

Written evidence submitted by Logistics UK (RDF0013)

About Logistics UK

Logistics UK is one of Britain's largest business groups and the only one providing a voice for the entirety of the UK's logistics sector. Our role, on behalf of over 18,000 members, is to enhance the safety, efficiency and sustainability of freight movement throughout the supply chain, across all transport modes. Logistics UK members operate over 200,000 goods vehicles - almost half the UK fleet - and some one million liveried vans. In addition, they consign over 90 per cent of the freight moved by rail and over 70 per cent of sea and air freight.

Why road freight is important?

Logistics UK welcomes the Transport Committee's timely examination of whether the road freight supply chain is functioning effectively. Road freight is an essential enabler of all business activity, it provides 76% of the freight tonnage necessary to support the UK's supply chain. It also plays a key role in facilitating and supporting other freight modes.

1. Long-term and short-term challenges to the effective functioning of the road freight supply chain

Our view, supported by our members, is that to function effectively, the sector needs to be:

- **flexible and resilient,**
- **recognised in its value,**
- **optimal in its efficiency, and**
- **working towards zero safety and environmental negativities**

This is Logistics UK's vision for the future of logistics and therefore the future of road freight. There are several challenges to achieving this vision, most of which have both short and long-term elements. Some of the most important challenges are briefly summarised below.

a) A permanent resolution to the driver shortage requires further action

This is a long-term problem which, over the past two years, has deteriorated from chronic to acute. Recent Government initiatives to address the shortage are very welcome and are beginning to have a positive impact, alongside industry action. The challenge is ensuring that lessons are learned, and

improvements are locked in to avoid this occurring again. To take a few examples:

- **Regulation must not place undue barriers for entry into the profession making it a comparatively less attractive career route:** Legislation that came into effect on 15 November to streamline driver license acquisition has helped ease the short-term problem of bringing candidates into the industry quickly. It will also provide long-term benefits as it will be a quicker process to gain a full Cat C+E HGV license.
- **Training packages from Government must work for different sectors:** The Skills Bootcamp provision of £10 million for HGV Driver Training is a tremendously helpful short-term measure. In the long term, however, we need to work jointly with Government and our members to boost usage of the apprenticeship provision for HGV drivers, in particular the new Driver C+E Apprenticeship which launched this year. We are encouraging members to use this provision, but we also want Government to take a more pragmatic approach to the rules, for instance amending its 20% off the job training rule to 10%, as this is a barrier to uptake.
- **Government's approach to visas should be in line with its strategy to put in place an immigration system that works in the national interest:** We appreciate that this is a politically sensitive issue. The short-term visas announced by Government are welcome and helped alleviate some of the short-term issues around driver availability. However, we want Government to look carefully at its immigration policy going forward, and to make the Skilled Worker available to a selected number of Level 2 occupations such as HGV drivers, as currently it is limited to Level 3 and above roles.
- **Improved driver facilities are critical to improving the image of our industry, securing its future capability and can only be delivered with government help:** Joint industry-government focus is required to improve conditions and facilities for HGV drivers. Industry is improving pay and terms and conditions with further action planned around a Year of Logistics designed to boost private sector activity to promote the sector and drive positive change within it. There are some elements that only Government can help solve, however, such as the provision of high-quality, safe and secure parking spaces around the Strategic Road Network. We have warmly welcomed Government pledges on this and encourage swift and purposeful delivery.

b) A patchwork quilt of local regulations is emerging and needs to be addressed

A more efficient freight network requires a clear set of operating rules across the UK. Unfortunately, a dynamic has emerged that is taking our sector in the opposite direction. For example:

- **Clean Air Zones (CAZ):** We are comfortable with the environmental requirements of CAZs and have not opposed their implementation/introduction. However, there is a lot of unnecessary red tape because their payment systems are not linked, and it is not always possible to pay online. This is a joint Defra and DfT responsibility, and we have been told that it is deliberate policy to make payment difficult as it will drive compliance. This seems to us an untenable position for Government to take, which should be changed.
- **London Direct Vision Standard (DVS):** We have no objection in principle to the aims of this scheme, but it has created a set of new and separate technical requirements which anyone wishing to operate in London needs to comply with. As London is by far the biggest city in the UK, many members feel it is prudent to comply so that they have the option of running into London when necessary. The scheme also has several administrative problems, including delays in issuing permits. This has led to one member having to keep over 100 new London-based vehicles parked up for over a fortnight.

Central Government should take stock of these local and regional measures and bring in national payment systems for CAZs and other local road charges such as the Dartford Crossing and in general ensure they are operating with the minimum of delays and red tape.

c) Planning policy does not deliver for freight

While not a DfT-led policy area, it is important for the Transport Committee to be aware that the planning system is a barrier to delivery of an efficient freight system. For example, logistics land is often directly threatened by housing development and restrictions on freight operations are often imposed where housing has been permitted near existing facilities. Conversely, there is a very slow process for gaining approvals for much new freight infrastructure. We are campaigning for planning policy reform to take account of these challenges and deliver improvements for freight.

d) The route to decarbonisation could lead to significant inefficiencies and cost increases if not planned carefully

Certainty is vital to all businesses so that they can plan and invest well and is especially important for our industries with low margins, such as logistics. Logistics UK has welcomed the recent announcement of the phase-out dates for new, non-zero emission HGVs for this reason. However, with these dates only two buying cycles away, our members will need future certainty on which technology, or mix of technologies, will provide the right solutions for heavy commercial vehicles that do present a challenge to decarbonise.

At present, there are limited zero tailpipe emission solutions for HGVs, with some battery electric options being developed for smaller trucks, but these vehicles will be significantly more expensive than their diesel equivalents. We therefore need to help logistics operators to be able to lower their emissions today through the right policy framework and incentives, helping them to adopt lower emission technologies or low carbon fuels more quickly.

Any changes in rules, regulations and incentives must consider the lifespan of assets in order for businesses to be able to recover the cost of existing investments and approve investment cases for new ones. Without the right long-term outlook, our members will struggle to be confident in making the right decision when looking to move away from diesel.

The switch to zero tailpipe emission vans is already taking place, with many larger logistics fleets looking to adopt them, alongside smaller vehicle types where they are appropriate. But it is important to remember the vital role larger vehicles will continue to play, even in the 'last mile'. With a city of 1 million people requiring 45,000 tonnes of deliveries, the impact of banning larger vehicles would lead to huge inefficiencies, costs and congestion. It takes 100 e-cargo bikes and 10 vans to carry the same amount as a medium lorry.

Businesses are expecting the cost base of their operations to change significantly with the move from diesel to zero tailpipe emission vehicles and are expecting a road charging mechanism to replace fuel tax. Logistics UK has asked Government for further engagement on road charging for a number of years now, to help proposals be as successful as possible, but we have not yet been included in discussions.

e) Infrastructure and border process need continued focus and funding

Better freight transport connections within UK nations, combined with improved global connections, not only help the supply chain but support economic growth and development. The UK's transport infrastructure and services are not currently world leading. Logistics UK supports the security of funding provided by the Road Investment Strategy process and our priorities for funding, including maintenance, relieving congestion infrastructure

provision and facilitating connectivity between different modes, sea, water, air and rail so that the entire freight network can be used optimally. The Government's future border strategy, currently planned to be completed in 2025, should be accelerated to help business adapt to the UK's new trade relationships outside the EU. This includes completing the new Single Trade Window and the "Ecosystem of Trust" which will be a network comprising authorised, compliant traders and the Government.

f) Regulation needs regular review to ensure it is suitable for the modern logistics industry

The nature of the logistics industry in the 21st century means that operations can change suddenly and quickly – either due to changes of contracts or shifting demands in the supply chain. The regulatory systems must not act as a barrier to a fast-moving, dynamic industry and should be regularly reviewed.

2. The potential effects of the Government's policies and regulations on the efficient operation of the supply chain, including cabotage rules and drivers' hours

This section focuses primarily on operational policies related to the road freight sector.

a) Industry needs an operator licensing regime which supports a dynamic industry

Safety in the road transport sector is underpinned by the operator licensing system which applies a responsibility on company directors for ensuring compliance with the laws pertaining to safe operation and driving of a vehicle.

The Ministry of Justice is currently conducting a review of the operator licensing system and the function of the industry's regulator, the Traffic Commissioners. However, a similar review in 2014 failed to resolve several areas of administration which apply burden upon effective operations of transport companies:

- **Create a single GB Traffic Area** – Great Britain is divided into 8 traffic areas (two of which are Scotland and Wales respectively). A nationwide operator must hold a separate operator licence in each traffic area in which they have an established operating centre. Because operator licences must be renewed every 5 years, a national operator is conducting a renewal every 7andahalf months on average. This is an outdated system which could be replaced by a single GB Traffic Area.

- **Move the advertising of operating centres into digital age** – applications for a new operating centre are required to be advertised in local newspapers circulating in the area of the site. In the digital age, this is an archaic process and operators report increased difficulties in finding local newspapers in which to place the advert. A more modern process is needed to reflect the digital age.
- **Abolish the operator licence windscreen disc** – operators are required to display a paper disc in the windscreen of every vehicle specified on their operator licence, similar to the VED disc (or ‘tax’ disc) which was abolished for passenger cars in September 2014. There is no longer a visual indication of compliance with operator licensing, however, the offence of failing to display a disc remains, as does the administrative burden of ensuring compliance with the requirement. This should be changed.

b) Cabotage has a short-term role in managing supply chain resilience

Logistics UK has highlighted historical failings which have contributed to the shortage of HGV drivers in the UK road transport sector and has been instrumental in developing proposals that will ensure a sustainable future for the road freight sector as well as providing resilient, modern and safe supply chains. In the immediate term, however, the risks of a failure of the supply chain ahead of the Christmas peak should be mitigated.

Logistics UK believes that cabotage is a possible contributor to the supply of domestic road transport services which could aid efforts to ensure demand is met through the Christmas and New Year peak. However, measures must be adaptable and able to be controlled in the event they can be shown to be having a detrimental impact on the UK road haulage sector.

c) Industry needs a safe and proportionate driver hours rules framework

Logistics UK members report that the rules concerning driving and rest times defined in Retained EU Drivers Hours Rules are appropriate and strike the proportionate balance between operational effectiveness and road safety. However, the application of the Working Time Directive on mobile workers – whose principal activity is already regulated by the drivers’ hours rules – is complicated and unnecessarily burdensome. Other practical areas which should be reformed in the drivers’ hours rules include:

- **Recording activity away from the vehicle** – In August 2020, changes to EU drivers’ hours rules included a new requirement that a driver must make a manual entry for every day where no driving has taken place.

DVSA has indicated that they will only pursue this requirement for the 28 days a driver is expected to be able to produce records at the roadside, but the law does not actually place a time limit on the requirement – so an individual returning to driving after a break of 3 years would technically need to make a manual entry for every day they were away.

- **Drivers' hours relaxations** - Logistics UK has, at every point of review, opposed the use of relaxations to EU drivers' hours rules as a means of increasing the capacity of the road transport sector in response to the acute driver shortage of 2021. Relaxations serve a purpose: when unforeseen events mean the established resource cannot meet the necessary demand in a critical situation. The deployment of the relaxation in order to increase capacity in the sector, rather than maintain it, represents an inappropriate use of emergency road safety rules and simply asks hard-working drivers to do even more.
- **Recording drivers' hours in "multi-manned" operations** – the rules regarding multi-manning were devised with long, cross-continental trunking journeys in mind, however, they have created unintended consequences. In vehicles supported by a crew (e.g., commercial door-to-door waste collection) any member of the crew who is legally able to drive is required to make a tachograph record using the second driver slot in the tachograph unit. DVSA has made clear that its interpretation of the law is that a record must be made. This creates significant challenges, particularly in multi-stop operations. The second slot must be constantly switched back to other work as the vehicle starts and stops. This can be particularly challenging in commercial refuse collection when the operative may not even be in the vehicle when it moves off.

Allowing improved vehicle load efficiency should reduce emissions and increase safety

Increasing vehicle load efficiency is an important tool in reducing carbon emissions from the road transport sector in the transition to zero tailpipe emission heavy commercial vehicles. Logistics UK therefore welcomes recent commitments by the Government to allow Longer Semi Trailers (LSTs) to move from the pilot phase into general circulation and to investigate raising the Maximum Authorised Mass of vehicles moving intermodal containers to 48 tonnes.

This decision was the result of compelling evidence¹ of the benefits that these vehicles bring. Up to the end of 2019, the trial results indicated that on

average: the use of LSTs reduced journey numbers by 1 in 12, with more than 54 million vehicle kilometres saved; 48,000 tonnes of CO₂(e) and 241 tonnes of NO_x have been saved, and on a per kilometre basis LSTs have been involved in about 53% fewer personal injury collisions and casualties than the GB articulated heavy goods vehicle (HGV) average.

Further opportunities should be investigated to revisit weights and dimensions to allow heavy commercial vehicles to increase their efficiency and reduce their emissions per tonne, these would include investigation of allowing 44t vehicles to run on 5 rather than 6 axles, and development of road trains up to 60t.

3. The potential effects of the Government's policies and regulations on road safety

Driver training should enhance safety and professionalise the industry

The Government has announced a review of Driver CPC. Driver CPC is the statutory continuous professional development programme for commercial lorry and bus drivers. New drivers, having passed the vocational theory, manoeuvring and on-road tests, must undertake an additional theory test and a practical test regarding the use of the vehicle (sometimes referred to as "show-and-tell").

Once established, a driver must undertake 35 hours of periodic training every five years. Good practice assumes that this will usually be undertaken at the rate of a day of training (7 hours) each year. This training is registered by attendance only – there is no test that can be failed although quality training providers will usually employ formative and summative assessment (before and after learning) to demonstrate improvement. There is no mandatory content, however, all accredited courses must demonstrate that content covers broader themes identified in the European Directive.

At implementation, Logistics UK welcomed this flexible approach – allowing operators to integrate established driver training regimes in compliance with the Directive. However, for operators and drivers who did not already benefit from a culture of continuous training and development, the Directive was perceived as a burden. As the first deadline of compliance approached in September 2014, many established drivers who had refused to engage with the process of the previous five years now faced having to undertake five days' training at once. Some, regrettably, decided to take the opportunity to leave the industry, others identified training purely by price and, having been

exposed to sub-standard training in 2014, decided to leave the industry when the next deadline arrived in 2019.

While Driver CPC's impact on road safety is impossible to quantify in isolation from the myriad factors which have impacted road safety (the period of 2009 to 2019 represents the most stubborn plateauing of improvement in deaths and serious injuries on Britain's roads in four decades²), anecdotal feedback from quality DCPC providers indicates that the prevailing standard of knowledge of established drivers attending courses in the run-up to the 2014 deadline was worryingly poor in some cases. Driver CPC offers a framework for the reliable delivery of effective and accurate information to vocational drivers, in contrast to the system of rumour and misinformation which preceded it.

In the context of the 2021 Review, Logistics UK will revisit the role of Driver CPC with its members, however in a recent discussion in our National Road Council members reflected that were Driver CPC to be abolished they would continue to integrate continuous professional training as a normal process with drivers, but feared that other operators could take the opportunity of the perceived savings, and drivers who remained responsible for their own training (such as some owner-drivers and agency drivers) would no longer have the impetus to engage in any training and knowledge refreshing at all.

Recognition is needed for the industry's role in drink and drug enforcement

Many operators carry out random alcohol and drug testing of drivers at the start of the shift. This is an example of commercial vehicle fleet operators aiding the enforcement of road safety laws. Operators should be properly empowered to carry out this role and would welcome support from the Government.

Members have identified the difficulties surrounding managing drivers found to be in excess of legal limits – who become subject to internal disciplinary proceedings, potentially including dismissal – but the driver was free to re-enter the industry. Traffic Commissioners have indicated their desire that the goods sector reflects common practices in the passenger sector whereby dismissals are routinely reported to the Traffic Commissioners, however members have reported reticence in doing so for fear of falling foul of data protection laws and also recognising that, since the driver had been prevented from driving a vehicle no clear offence had been committed. This is particularly stark where drivers are found to be below legal limits for alcohol – therefore subject to internal disciplinary proceedings, potentially including dismissal – but no offence would have been committed if the driver had driven the vehicle.

Commercial fleet operators' role in drink and drug driving compliance enforcement should be recognised by Government and guidance should be issued to operators for the management of drink and drug policies, particularly regarding their interaction with statutory enforcement and regulatory regimes.

4. Infrastructure, including roads, ports and airports, with a particular focus on capacity, resilience and interoperability

In this inquiry, the Committee is focusing on road freight. Our response on infrastructure issues also focusses on road freight and, given the Committee is also interested in maritime ports and airports, we have included evidence on road connectivity issues with these modes. We would be happy to provide the Committee with more detailed feedback on infrastructure and other challenges to efficiency in the aviation and maritime freight sectors to supplement this report if that would be useful.

In general terms, better freight transport connections, combined with improved global connections, will support economic growth and development. The UK's transport infrastructure and services are not currently world leading. The UK is the 9th most competitive nation in the world but 29th out of 140 for road connectivity and 26th for road quality. The sections below summarise the most important issues and opportunities to develop our road freight infrastructure

Funding for road infrastructure needs to continue to be well planned and secure and to focus on both maintenance and relieving congestion

Road maintenance is crucial to logistics. Poor quality road surfaces and surrounding infrastructure across the national network damage vehicles, cause delays and endanger users. However, pressures on local government finances have led to the network deteriorating and, in some cases, to become unsafe and defective. Despite the Government's commitment to £6 billion of funding for local road maintenance between 2015 and 2021, overall budgets have dropped by 16 per cent³. While the Government's allocation of an extra £50 million for councils for potholes and flooding in England in March 2019 was welcome news, more investment is needed to provide and preserve the quality of roads the UK requires.

Road congestion creates both economic and environmental problems costing the UK economy nearly £7 billion in 2019 alone⁴. Having an HGV stuck in congestion costs £1 per minute to the operator⁵, thus all congestion adds friction cost into the UK economy. Stop-start traffic substantially increases emissions; for example, an HGV stopping three times a mile and getting back

up to 30mph can use three times as much fuel as one cruising at 30mph⁶. Congestion also hampers journey reliability, which in turn leads to inefficiencies and more emissions. If a route is unreliable, operators must plan for that unreliability every day in order to ensure deliveries are always made on time. This therefore adds cost into the system far beyond that which is shown by simple totals of delay minutes.

Congestion can be tackled through a combination of investment in both new infrastructure and maintenance of existing roads. For new investment, Logistics UK has participated in the Road Investment Strategy (RIS) process and supports the outcomes in the RIS2 plan for management of the strategic road network. We are pleased that the recent Comprehensive Spending Review has continued to recognise the importance of roads and maintained crucial funding. We are now feeding into the engagement process around priorities for RIS3 and want to see:

- **Designated Funds to develop driver facilities** – National Highways can help support the provision of driver facilities through designated funds and assessing where on its own land they could provide additional parking spaces, as has now been requested by the Government⁷. National Highways can also ensure lorry parking is incorporated into initial planning stages of any road schemes.
- **Operational priorities** – There should be a set of data on incidents on the network, planned roadworks in the foreseeable future and well-planned and trusted diversion routes when they are needed. The freight sector should be better involved in how network information is provided, how the data sets are produced and communicated to road fleet operators, including developing advances in communication technology.
- **Smart motorways** – National Highways and the Government should help educate the motoring public on how these roads operate.
- **Infrastructure Enhancement Priorities** – The freight industry should be closely involved in the development of all road schemes identified, particularly when prioritisation of individual schemes becomes necessary.
- **Planning refuelling and recharging infrastructure** - As logistics operators look to lower their emissions, we will see a shift to low carbon fuels and zero tailpipe emission powertrains. We need to plan now for the infrastructure that will be needed to support this switch, including along the strategic road network. The role of National Highways in supporting infrastructure planning and delivery must be considered under RIS3.

Government should review transport connections to airports and improve them where necessary

Air freight is a crucial element of logistics in the UK, currently accounting for 40% of UK imports and exports by value. Due to speed and efficiency, air freight is favoured for shipping of urgent and valuable products, e.g. legal documents, pharmaceuticals, electronics, food, precious metals and gems. Because air freight is predominantly comprised of light items required at high speed, road transport is the predominant mode used for the landside leg of air cargo. This makes road connections to airports a vital component of the end-to-end air freight supply chain.

Pre-Covid we had gained a Ministerial commitment from DfT to produce an Airports Connectivity Review, similar in concept to the excellent ports connectivity work that was produced by DfT Maritime in 2018 (see below). We fully understand that priorities shifted during COVID-19, but now that the sector is recovering, we encourage DfT to re-establish the airport connectivity work as a priority. The Connectivity Review should establish the evidence base, highlight bottlenecks and suggest next steps to resolve them. This should be a multi-modal project, as although road is the dominant mode, there are multimodal options for moving rail freight such as waterway and rail connections where available.

Transport links to maritime ports should be improved

The UK has a superb maritime and ports sector with 90% of goods coming into the UK arrive by sea and 15% of domestic freight is moved by water. With excellent maritime facilities nationwide, ensuring ports and wharves have good road and rail connections can support environmental goals and regional development. As noted above, DfT Maritime has developed a robust evidence base for maritime port connectivity, through a series of studies and reports issued in 2018⁸.

DfT should ensure this work is kept updated, and that opportunities to increase port connectivity are built into the strategic road investment programme. The recent example of the link from Tilbury Port being provided to the new Lower Thames Crossing via the RIS3 investment programme is an example of road-port connectivity being enhanced.

5. The effect of border procedures on road freight

The introduction of border controls on GB to EU trade at the end of the EU Exit transition period on 30 December 2020 caused significant challenges to the

logistics industry, and hauliers in particular. However, it did not result in systemic road traffic disruptions – despite instances of vehicle turn backs or delays that were sometimes very disruptive at company level. The absence of large-scale traffic disruptions led the Government to remove the requirement to have a Kent Access Permit to access Short Straits terminals on 20 April 2021.

In those cases where vehicles were stopped at the border and found to carry goods for which formalities had not been properly completed, the impact on haulage companies was significant with both the vehicle and the driver being held at border control posts without having the means to remedy the situation - as it is usually for the trader or their representative to correct the formalities.

As the UK introduces its full import controls on traffic from the EU to GB in 2022, the haulage industry will face additional challenges:

- Maintaining two customs models – temporary storage and pre-lodgement between which port locations are able to choose depending on their specific circumstances. This means that different points of entry will require different formalities to be completed by the traders. This will constrain the ability of road transport operators to make rerouting decisions as freely as they currently can to respond to unexpected developments. More guidance on how to deal with such situations would be welcome.
- At the time of writing, certain pieces of information about future processes are still missing. We call on the Government to urgently clarify how drivers will be notified that their vehicle is selected for sanitary and phytosanitary inspections. The process should also provide an effective way to direct the driver to the appropriate inspection facility and should be available to drivers who don't have access to a fully charged and Internet-enabled smartphone.

Roll-on, roll-off freight coming through the port of Dover is also likely to be impacted by passenger border checks that the EU will introduce in May 2022 as it introduces the Entry/Exit System (EES). The EES will be an automated IT system for the EU to monitor and register travellers from non-EU countries. It will require biometric checks on all travellers. While this model is well suited to controlled environments such as airports where travellers walk through checks, implementing EES checks in a port environment where individuals arrive in their vehicle will be challenging and could have considerable knock-on effects on the fluidity of traffic including road freight. Logistics UK asks that

the UK Government negotiate with the EU and implement a solution that ensures that transactions at the French border take no longer than they do now and there is a postponement of the introduction of EES until these arrangements are in place.

Finally, we are calling on Government to speed up its implementation of the 2025 Border Strategy, which we fully support. The priority issues for our sector are:

- Trade single window: it will reduce red tape, remove duplications, simplify interactions with Government agencies, in particular, if our single window is linked to that of our trading partners.
- Ecosystem of trust: Building a network of trusted businesses will minimise border interventions for authorised traders and optimise the use of government resources by using a risk-based approach.
- Negotiating ambitious trade deals: Improved facilitation mechanisms and efficient border processes in FTAs with our trading partners will support British businesses

6. Workforce skills, training and development

On 6 December, Logistics UK will be publishing its seventh annual report on skills and employment in the logistics industry which will contain further analysis of this topic.

Skills shortages at level 2 and below is the biggest short-term issue affecting the sector

There is a significant skills shortage across the logistics sector. This has been caused by a range of factors, including the pandemic and Brexit. Logistics UK's Skills and Employment Report 2020 revealed that 79,000 members of the workforce – EU workers left the country in the previous 12 months. There has also been significant disruption to driver testing, exacerbating the ongoing gap between the supply of drivers and demand.

The greatest proportion of jobs in are level 2, which is low to middle skilled (41.7%), followed by low skilled (26.6%). The proportion of logistics jobs considered to be low and low-middle skilled is greater than the national average, where they represent only 9.2% and 31.4% respectively of all jobs in the economy.

Recruitment is a top priority for business action

Logistics UK has been working closely with the UK Government to support new workers into the logistics sector. Most recently this was during our Discover Logistics Careers event, which was produced in collaboration with the Department for Work and Pensions (DWP). Logistics UK has also produced a document Funding and Support for Accessing Logistics Skills, with input from both the Department for Education (DfE) and DWP. Logistics UK is leading the development of a Year of Logistics with industry and government which is designed to boost private sector activity to promote the sector and drive improvements within it.

Respondents to the Logistics UK Industry Survey 2020/21 indicated that increasing the number of staff and training were the highest HR priorities for the year ahead. Of lowest priority were overtime and use of temporary staff and agency drivers, all of which were expected to decrease in 2021, as transport operators and buyers save costs by concentrating activity on a core fleet of vehicles and drivers. Scaling back use of short-term vehicle hire, agency drivers and spot hire haulage was also low priority.

The logistics sector is acting to help alleviate the skills and labour shortages. The same survey of Logistics UK members listed the most effective actions undertaken by members to address the driver and/or skills shortage in logistics.

- 29.6% invested in new vehicles/improved facilities to attract drivers
- 24.3% raising pay
- 22.5% funding driver training programmes for career changes/new drivers
- 19.5% taking on apprentices
- 16.5% promoting driving and/or other logistics professions to young people
- 8.2% accessing government skills funding schemes
- 7.5% promoting driving and/or other logistics professions to women
- 5.6% funding driver training programmes aimed at long-term unemployed
- 4.5% raising overtime rates
- 1.9% promoting driving and/or other logistics professions to ethnic minorities
- 1.5% providing careers initiatives/advice in schools

7. The effectiveness of Government policy in supporting recruitment, retention and a diverse workforce in the road haulage industry

Government has announced a series of policy and regulatory measures to increase driver testing throughput and assist with recruitment

Several policy measures have been introduced by the government to address these issues, some of which are listed below. We expect these to facilitate increased recruitment over the next months and years.

To support training the Government has:

- Committed to investing up to £17 million to create new HGV Skills Bootcamps to train up to 5,000 more people to become HGV drivers in England.
- Launched the new Large Goods Vehicle Driver apprenticeships on 1 August 2021, which provides up to £7,000 of funding for training.
- Introduced an incentive payment of £3,000 to employers who employ an apprentice before 31 January 2022.
- Committed extra funding for both medical and HGV licences for any adult who completes a vocational qualification in HGV driving accessed through the adult education budget in the 2021 to 2022 academic year.

To increase the number of driving tests the Government has:

- Increased the number of HGV driving tests by 90% compared to pre-pandemic levels through measures including overtime and allocating additional employees into testing, alongside the recently introduced capacity from Ministry of Defence (MOD) driving examiners.
- Committed to changing the law about towing a trailer with a car, the staging of HGV tests, and who can test the off-road exercises to increase the number of HGV tests.
- Prioritised processing of provisional HGV driving licences at DVLA, which has reduced processing times to about 5 working days. Most drivers applying to renew their HGV licence can continue driving while their application is being processed.

To increase the attractiveness of the sector to potential recruits the Government has:

- Provided grant funding to Think Logistics which, with Career Ready, is working to attract young people to the profession.
- Launched a review of HGV parking and facilities. This includes working with partners to identify and deliver a number of temporary sites where short-term modular facilities can be installed, encouraging National

Highways to consider how their land-holdings can be used to provide additional parking spaces nationwide, and helping local councils to identify areas where HGV parking is needed.

- Committed to investing £32.5 million in roadside facilities for HGV drivers, such as showers, toilets and eating areas.

Government has also provided temporary visas for the food and fuel sectors

- Provision of 5,000 temporary HGV Driver Visas: 300 for the fuel supply sector, and 4,700 for the food supply sector. These HGV Driver Visas are valid until 28 February 2022 and businesses must apply before 1 December 2021.

Government should consider further ongoing support for training and recruitment

There has been rapid agreement on two HGV Driver Apprenticeship standards in the last two years, one for Driver C+E which has now launched, and one for Driver C (“urban driver”) which has been approved but not launched as discussions on the funding band are ongoing. Agreeing and approving the standards is a difficult task, and we thank the efforts of the Institute for Apprenticeships and the industry Trailblazer Group for their efforts.

There is an active debate in our sector and the wider business community about the usefulness of the Apprenticeships system. Logistics UK would support pragmatic reform, such as reducing the minimum 12-month duration in some cases and reducing the 20% off-the-job training requirement to 10%. DfE has rejected these changes.

Logistics UK continues to call for more focus on Level 2 and below skills training, including funding of these courses through the National Skills Fund to (NSF) to enable it to fund a selection of high-priority Level 2 roles such as HGV Drivers (currently it is only for Level 3 roles). We have responded to the NSF consultation to that effect and await government’s response.

Logistics UK welcomes the commitment from Government to train up to 5,000 new HGV drivers in Skills Bootcamps, but it is not just drivers that the sector is short of. Skilled roles such as technicians and fitters are in high demand across the sector. These skills are considered ‘low skilled’ but were the hardest to fill in 2020.

While this is a significant step forward, we believe that more Government support is vitally important given the scale of the challenge we face in addressing the shortages across the sector. For comparison, HMRC was able to

fund the training of Customs Agents to a total of £84m before Brexit. In this context, additional funding for training HGV drivers is a reasonable request.

Government's approach to visas should be in line with its strategy to put in place an immigration system that works in the national interest

The short-term visas announced by Government were welcome and have helped alleviate some of the short-term issues around driver availability. Going forward we want government to take a more flexible approach to immigration policy, so that it can dial up, or dial down, the number of visas available to meet UK business needs. Specifically, we are asking government to amend the rules on the Skilled Worker Visa so that it can be made available to a selected number of Level 2 occupations such as HGV drivers. Currently, it is limited to roles classified as Level 3 and above, which means that Skilled Worker Visas cannot be made available to any Level 2 roles. We understand that government is planning to review this policy in 2022 and we look forward to engaging in that process.

Retention and diversity can both be helped by improving driver facilities

Over the past 10 years the median number of drivers leaving each Q2 was 11,000, approximately 3.5%. Over the past four years the largest decline has been in the 46 to 55 years age bracket, but since 2019 there has been an increase in the numbers of those under 35 leaving the profession and also in drivers aged 46 to 55 years.

As at Q2 2021, the logistics sector is dominated by people who describe themselves as ethnically white (89%). Male logistics workers represent 83%. For the first time in five years it was possible to estimate the number of women drivers, as the sample was large enough. It was estimated that women account for 2% of HGV drivers; this does not represent a significant change as over the last ten years this figure has normally been estimated at between 1% and 3%.

Alongside business, the government has a role to play to support job retention and diversity in logistics. We have a long-running campaign on the provision of government-funded, secure and safe lorry parking as we have not, yet, seen delivery of government pledges in 2018 to deliver up to 1,500 new spaces.

Logistics UK was therefore delighted to see recent announcements on a review of HGV parking and facilities and the commitment to £32.5 million in existing roadside facilities for HGV drivers, such as showers, toilets and eating areas. However, it is additional spaces as well as improved existing spaces which are needed. Logistics UK has been pressing to see the measures from the Summer

2020 DfT parking study begin to be implemented which address: planning; identification and options for sites; linkage to other investments; enforcement and standards for sites.

We also welcome Government commitment to supporting the Year of Logistics initiative, which we proposed to government, with cross-industry support, in June.

8. Decarbonising road freight

Zero tailpipe emission technologies must be able to perform all the same functions and operations as effectively as their diesel equivalents

The road vehicles used by the logistics industry are incredibly varied. As well as different size vehicles in operation for different purposes, specialist equipment may be required, such as an onboard power supply or refrigeration units. Payload, which is the maximum load a vehicle can carry, is also critical to ensure vehicles are used as productively as possible to reduce the overall number of vehicle journeys.

As a significant proportion of transport GHG emissions are produced by road vehicles, this part of logistics needs the greatest focus. Given the nature of commercial vehicles, moving to zero tailpipe emission technologies presents a significant challenge as they must be able to perform all the same functions and operations as effectively as their diesel equivalents, in a cost-effective way for businesses.

Real-world mileage range of battery electric vehicles, for example, is a concern as some commercial vehicles operate 24/7 with limited stoppage time, or they work in locations that have limited access to alternative power sources for re-charging. Payload, which is the maximum load a vehicle can carry, must also not be compromised to ensure vehicles are used as productively as possible to reduce the overall number of vehicle journeys.

Logistics UK believes that operators also need clarity and certainty over the right technology solution, or mix of solutions, so they can confidently invest in these vehicles in the future, with the right supporting infrastructure in place for them to operate them. They must be commercially viable, given logistics business generally operate on very low margins. Indeed, in 2020, road operator margins decreased to just 1%⁹.

Supporting infrastructure must be delivered

The energy and infrastructure needed to support zero tailpipe emission technologies is of interest and concern for our members. Without it, operators simply will not be able to make the transition to these technologies at scale.

We believe it is crucial that a plan is in place to ensure that recharging and refuelling infrastructure is delivered to cater to all vehicle types at the right time and in the right places, which would help operators confidently transition to zero tailpipe technologies. For HGVs, this planning must start now as part of the zero emission road freight trials.

As some operators are currently in the process of electrifying their van fleets, they are already facing challenges with the cost of installing charging infrastructure at their depots, alongside the additional cost if it requires a power upgrade to enable it to have sufficient energy supply. Costs of over £1 million have been reported and it is often not commercially viable, especially if premises are leased. In this instance, if the business relocated, the infrastructure would remain and, in some cases, may even be removed by the landlord, resulting in no further benefit to the business from the investment they had made.

Power upgrades are even more likely to be needed if operators switch to battery electric HGVs in the future, as these vehicles will have larger batteries that will need more power for charging. If fast charging is required, then this will increase the power demand further.

Whether the future solutions are battery electric, electric road systems or hydrogen, all require substantial infrastructure investment and energy capacity. We therefore need coherent targets for infrastructure development, to ensure the phase-out dates for petrol and diesel vehicles can be met.

Low carbon fuels play a vital role and should be supported

It is widely recognised that low carbon alternative fuels have a crucial role to play in decarbonising road transport. In the Government's Transport Decarbonisation Plan, it states that "low carbon liquid and gaseous fuels – predominantly biofuels deployed in road transport – deliver about a third of all domestic transport carbon savings under current carbon budgets". The Government's stated strategy is to use low carbon fuels across transport in a way that achieves maximum GHG savings.

Logistics UK supports the use of low carbon fuels for road transport, given their ability to immediately lower emissions from both new vehicles and those already in the existing fleet. This is particularly important for HGVs, given that the zero-tailpipe emission solutions are yet to be developed. Furthermore, it

will take substantial time for these vehicles to make up the majority of vehicle fleets due to the investment and the time needed to fully transition.

Drop-in fuels, such as HVO, are particularly appealing to operators as no additional infrastructure or investment is needed. Some operators have also already begun investing in biomethane as a diesel alternative, given the immediate reductions in emissions that can be offered. However, barriers to adoption include the increased cost of these fuels compared to diesel, uncertainty over future taxation and incentives, and lack of refuelling stations within geographical reach to support their use.

To support the decarbonisation of road logistics, we have the following recommendations:

- Large-scale technology trials must result in clarity and certainty for HGV operators on which zero tailpipe emission technologies will be commercially viable, enabling long-term business planning.
- Government infrastructure development plans must fully recognise the needs of commercial vehicles and include targets on how, where and when the supporting infrastructure will be in place.
- A public spending programme and regulatory changes must allow for fair and equitable funding upgrades to the electricity network, supporting operators install essential chargepoints at their depots.
- The use of appropriate low carbon fuels must be fully incentivised through the tax system to help operators lower their emissions immediately.
- Maximum permissible weights for alternatively fuelled and zero tailpipe emission powertrains need to be increased, helping avoid vehicle payload becoming compromised.
- The regulatory framework should be future proofed for the long-term shift towards different vehicle powertrains.
- The plug-in grants are continued to support the purchase of ultra-low emission commercial vehicles, coupled with a long-term picture of future measures needed to replace lost fuel duty revenue.

November 2021

Endnotes

¹ LST Trial results are available here: <https://www.gov.uk/government/consultations/ending-the-longer-semi-trailer-trial/longer-semi-trailer-trial>

² Reported road casualties in Great Britain: 2019 annual report, Chart 2: Fatalities in reported road accidents: GB, 1979-2019.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/922717/reported-road-casualties-annual-report-2019.pdf

³ ALARM survey of local highways departments <http://www.asphaltindustryalliance.com/alarm-survey.asp>

⁴ <https://inrix.com/press-releases/2019-traffic-scorecard-uk/>

⁵ Logistics UK Manager Guide to Distribution Costs

⁶ Information from HGV manufacturer

⁷ [Lorry parking reform announcement, 8 November 2021](#)

⁸ <https://www.gov.uk/government/publications/transport-connectivity-to-ports-review-of-the-current-status-and-future-infrastructure-recommendations>

⁹ Logistics UK, Logistics Report 2021