

## **Written evidence submitted by DPD (RDF0004)**

DPD is the UK's leading domestic B2C parcel carrier with a 22,000-strong team delivering over 350 million parcels each year for 7,500 customers working for many of the UK's leading brands. It runs a 7 day a week service with drivers able to reach all corners of the UK.

Throughout 2021 DPD has dealt with several structural and policy-based pressures on its operations, including trade disruption due to UK's withdrawal from the Single Market and a worsening driver shortage, and has consulted with the Government on these. It has also been involved in the work to decarbonise the transport sector, outlined in the Transport Decarbonisation Plan presented in July.

We appreciate being given the opportunity to summarise our views on the work being done by Government to meet the long-term and short-term challenges to the effective functioning of the road freight supply chain and look forward to further consultation and changes to relevant policy going forward. This submission will focus on the areas that have the largest effect on us as a business:

- HGV driver shortage
- Transport decarbonisation
- Border procedures/ international trade

### **HGV driver shortage**

DPD has noted the series of measures put forward by Secretary of State for Transport Grant Shapps and the wider Government in response to the recently worsened shortage of HGV drivers and the related fuel shortage. These include:

- Streamlining the licencing process to combine the steps to become a Class 2 driver and a Class 1 driver.
- Freeing up roughly 30,000 more HGV driving tests to be conducted each year by making it so car drivers no longer need to take another test to tow a trailer or caravan.
- Making tests shorter by removing the 'reversing exercise' element and having it tested separately by a third party.
- Introducing skills bootcamps to train up to 3,000 more people to become HGV drivers

- Deploying Defence Driving Examiners from the Ministry of Defence to increase the country's testing capacity.
- Adding 5,000 temporary visas for foreign HGV drivers to come to the UK for three months in the run-up to Christmas, providing short term relief.

These measures are a positive step to reducing the HGV driver shortage, however they do not fill the high demand for the 100,000 needed drivers, and some are only short-term solutions. As winter approaches, with the Christmas rush and the advantages the pandemic has with colder weather, more drivers are required and quickly. DPD urges the Government to act quickly to give companies the best possible chance of coping with these difficulties.

There is one final step that we believe would make an immediate and long-term impact on the supply chain and DPD's ability to operate in the current environment.

#### *Speed up the DVSA Delegated Driving Examiners Registration Process for HGV Drivers*

This scheme allows suitably qualified employed staff within larger companies to carry out HGV Driving Tests on their own staff. This is well utilised in the Coaching / Bus sector with around 100 such people qualified. However, it is underutilised in the HGV sector with only two such people qualified, according to DVSA figures. The benefit to the system is that it takes large demand off the DVSA and allows the organisation to meet its own requirements for suitably qualified drivers.

DPD currently has a suitable site at its Smethwick Hub, which independent consultants have confirmed complies with the DVSA guidance. DPD also has well qualified, good quality and experienced driving trainers who should have no issues in passing the required week-long Delegated Driving Examiners course that is run by the DVSA. If four of these trainers were to qualify as delegated examiners, given the available facilities, we estimate over 5,500 tests would take place in year one. This would far exceed existing DVSA estimates of tests per year for each of their trainers.

The issue we face is the lack of testing slots from the DVSA. DPD has been told that there is no course availability to train new trainers until sometime in 2022. This process needs to be expedited. Based on current enquiries, DPD could have tested hundreds of potential drivers before the Christmas peak if the one-

week accreditation course was scheduled for DPD trainers in the next few weeks.

DPD would not limit participation in these tests to its own drivers, surplus testing would be made available to anyone who requires it. Furthermore, it is not just DPD who have made a commitment to undertake this testing and make it widely available, this commitment has also been made by members of the Strategic Council of Logistics UK, including many of the UK's largest operators. Expediting this process would bring industry players together to solve a crisis that affects us all, before it gets even worse.

Close consultation with relevant businesses throughout this whole process will be crucial, and DPD would appreciate the opportunity to be a part of that process. DPD has a significant amount of data, experience, expertise and insight to share and would welcome the opportunity to meet and discuss this topic further.

### *Cabotage*

DPD responded to the Department of Transport's consultation on the temporary change to cabotage rules, launched in October. Our view is that a short-term liberalisation of the policy as suggested would not provide major benefits for DPD or lead to the greater availability of drivers in the UK.

### **Transport decarbonisation**

In July the Department of Transport released its long-awaited Transport Decarbonisation Plan, which set out the pledge to consult on the end of sale of all new, non-zero emission road vehicles by 2040 at the latest. This was reaffirmed on....

- DPD aims to be the greenest parcel delivery company on the planet. In June 2021 it doubled its EV fleet to nearly 1,500 with the UK's first MAXUS e DELIVER electric van order and by the end of 2021 DPD will have 1,700 EVs on the road.
- DPD reduced CO<sub>2</sub> per parcel by 22% between 2013 and 2020 through innovative transport solutions and has avoided 1.528.433t of CO<sub>2</sub> through its Carbon Fund which has supported 20 carbon reduction projects to the value of €2m across 19 Business Units.

Given the scale of the challenge to fully decarbonise transport, Government needs to play a pivotal role. It is impossible for one company to completely

decarbonise its fleet if other supporting industries are not playing their parts, for example fuelling / charging providers and van manufacturers amongst others. Therefore, Government needs to greatly increase the time, funding and effort put into providing targeted and long-term grants to businesses as they transition with separate strategies for the decarbonisation of electric vans.

Below is a summary of DPD's views on the electrification of the country's EV fleet, with two key barriers to expansion: the lagging expansion of charging infrastructure, and the cost of new electric vehicles.

### *The lagging expansion of charging infrastructure, both for public and private use and across depots and garages*

The cost of installing suitable charging equipment at our depots is at least £250,000, compared to installing a diesel tank which is around £50,000.

Improvements to home charging infrastructure is vital as well, with many delivery drivers being self-employed with their own franchise to collect and deliver. DPD is paying part of that subsidy for them to get their charging points at home, and the Government is paying the other part. However, the Government is taking away that funding in April of 2022, and without it DPD will face significant challenges in enabling its delivery drivers to use electric vans.

The overall lack of public charging in areas outside of London also makes it harder to convert. With growing EV car ownership we are already seeing drivers who are unable to charge at home struggle to charge publicly; we are not alone with this growing issue as other companies that have home fleets (BT, Centrica) convert to EV too. There is a need to create fleet charging hubs that can be utilised by fleet drivers that are unable to charge at home due to lack of off-street parking or due to the size of their vehicle. Ideally, these will be collaborated hubs that anyone can use, regardless of the manufacturer of the charging ports or whether the driver is an individual or part of a business. Additionally, these should be in non-residential locations in town centres, with accessibility for drivers of larger vehicles such as delivery vans.

### *The cost of new vans*

The cost of purchasing the electric vans themselves also needs to be addressed to incentivise companies to take onboard the significant upfront investments involved in the procurement process. Vehicles cost two or three times more

than a normal class one vehicle and Government needs to provide long-term reassurance that the grant schemes in place will continue until these vehicles are cost comparable to ICE equivalent vehicles. It is important to note that we do not know what resale value, if any, electric vans will have given how technology is advancing, and companies are therefore having to budget for the full price of vans with no returns.

### *From goals to commitments*

While DPD fully supports the Government's ambitious outlook on the topic of transport decarbonisation, and its ongoing consultations with the transport sector, more assurance is needed as to the ways in which it will support all involved sectors financially throughout the transition.

As it stands, the up-front costs for our industry will be huge throughout this process, which risks leading to many companies delaying the transition as much as they can and then passing the cost onto customers in a way that will not only have negative macroeconomic effects but also risk undermining the decarbonisation process itself.

Long-term grant payments aimed specifically at investments into non-carbon vehicles and infrastructure will help us avoid this by stimulating confidence and allowing organisations to plan their investments with the 2035 deadline in mind. Similar reassurances about the length of time current incentives such as exemptions from fuel taxes and congestion charges would help businesses better plan for future and make them more likely to invest in decarbonised vehicles.

### *Border procedures*

Trade flows from the UK to the EU within our business were critically and negatively impacted overnight by the UK's withdrawal from the Single Market and the Customs Union. This has been felt across all depots, and while the Trade and Cooperation Agreement (TCA) provides a framework of trade facilitation with the EU, at this time, our experience has been a vigorous and subjective enforcement of the rules it contains, specifically on British origin products.

Our firm view is that any new agreement on Northern Ireland needs to understand the needs of business so that no people involved with trading between the country and Great Britain on either side are adversely affected.

A first step would be to establish that businesses are given a minimum of 12 months between the introduction of any new procedures or controls and legal enforcement. From experience, six months is highly insufficient. Since the UK and the EU are now working to change the current Protocol, including the current grace period, we want to be sure that any new procedures introduced in the future consider the significant amount of time it will take for businesses to adjust and adapt. Moreover, if there were problems with any such new requirements, industry stakeholders would need robust and accessible support services and systems, and a process for the rapid introduction of easements or fallback procedures.

### *Next steps*

Close consultation with relevant businesses throughout this whole process will continue to be crucial, and we would appreciate the opportunity to meet with you to discuss this in more detail. DPD has a significant amount of data, experience, expertise and insight to share and would welcome the opportunity to meet with you to discuss this topic further.

### **Conclusion**

We appreciate the opportunity to submit our evidence to the challenges facing the effective operation of the road freight supply chain.

We hope that swift changes can be made in reference to our key priorities as a UK delivery company: the HGV driver shortage, transport decarbonisation, and border procedures/international trade. While many of our above points are long term solutions to the road freight system, one immediate action that can be taken to improve the effective operation of the road freight supply chain before Christmas is to speed up the DVSA Delegated Driving Examiners registration process for HGV drivers and allow DPD to give tests at its Smethwick Hub as soon as possible.

As we have stressed above, close consultation with relevant businesses will continue to be crucial throughout this process, and we would appreciate the opportunity to meet with the Transport Select Committee to discuss these points in more detail.

November 2021