Written evidence submitted by the APPG for Roadside Rescue and Recovery

The Independent Recovery Industry and COVID-19

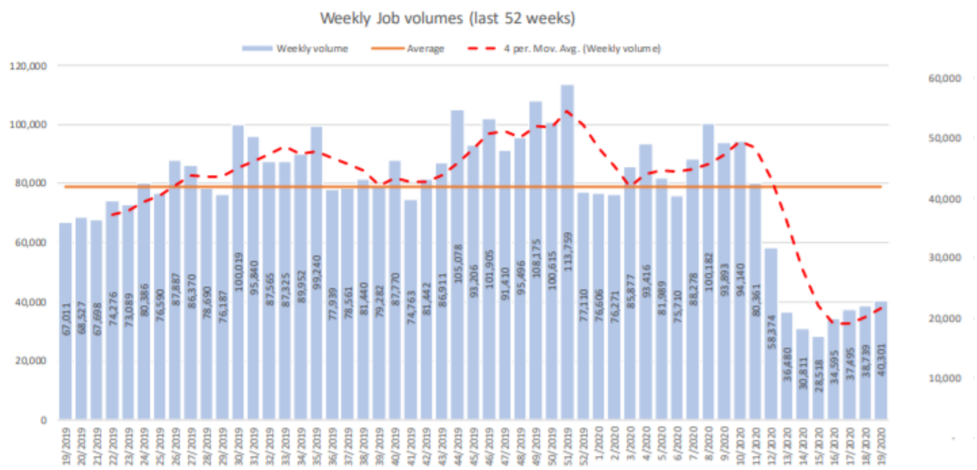
The independent roadside rescue and recovery industry comprises over 500 small- and medium-sized businesses. Typically, these are family concerns. Many of their services are contracted out to the likes of the RAC/AA/Green Flag as part of standard breakdown cover; some operators have specialist vehicles so they can attend larger scale incidents, requiring bigger vehicles and teams to clear the scene of major accidents and the like. Sometimes these services are provided on a statutory basis - i.e. they are instructed to carry out the recovery operations by the emergency services.

The industry has been badly affected by the coronavirus pandemic. The APPG for Roadside Rescue and Recovery has carried out a series of Zoom roundtable discussions with prominent players in the industry to assess the effects the pandemic is having on their business. It has also conducted a survey of members of the industry which is detailed here (82 companies from all across the UK responded to the survey). In addition, figures showing the total volumes of recovery activity have been submitted by Apex Networks, a provider of recovery management software and electronic communications platform widely used across the recovery operator network.

Total activity

The below graph shows the total number of recovery jobs across the Apex network in the last 52 weeks to the 11th May 2020.

This comports with what the APPG found in its survey of recovery operators and roundtable discussions. 46 per cent of respondents to the survey estimated they were presently running at below one fifth of a typical capacity for a week. In total, 80 per cent of respondents believed they were running at less than two fifths of average capacity.



Effects on the industry

With activity volumes having fallen so considerably, the revenues of recovery companies have taken a huge hit. The Job Retention (furlough) Scheme was generally seen to have been a positive intervention that has prevented job losses and enabled companies to reduce costs, thereby mitigating the damage to their balance sheets. Despite this, only 22 per cent of respondents to the APPG survey believed their business could survive more than 3 months at current levels of activity, and only 23 per cent of businesses felt they were extremely confident or very confident their business would survive the pandemic.

Further interventions

The effectiveness of the furlough scheme and other interventions has been dampened by the need on the part of recovery operators to run a 24 hour 7 days a week service despite dramatically reduced volumes. Most contracts held by independent recovery operators require them to provide this comprehensive 24/7/365 days service to motoring organisations like the AA and the RAC, as well as other work providers such as Allianz Partners, Greenflag, and LV Britannia Rescue, all of whom offer breakdown cover and will be the first point of contact for a motorist who has broken down.

The need to provide this level of service has meant that independent recovery companies are having to provide staff throughout the night and indeed during periods of the week when there is very little activity. The fees paid by the motoring organisations and work providers are per job. So as the number of jobs fall, significant losses are incurred as the fixed costs, and the staff costs associated with having to provide the comprehensive service, remain high relative to the lower income resulting from the reduced number of jobs.

The idea of changing the charging structure to one involving a ‘stand by’ fee for recovery operators to be paid by work providers for the cost of being on call was mentioned by a significant number of survey responders and those who participated in roundtable discussions.

For similar reasons, there were calls for the furlough scheme to be adapted so as to allow for the possibility of part-time working.

Also highlighted was the need for a clear plan to the different stages in exiting the lockdown, in order for businesses to have visibility for what lies ahead and take investment and staffing decisions now based on the best possible information.

Many respondents to the survey claimed that a one-off reduction or rebate in motoring taxes, such as Fuel Duty or VED, would be the single most important measure that would provide their business with a better prospect of surviving the pandemic. Given the nature of recovery depots requiring significant land area, many companies also highlighted that extending the Business Rates holiday in the leisure sector to include recovery operators could have a significant impact.

(NB: The survey was carried out before the Prime Minister’s announcement lockdown exit plan on 11 May and the Chancellor’s update to the furlough scheme on 12 May)

Recognition

In addition to more concrete measures that were sought, there was a general feeling that the recovery industry is an essential emergency service and doesn’t receive the recognition it deserves. The lack of progress on the industry’s push for red lights (disclosure: this APPG has been campaigning for this change for more than a year) was seen as one area where respondents felt that their concerns had fallen on ‘deaf ears’ in government. This general sense was reflected in one of the answers given to the question asking respondents how they would use 60 seconds to get their message across to politicians:

> *Vehicle recovery is more important & essential for everyone. It’s an industry that is taken for granted. We all work in extreme conditions to help the public & authorities. We are an emergency service with hardly any recognition. Yet with out us the uk, Scotland & Wales would be catastrophic. We all work extremely hard to keep things going and still keep in business. None of us have a normal life. All we would like is recognition, government financial aid & road safety looked at properly.*

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