Q245 **Chris Loder:** I am sorry to interrupt. The Chair is emphasising the brevity point to me. I just want an understanding. If one of your drivers uses one of Ken's services, or another operator's services, do you pay that expense or do you expect the driver to pay out of their own pocket?

Matt Rhind: If a driver found himself needing to be in one of those facilities, he would absolutely be able to claim that expense from us as a business.

Chris Loder: Thank you.

Chair: Thank you very much for that, Chris Loder. Over to Grahame Morris for the next question.

Q246 **Grahame Morris:** Ken, you got cut off just before you got to the key point. If an HGV was staying overnight, what would be the cost? It is variable according to the site, and it would presumably vary with the ports, which would offer more or less facilities, but just so that we have an idea, what would be an approximate idea of the cost?

Ken McMeikan: The parking charges?

Grahame Morris: Yes.

Ken McMeikan: It varies from £13 up to £32 to £34. In addition, what we also provide for HGV drivers, for an additional £2, when they pay for parking is £10 of vouchers for food and drink that they can use at any of our brands. That was something we changed recently based on feedback from HGV drivers. They wanted the flexibility to be able to use that for all the brands that we operate on our sites. If you were paying for the food voucher as well, the lowest would be £15.

Q247 **Grahame Morris:** It is probably not fair to ask, but how does that compare with the continent? Are their facilities so much better because the charges are so much higher?



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Ken McMeikan: Again, I will get the facts, if I may, and come back and answer that question specifically. What I can tell you is that, in terms of the parking charges, in the UK they are benchmarked against the rest of the industry and are market comparable.

Q248 **Grahame Morris:** I appreciate that. I tailgated there on the back of Chris's question.

My question is really about the steps that are to be taken to decarbonise the HGV freight supply chain, and whether there are opportunities for modal shift on to rail. That is probably not what you want to hear, but what are the pros and cons of that in reducing carbon emissions? What are the negatives if there is a modal shift? Do you believe there are opportunities to put more freight on to rail?

Ken McMeikan: Again, I really do not know. My role is specifically to look after HGV drivers and respond to their concerns. What I keep coming back to is that at the moment we have a woeful, inadequate shortage of managed site facilities, and a planning process that is going to take years to be able to—

Q249 **Grahame Morris:** You have made that point absolutely crystal clear, and it is duly noted. Thank you very much.

Tim, in my constituency we have the Port of Seaham. That is multimodal. We have rail, road and freight distribution around it. It is very disappointing that the rail terminal is not better used. What are your views from the port's perspective about a modal shift?

Tim Morris: Without exception, all of my members who have any access to the rail network would want to, and are ambitious to, increase the amount of rail freight they use. Road freight will always have its role. It will always be the appropriate solution for some types. There is a niche around waterborne freight as well, but for us, as major ports, moving more freight on to rail in particular is a big opportunity to both increase the efficiency of what we do and improve some of the environmental performance in terms of CO₂ and air quality.

We did some work with the Rail Freight Group—a trade association for the rail freight industry—and that came up with some forecasts for the movement of shipping containers. There is sufficient demand over the next 10 years to double the amount. That is the demand. That demand is constrained at the moment by some of the characteristics around the network. We understand, at the danger of putting Matt on the spot, that some of our customers are very keen on expanding their rail freight presence as well, for similar reasons of efficiency and environmental performance. Clearly, it plays into the broader freight landscape. If we have a systematic or structural issue with drivers, where are the other opportunities within the freight network to pull levers and ensure that we are efficiently and effectively moving goods?

Q250 **Grahame Morris:** Absolutely. The pressures on drivers would be relieved



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if it was possible, particularly with bulk cargoes such as cement and so on.

Matt, you might have an alternative view of the pros and cons of modal shift in going from freight road haulage to rail, so I will quickly come to you.

Matt Rhind: On this one specifically, we really see the value of rail and multimodal shift. In my operation at least, my team are really proud of what they have done there, and we now have seven services that run around the UK on a daily basis, six days a week, because we are down for one day for Network Rail to do their works. It is a really important way of helping find some balance to achieve a net-zero environment in the UK.

I am also pleased to celebrate that last week we launched a fresh food rail service from London up to Scotland, the first in the UK. We believe this is a really important way of helping decarbonise our road freight industry.

Q251 **Grahame Morris:** And to relieve traffic congestion on the roads, too.

Matt Rhind: Absolutely.

Grahame Morris: Thanks very much.

Chair: Mr Newlands, the floor is yours.

Q252 **Gavin Newlands:** Thank you very much, Chair. This is obviously going to be a hard sector to decarbonise. My colleagues will shortly be asking questions specifically on HGVs and zero emissions. I have a specific question on the intermodal piece. It relates to the Government's consultation and pilot on 48 tonnes. It stems from a constituent of mine, a company called Malcolm in my constituency, which does 48 tonnes for 48 miles. It was to improve the change between road freight and rail freight because of the heavier weights that are on rail.

What is your opinion of that? I am not talking to Ken specifically about Moto, but what is your opinion? Should it be taken up and become a permanent feature, Tim?

Tim Morris: I am not aware of the real detail, although I am certainly aware of Malcolm as a leader in the sector. As a general point, we would be broadly supportive of changes that can be made, even what might feel like small technical changes, to improve the interoperability of freight modes. Even in moving a container from A to B, from the port to one of Matt's distribution centres and then maybe from the distribution centre a little bit further on, there will be an element that is by road as well. To the extent that you are improving not just the trunk networks themselves but interoperability at the interchanges, it helps the whole system to work a lot better.

Q253 **Gavin Newlands:** Matt, from a Tesco point of view, would that be helpful to you? Tesco has made good progress in this area, but what is at



the upper end of the possibilities? How much of your stock would you perhaps move by rail, moving forward?

Matt Rhind: First, on the 48 tonnes piece—the intermodal—it is a very welcome change and something that we need to explore further. I described earlier that our average store is about 50 miles away from one of our distribution centres. When you look at where our terminals and some of our larger stores are, that would allow us to miss the distribution centre altogether and go straight to store, which makes it even more environmentally friendly. I think we would need to look at whether 48 miles is enough, but we definitely welcome the change.

With regard to where we think we could get to, we are working really collaboratively with Network Rail and our rail partners. We are hoping to be able to double the amount of services that we have on rail in the next five years. We have already made a significant investment in rail, and to be able to keep us on that journey a lot more investment will be needed, to ensure that freight on rail is given the right level of priority and accessibility to paths, allowing us to be as efficient on road as we are on rail.

Gavin Newlands: I am conscious of the time, so back to the Chair.

Chair: Much appreciated, Gavin. Over to Mr Jupp.

Q254 **Simon Jupp:** Thank you, Chair—and thank you for the audio tease earlier, Gavin.

My question is around the idea that new heavy goods vehicles in the UK should be zero emission by 2040. We hear lots about such ambitions. I want to understand the challenges that it presents, particularly when looking at new infrastructure, and the overall cost to business as well. Ken, I will come to you on that first. What do you foresee in this wonderful ambition that might be a stumbling block in the way?

Ken McMeikan: I think the first challenge we have is, what is the clean fuel that we are going to be switching to? Is it hydrogen? Is it electric? We then need to start thinking about how we are going to provide, in the way we currently do with fossil fuel, the hydrogen or electric supply to allow HGVs to move freely around the UK.

If I use cars as the example, we want to lead in the switch to clean energies. We are setting out to provide electric vehicle charge points on all of our sites. The cost, we estimate, to get just the power upgrades—not the charge points—to our sites to meet the demand is about half a billion over the coming 10 or so years.

We hoped that, by the end of this year, 50% of our sites would have a minimum of six ultra-rapid chargers on them. After one year, we have only managed to get one site. That was Rugby, which we opened with 24 ultra-rapid chargers. The challenge is around planning consent and the power providers actually providing sufficient power upgrades to the site. On one of our sites, they need to lay an 8-mile cable to be able to provide



sufficient power supply to our site. We will do it, but it is taking much longer, and the power upgrades required are significantly more difficult to get sufficient power upgrades to our sites. When you then look at HGVs, which are likely to require much greater power than an average car, there is the whole preparation to allow HGVs to be moving around with clean fuels.

What the Government did well with cars is that a year or so ago, working with OLEV, they set a target for the number of ultra-rapid charge points that they wanted to see on motorways. Nothing has been done yet for what the expectation is going to be for HGVs, partly because we do not know which clean fuel HGVs are going to be using. Equally, we have not worked back to say, "Look, if the ambition by 2040 is to be here, what steps are we going to take to achieve that?"

Q255 **Simon Jupp:** Only 19 years to go; no need to panic. Ken, thank you very much for that summary. Tim, do you have the same concerns?

Tim Morris: We think about decarbonisation of freight in a more general sense. Obviously, in a big port you are going to have trucks, trains and ships. While we all know where we have to get to, as Ken said, there are some key constraints on that at the moment. A huge one, as Ken mentioned, is simply power network availability for the sites. A number of ports are basically going through a development programme about whether they can become multimodal, zero emission energy hubs in a broader sense, but you need the infrastructure there to enable it. That is a key issue at the moment.

Q256 **Simon Jupp:** Matt, the same question applies to you, and I am guessing the answer is pretty much the same.

Matt Rhind: Yes, similar. I think we need to understand how we can improve access to the network. In our business, we have targeted net zero by 2035, so we are looking to exceed the target that has been set. Those barriers to progress are very much as you have alluded to, with access to the network.

On that, it is about understanding that there are other avenues to explore. We have recently put 120 LNG—liquid natural gas—vehicles into our network to help with some of the challenge of decarbonisation. We have installed a number of electric vehicle charging points. We are in the process of doing about 2,400, which will increase the number of publicly available charge points by 14%. What that talks to is just how much more needs to be done in this space.

Q257 **Simon Jupp:** I am conscious of time, but I have one further question. Can I ask each person on the panel what one thing the Government can do to help you to achieve this wonderful target in 2040?

Tim Morris: For us, it would be designating particular freight nodes, along the concept of a network that we saw, prioritising some very



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significant network upgrades on those and improving access to the network bureaucracy that accompanies plugging into those nodes.

Q258 **Simon Jupp:** That is three.

Tim Morris: It was one, but it had three sub-headings.

Q259 **Simon Jupp:** I like that. Ken?

Ken McMeikan: I am afraid I might do exactly the same. The key for me is that we need to know which clean fuel is likely to be the fuel of choice for HGVs in the future. The second thing we are going to need is the provision of funding to be able to get connectivity to our sites, to be able to provide whatever clean fuel we are using. Is it hydrogen or is it electric? How fast we can get clarity on that and understand with the power companies how we are going to provide it at a local level for HGVs is key.

Q260 **Simon Jupp:** Finally, Matt.

Matt Rhind: I think Ken has described eloquently the journey ahead of us.

Simon Jupp: Thank you.

Chair: Just to reassure Ken and the other two witnesses, and anybody else who is watching, this Committee has agreed its forward plan for the new year. We will be looking at all sorts of different fuels for all sorts of different modes of transport. Certainly, for HGVs, heavy construction or farming vehicles, we firmly believe that synthetic fuels are an option that we could potentially be looking at. That is for the future, so please watch this space.

We will move to the final question, as I am conscious of the time.

Q261 **Greg Smith:** Thank you, Chair. I am conscious of the time, particularly five minutes after we were due to finish opening up the question of crossing the border. It perhaps might take more time than we have.

Tim, I am focusing on practical solutions and things that you think need to happen, given that we have left the European Union, and that in order to get the freedoms that brings us, change has been required at the border. We have global supply chain issues, largely as a result of the pandemic. What things do you believe most need to happen at the border to speed up flows of goods? Can you answer, within that, whose primary role you think it is to make those happen. Is it the ports? Is it the Government? Is it international solutions?

Tim Morris: Infrastructure. We need more border infrastructure, or new border infrastructure. The Government have accidentally fallen into risking creating an unlevel playing field between different ports of entry in the UK by providing facilities directly in some locations themselves, and in some cases relying on the private sector to do it. We need to review what is happening on that and make sure that there is a more



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level playing field in recovering the costs, and a similar level of operational availability for each facility.

The second thing I would highlight is this. A lot of the focus on border planning for movement of goods between the UK and Europe has been around what is called, in the jargon, accompanied ro-ro—trucks with drivers, who I am sure will be utilising Ken's new facilities in Kent. Two thirds of the goods that travel between the UK and Europe do so on what is called an unaccompanied basis. Either they are trailers that are moved to the port in Europe, brought over on the ferry as trailers and then picked up in the UK, or they come over as shipping containers. There are two things to remember about that. We need a system that works for the unaccompanied freight. We have instituted a new system called GVMS and pre-lodgement for the accompanied ro-ro. We need to ensure that the systems for unaccompanied freight work as well.

To tie this back to the first question, we have all agreed that sleeping in lay-bys is not a great thing to do personally or to encourage new people into the industry. If we have a vibrant model for picking up containers or trailers in ports that may be a little closer to the distribution centres themselves, a driver could probably do a couple of trips a day and not stay at places overnight. There are some aspects to making sure that we have a broadly based freight network interfacing with Europe that might help us address some of the issues that we talked about right at the start of this session.

Q262 Greg Smith: You mentioned that change is needed for unaccompanied loads. What are you looking for there? What actually needs to happen?

Tim Morris: Until relatively recently—I am talking about the last three weeks, bearing in mind that we are now very close to 1 January—the type of freight or customs clearance that was available to accompanied freight was not available to unaccompanied freight. In a welcome but relatively late in the day move, the Government have now made that available to unaccompanied freight. What we all have to do now is move very quickly to make sure that is operationally effective. We need the Government to put a little bit more time and effort into working with industry in order to make sure that that happens. At the moment, they have said, "Yes, you can have the flexibility to do it, but we don't have the capacity or the resources to work with you on the implementation of it."

Q263 Greg Smith: It is very much a process-driven solution. You started your answer with infrastructure.

Tim Morris: There is a very important process part, and then on the infrastructure we have a network of new border control posts that are established across the UK. The port operators themselves have contributed £100 million of the capital spend. What we need now is to ensure that there is a level playing field in how the costs are recovered, both for the private sector-provided facilities and the Government-



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provided facilities, so that we have a level playing field and the maximum amount of choice for UK businesses to use for their border crossings.

Q264 **Greg Smith:** Can you unpack that level playing field a little bit? Are we talking a 50/50 return? Are we talking about a delayed return for the taxpayer as opposed to the private sector?

Tim Morris: The Government have put hundreds of millions of pounds into the border control infrastructure that they have provided. I, as a taxpayer, and this Committee hope that that money is recovered. There is a well-established model that operates right now for goods that come through the rest of the world. It might not be exactly the same model that applies for European trade, but nevertheless the same fundamental principles of a reasonable level of cost recovery need to apply in the Government-provided facilities so that they operate on a similar basis to the private sector facilities.

Q265 **Greg Smith:** That is very helpful; thank you. Matt, do you have anything that you want to add on the flow of goods at the border?

Matt Rhind: As 1 January approaches for the EU to GB flows, to give reassurance, we have been working with our suppliers and logistics partners through multiple interactions to ensure that we are clear that we are aware of the processes that are changing and are prepared for that. Making sure that everybody else is prepared is what we are interested to see, so that we do not see any delays there.

There is only other thing to mention on borders and transfer of goods between GB and NI. I know that discussions are ongoing. We would definitely encourage both sides to find a long-term and stable solution for the movement of goods. We believe that in anything that is done we need digitalisation at the heart of the movement of goods between GB and NI.

Q266 **Greg Smith:** What is your favoured solution for the long term?

Matt Rhind: Anything that reduces the challenges or further complications of being able to move goods freely, which we understand will need some level of process between GB and NI. A good proportion of the goods that we sell in NI come from mainland GB. Easy access and digitalisation to allow for the relatively free movement of goods would be very welcome.

Q267 **Greg Smith:** You are not going for total free movement of goods between GB and NI.

Matt Rhind: That is clearly not possible, but we would welcome whatever can be negotiated. We would welcome simplification.

Greg Smith: Thank you very much. We could talk about this issue for a very long time, but we are nearly a quarter of an hour over so I will hand back to the Chair.



Chair: Thank you very much indeed for that, Mr Smith. Ruth Cadbury has a quick question.

Q268 **Ruth Cadbury:** I have one question for Matt Rhind. In relation to the overall supply chain issues—the ones that you experience—are more of them to do with UK issues or international issues? If it is a mixture of the two, which is the greater cause?

Matt Rhind: It is a really good question. If you take the shopping experience and segment it, for those goods that we do not consume but buy, like clothing and general merchandise, we have seen a delay in goods moving into the UK. That delay has been about five days. Through summer, when we saw challenges on food in the UK, that very much eased. We are seeing improved availability coming through our stores, working in collaboration with our suppliers. They have done a brilliant job at helping us improve the availability of goods in our stores.

Ruth Cadbury: Thank you.

Chair: Thank you, Ruth and our witnesses. You have only just strayed over the hour because we started late as I let the first session run over.

Ken, I think the case study for Wrotham would be very interesting, if you could forward some details. It may be a bit late for me to mention an interest. I used to be a parish councillor in Wrotham over 20 years ago, so all power to their elbow, although I also used to drink on a Thursday night with a group of farmers who may well benefit from what you are planning down there. Either way, it would be very interesting to have some extra information on that.

I thank the three panel members in the second panel very much indeed for your illuminating answers, and all my colleagues who have helped me out today, listening to me asking for brevity. Thank you. I wish Huw Merriman all the very best. We would like to see him back soon. Thank you all very much indeed.