

**Written evidence submitted by Federation of Wholesale  
Distributors (LS0055)**

**Response by the Federation of Wholesale Distributors**

**EFRA Committee's inquiry into Labour shortages in the food and farming sector**

**Introduction**

The Federation of Wholesale Distributors (FWD) welcomes the opportunity to respond to the Environment, Food and Rural Affairs Committee's inquiry into Labour shortages in the food and farming sector.

The Federation of Wholesale Distributors (FWD) is the member organisation for UK wholesalers. Pre Covid-19 our members made a vital contribution to the British economy and generated annual revenues of £29bn, employed 60,000 people and generated £3bn of gross value added to the UK economy annually.

Food and drink wholesale distributors, pre Covid-19 supplied up to 330,000 food service businesses and 72,000 retail grocery stores, supporting local high streets and independent businesses across the United Kingdom. Including the whole value chain, the food and drink wholesale distribution sector supported 1.4 million jobs.

FWD play a leading role in representing businesses in the food and drink supply chain. Our members provide food to public sector institutions such as schools, prisons and care homes as well as supplying the hospitality and convenience store sectors.

**What is the extent and nature of labour shortages currently being experienced in the food supply chain?**

Shortages in labour are causing major issues for wholesalers.

This has led to a situation where some wholesalers have had to limit the number of deliveries they make to convenience stores and foodservice customers, giving priority to the public sector, which has led to availability issues.

They have done all they can to keep their customers stocked, including raising drivers' wages and even sending depot staff out in vehicles to fulfil smaller orders.

Whilst this is manageable, albeit with some degree of shortages in the short term, in the long term this is unsustainable. The business model of wholesalers is to underwrite public sector contracts through sales to the private sector. With the rise in costs for fuel and drivers, wholesalers are now making a loss on several public sector contracts, and their emphasis on meeting the need of those in schools, hospitals and care homes has meant they are unable to fully service the private sector, eating into their main revenue source.

*At a future point wholesalers will not be able to keep prioritising the public over the private sector which could lead to a reasonable worst-case scenario of school, care home and hospital food shortages.*

Wholesalers have tried engaging agencies, but agencies too are short of drivers. If fresh produce cannot be delivered then it creates food waste, much of which is difficult to redistribute and will need to be destroyed.

The manufacturers who supply into the wholesale channel have similar issues with distribution, and FWD members are reporting particular difficulties getting hold of soft drinks, beer, and chilled products like cream, cheese, yoghurt, and meats.

In some cases, orders that used to take three days to fulfil now taking more than two weeks as suppliers struggle to find a means for delivery. Inevitably when faced with a challenge over drivers the full load to supermarket will be prioritised over drops to wholesalers. As we get into shorter days, this is potentially problematic for vulnerable in regional communities etc.

On top of this some suppliers insist on a strict 15-minute window for unloading at depot, and if this cannot be met, they will leave with goods undelivered. The UK food supply chain has become less flexible, reducing the chances of getting deliveries made within driver limits – driving inefficiencies across the industry.

## **What other issues are affecting the food supply chain?**

### *Warehouse Operations*

- There are still clusters of Covid which is impacting on warehouse order picking capability. West Midlands is a constant problem currently. There have been significant absentee rates.
- The biggest issue remains staff churn.
- In one example, an FWD member noted that the cost of increased hour coverage on drivers (overtime costs) and warehouse was over £700k.

### *CO2*

- There has been disruption through the summer. Dry ice and CO2 for hydroboxes have been challenged due to driver availability.
- The supply chain has been adjusted to carrying out inefficient, direct runs, reducing frequency (3 into 1), and increasing order size.
- Availability of meat/carbonates is impacted more by driver supply chain impact than direct CO2.

### *Gas*

- Businesses believe that some of the challenges in ready meals is being driven by rising costs. They expect to see continued problems as this supply chain is bound by unprofitable contracts.
- They suspect that we will see more of these issues surface and would expect that supply chains will suffer significantly more disruption over the next few months – particularly smaller producers.

**What measures has the Government taken to alleviate the problems being faced by the food supply chain this year? To what extent have they been successful?**

We have welcomed several of the steps taken by the Government having called for these measures to be introduced since July.

Notably these include:

- The extension of HGV Driver hours, with the DfT's consent, enabling drops to be completed. Previously another driver would have to be sent out. This temporary relaxation has been extended to the end of October and we hope Government extend it beyond Christmas to help mitigate some of the supply chain issues.
- The use of the army to drive HGV's to maximise available labour
- A willingness to relax immigration rules in relation to HGV drivers.

### **Does the Government need to take further steps to support the food supply chain?**

Placing HGV drivers on the Shortage Occupation List – lorry driving is both a skilled profession with high levels of responsibility and accountability for those operating the vehicles on the road, and highly necessary for the integrity of the food and drink supply chain. Placing HGV drivers on the Shortage Occupation List will increase the amount of labour available to wholesalers and logistics companies.

Extending the Visa Scheme for qualified lorry drivers – the current scheme which offers temporary leave to allow employment of EU labour for three months does not sufficiently encourage workers to come to the UK. Offering 3 or 5-month Visas is not suitably attractive to entice workers to leave or uproot their families. We would recommend Visas be offered for 12 months minimum, and for a higher number than the initial 5,000.

The acceleration of driver testing – action must be taken to reduce the amount of time between someone seeking to work as an HGV driver and being able to qualify. The Government are making good strides towards this but can go further and faster.