



**COLD CHAIN
INSIGHT**

Webinars for Cold Chain Professionals

**TRANSPORT WEEK DAY 1: DRIVER RECRUITMENT &
TRAINING**

STARTING AT 10:30AM

SUPPORTED BY:



SHANE BRENNAN
CHIEF EXECUTIVE
COLD CHAIN FEDERATION



SCHEDULE

10:35 – 11:00	Driver recruitment	 <p>DRIVER REQUIRE 20 YEARS OF EXCELLENCE</p>
11:00 – 11:25	Training & Developing Drivers	 <p>RHA</p>
11:25 – 11:50	Panel Discussion	 <p>culina FOOD & DRINK LOGISTICS SPECIALISTS</p>



File View Help

Audio

Sound Check  ?

Computer audio
 Phone call
 No audio

Microphone Array (Conexant SmartA... ▾

Speakers (Conexant SmartAudio HD) ▾

Talking: **Shane Brennan**

Questions

[Enter a question for staff]

Send

CCF - COVID 19 - INTELLIGENCE EXCHANGE
Webinar ID: 308-161-843

 GoToWebinar

THE HGV DRIVER SHORTAGE



KIERAN SMITH, CEO, DRIVER REQUIRE



DRIVER REQUIRE THINK TANK

UPDATED: The Answer to the UK's HGV Driver Shortage

Kieran Smith

3rd MARCH 2022

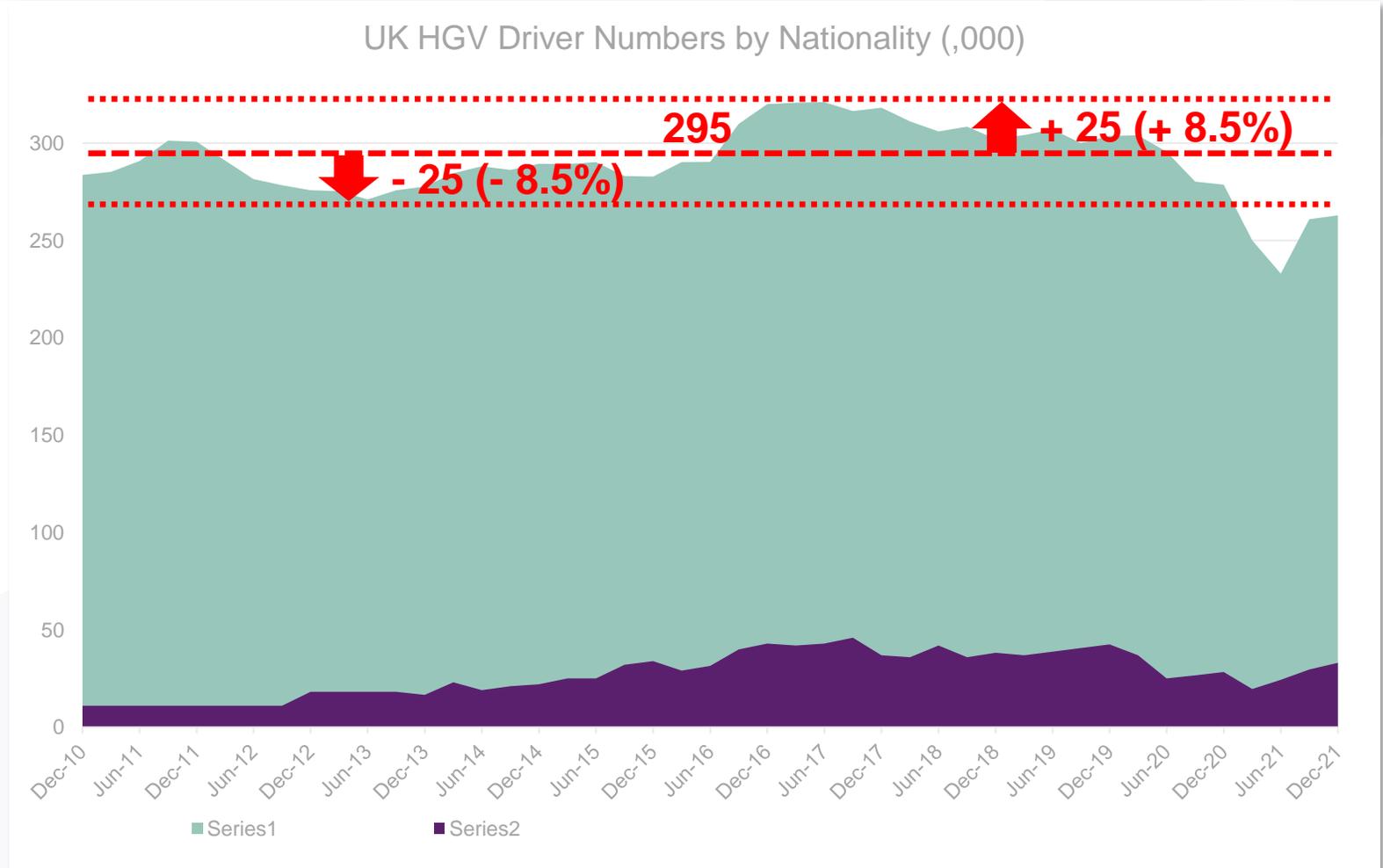


Pre-Pandemic Dynamics



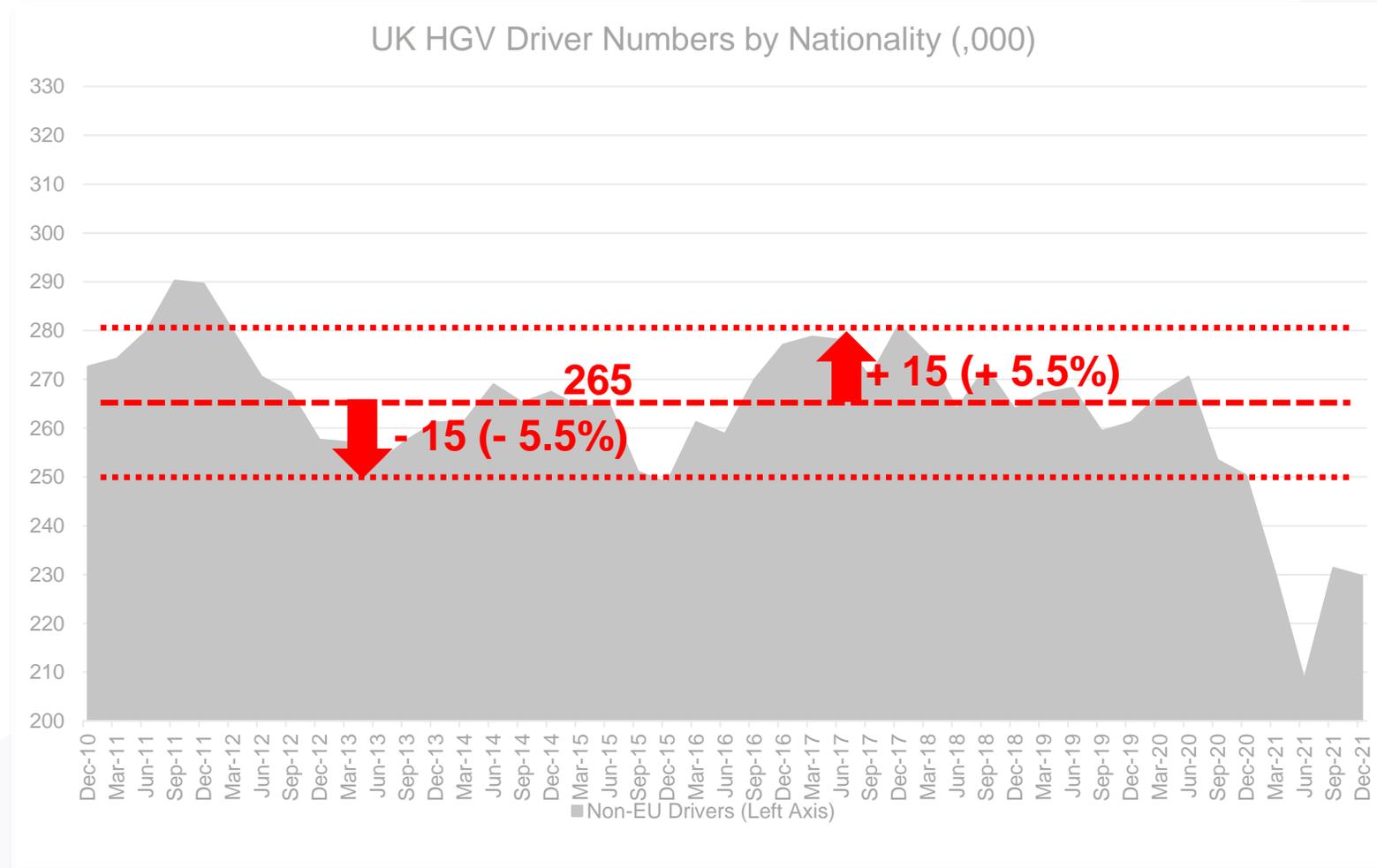
The workforce remained stable over the past decade

- The workforce varied around an average of 295,000 by +/-25,000
- EU workers represented only a small fraction:
 - Up to 14%





EU drivers helped cover large changes in demand...





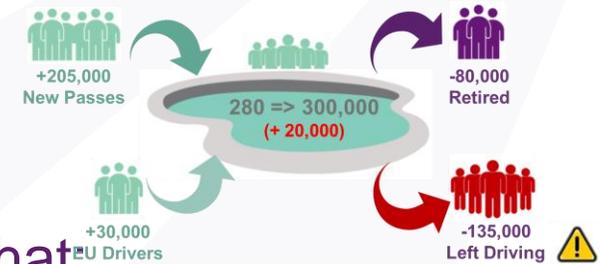
Pre-pandemic HGV driver pool dynamics

➤ In the decade 2010 – 2019

- The pool increased from 280,000 to 300,000
- 235,000 new entrants less 80,000 who retired
- **135,000 left the workforce for other reasons – “churn”**

➤ When we examined the Under 45 age group, we discovered that:

- The pool decreased from 115,000 to 100,000
- 295,000 new entrants less 70,000 who moved to the Over 45 age group
- **140,000 left the HGV delivery workforce for other reasons – “churn”**
- 84,000 stopped driving and 56,000 went into other driving roles
- 8,000 per year



This means that all the “churn” came from the Under 45 age group



Our problem was oversupply, not a shortage

- Extremely powerful buyers:
 - Retail giants, grocery suppliers and supermarkets, construction companies, etc.
- Highly fragmented and super-competitive haulage market
- Led to intense competition and cost cutting to win haulage business
- HGV driver costs range between 30% and 60% of haulage charges, so naturally the haulage sector suppressed HGV driver wages and working conditions

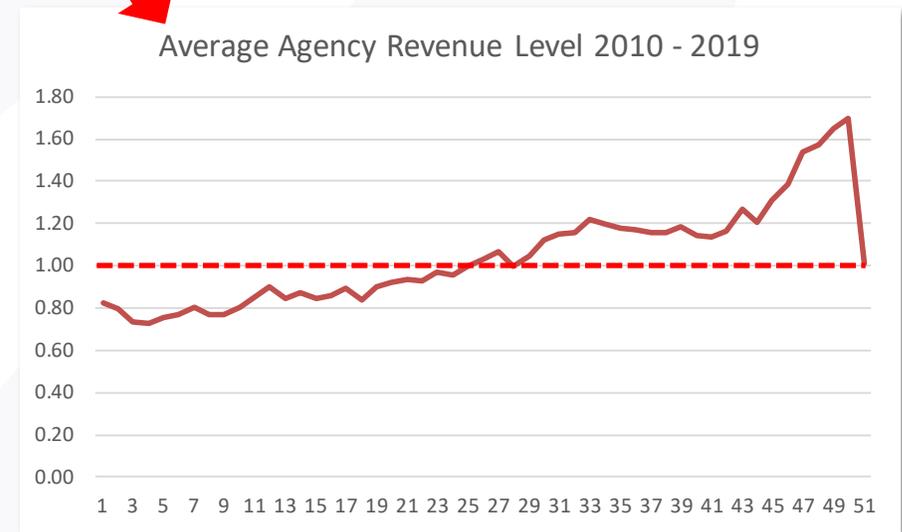
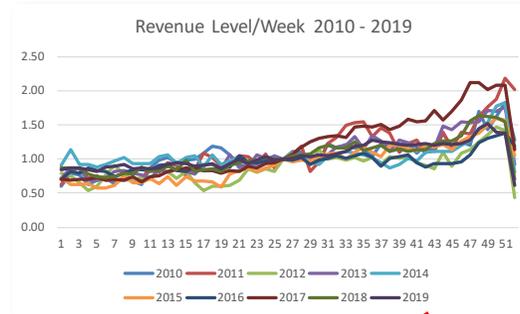
This resulted in high churn, stabilising at exactly the level to match average demand



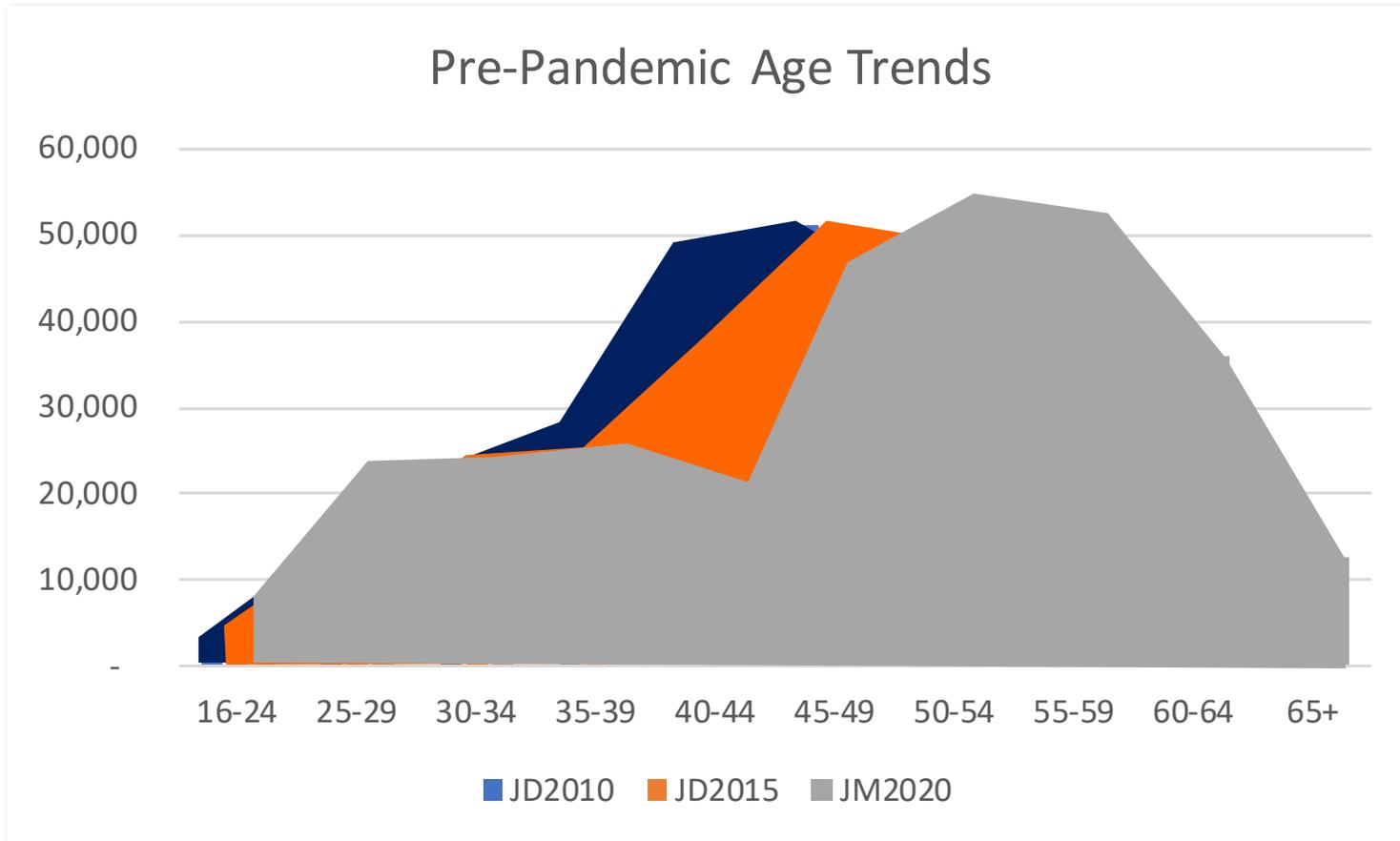
We experienced a “shortage” every year at peak

➤ The UK haulage sector is seasonal:

- **H1:** Off-Peak from late January to the end of June with the exception of Easter holidays:
 - Every year there are excess HGV drivers in the market
- **H2:** Peak with a short dip from mid-September to late October:
 - Every year there is a shortage of HGV drivers, leading to loyalty bonuses and incentives
 - Not long enough to cause systemic HGV wage increases



We have an aging workforce ... is this really an issue?



- We have a plug of aging drivers that has now reached retirement age
- The retirement rate has increased by **3000/year**:
 - 7500/yr in 2010 to 10,500/yr in 2020
- This isn't the disaster everyone considered it to be...
- We could easily recover from this dynamic by retaining more drivers



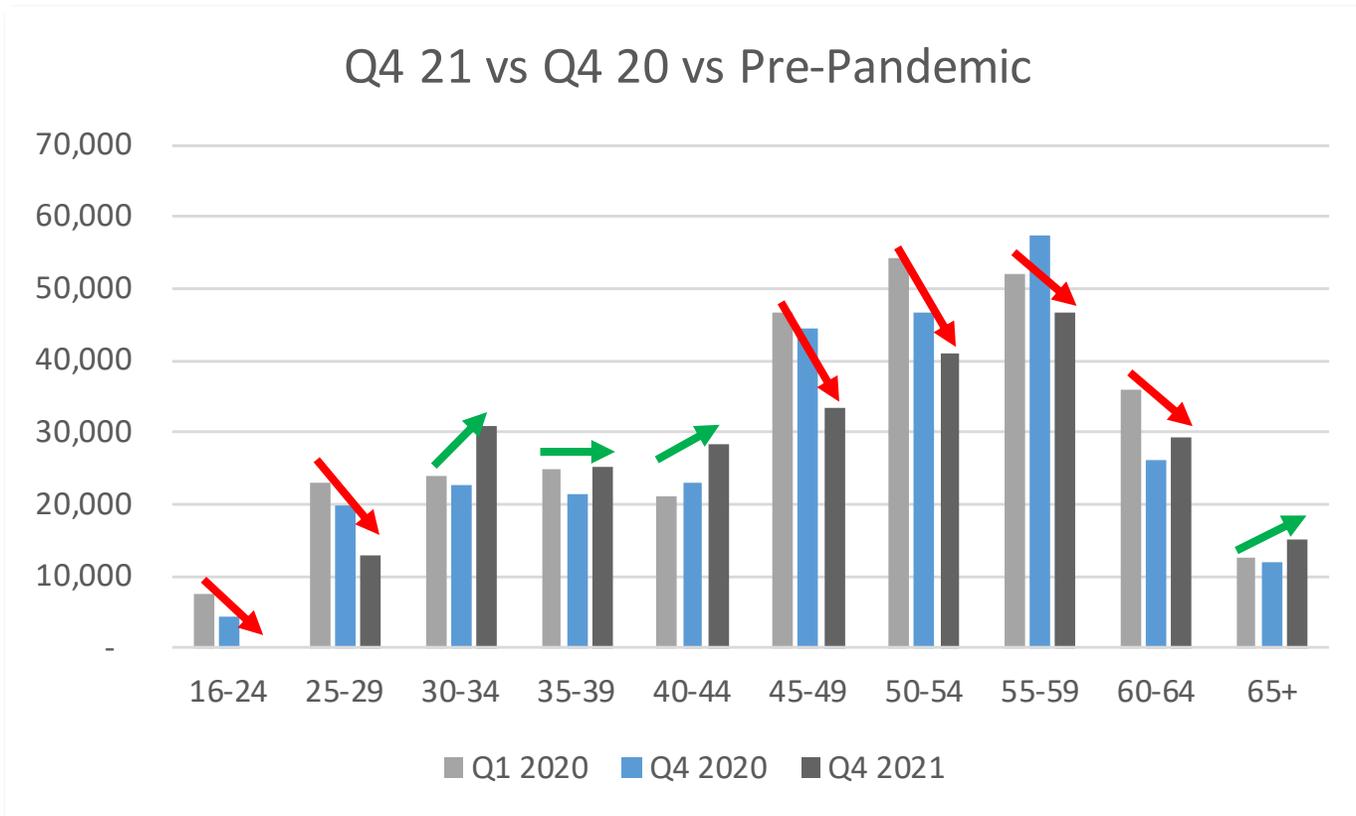
Pandemic Dynamics

Analysis of the Pandemic period



- Numbers dropped by 68,000 to a low point of 233,000 in Q2 2021
- Then recovered by 28,000 to 261,000 in Q3 2021, a drop of 40,000 vs pre-pandemic

Age analysis for the Pandemic period

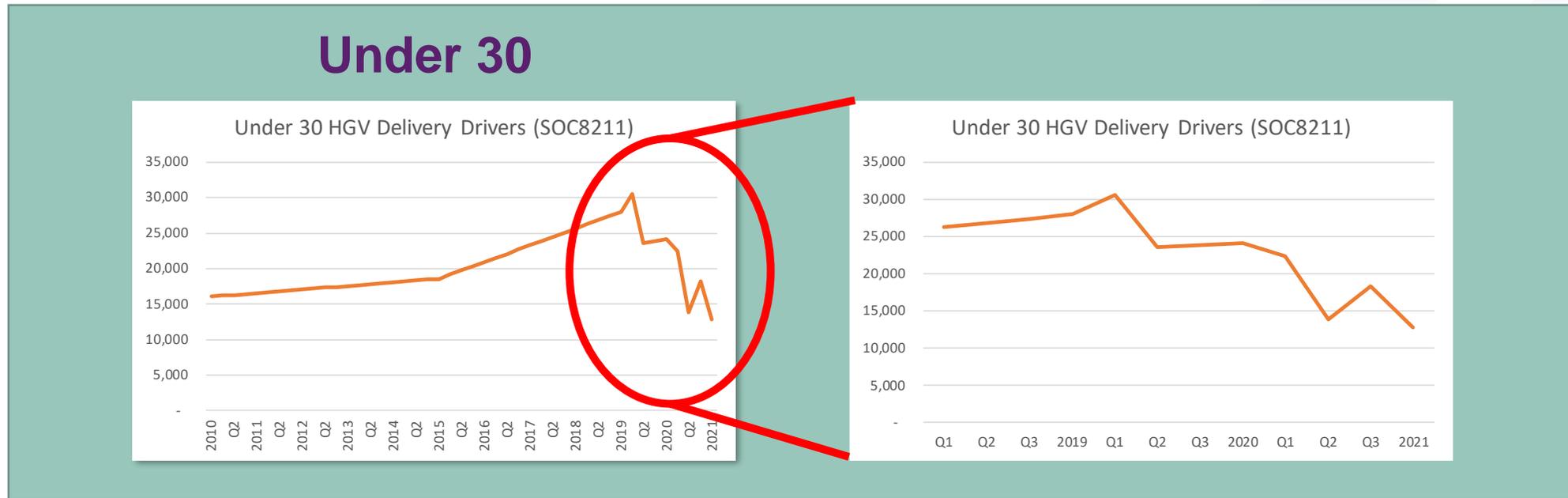


Q4 21 v Q4 20 v Q1 20

- <30:
 - Significant drop
- 30-45:
 - Increase
- >45:
 - Significant drop



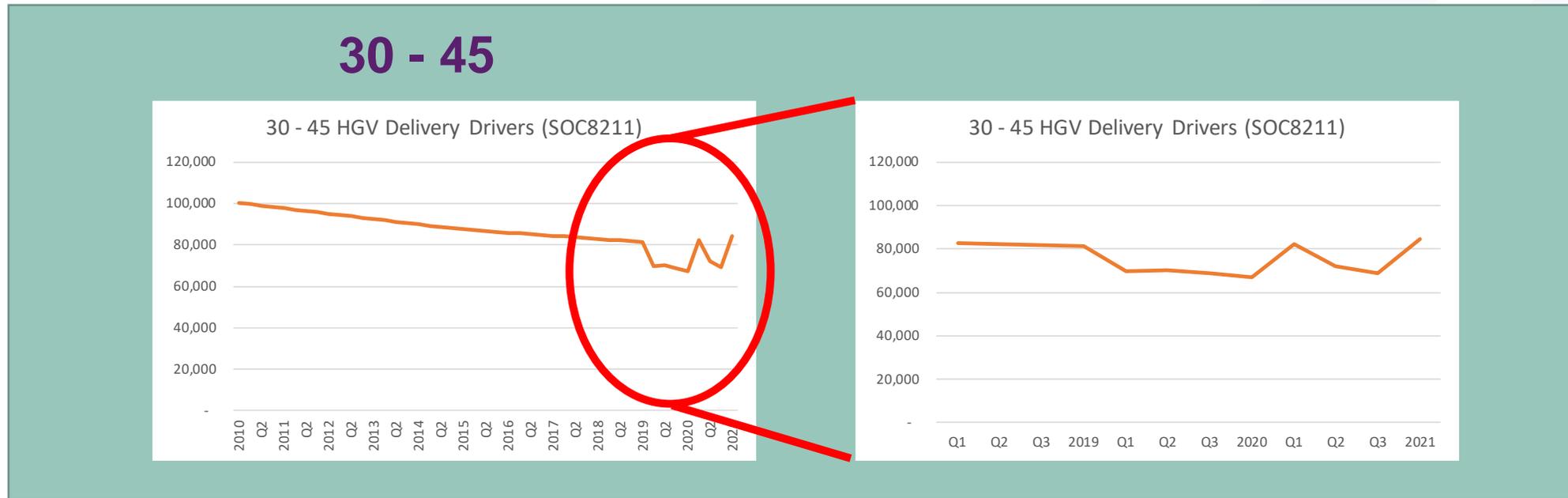
We have appalling churn in the Under 30 age group



- The largest pandemic losses were in the Under 30's
- 30,000 Under 30 HGV drivers dropped to 13,000 in the two year period



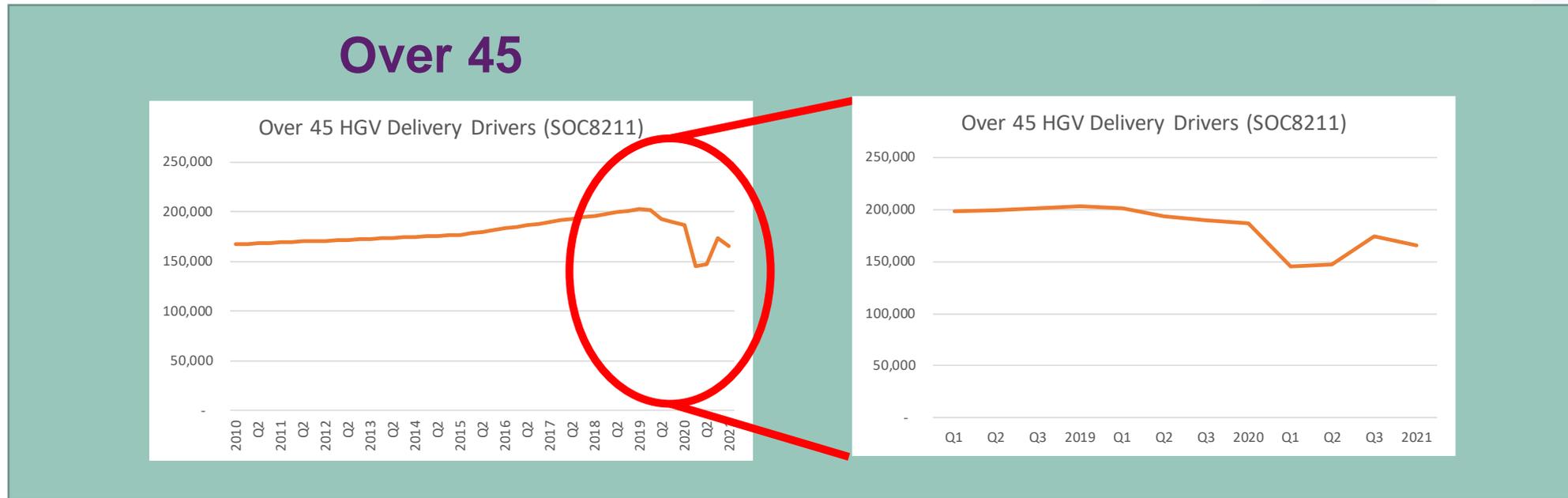
The 30-45 group has remained roughly stable



- The 30-45 group remained approximately stable through the pandemic
- New passes and returning lapsed drivers replaced those moving to >45



The Over 45s caused the 2021 shortage crisis



- The Over 45 age group declined by 41,000 in Q1 2021 causing the shortage crisis; then recovered in Q3, only to adjust again in Q4



We need to focus on the Under 30s

- The Under 30 age group is the feeder group to the HGV driver pool
- Approximately 40% of New Passes are under 30 years old
- We have “lost” 20,500 out of 30,500 drivers in the Under 30 age group since the pandemic started:
 - **That’s 67% churn!!!**
 - **- 17,500** drop in numbers during the Pandemic from 30,500 to 13,000
 - **+ 10,500** new HGV Test Passes entered the group
 - **- 7,500** moved into the Over 30 age group



So why are the Under 30s deserting HGV driving?

HGV driving is currently not a “natural fit” for Under 30s:

- Money not the primary motivator – focus on quality of life
- Increased wages in other jobs with better quality of life
- Younger drivers tend to get the harder/worse work
- Inadequate coaching, development and nurturing of new drivers
- Especially difficult if the sole earner and wanting to start a family and/or have a better quality of life

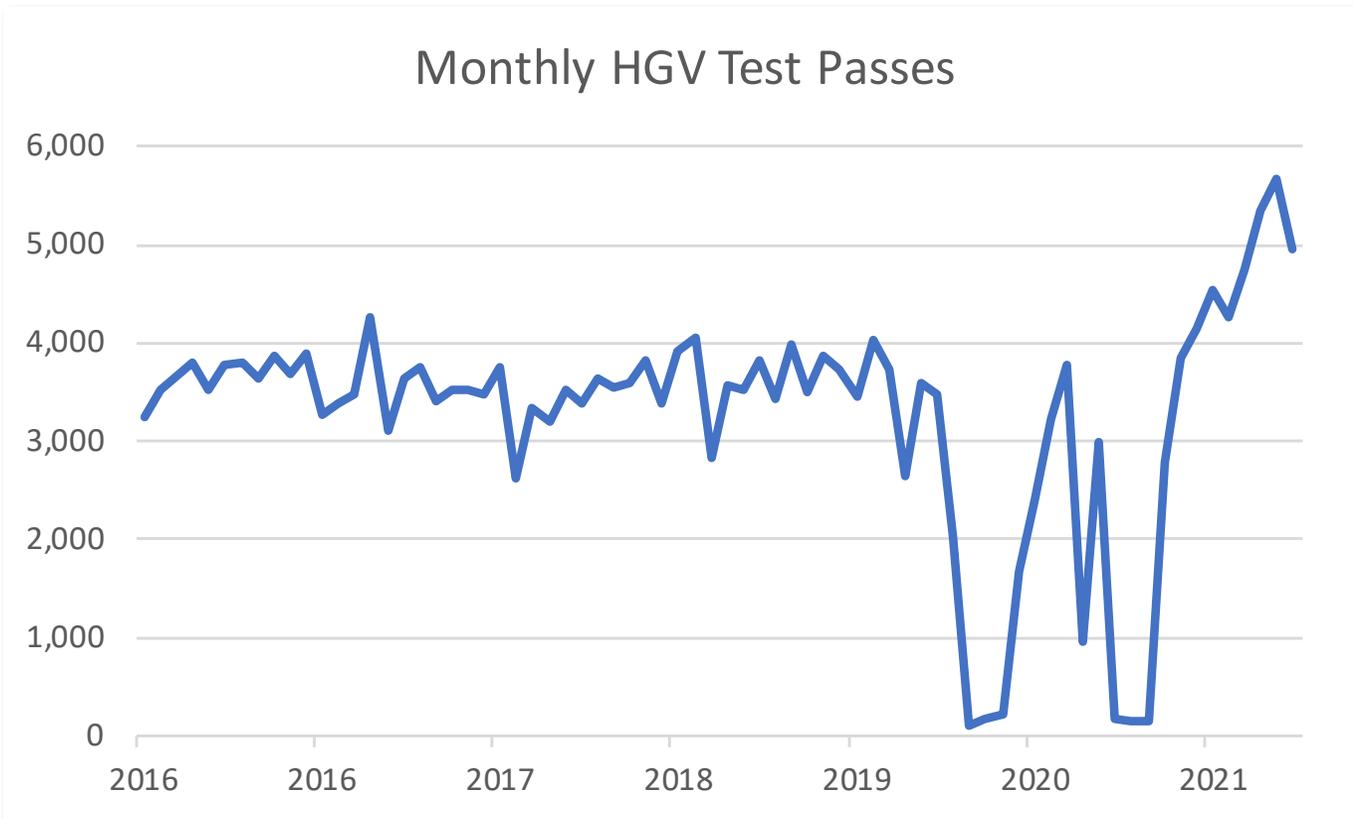


**DRIVER
REQUIRE**

Supply and Demand



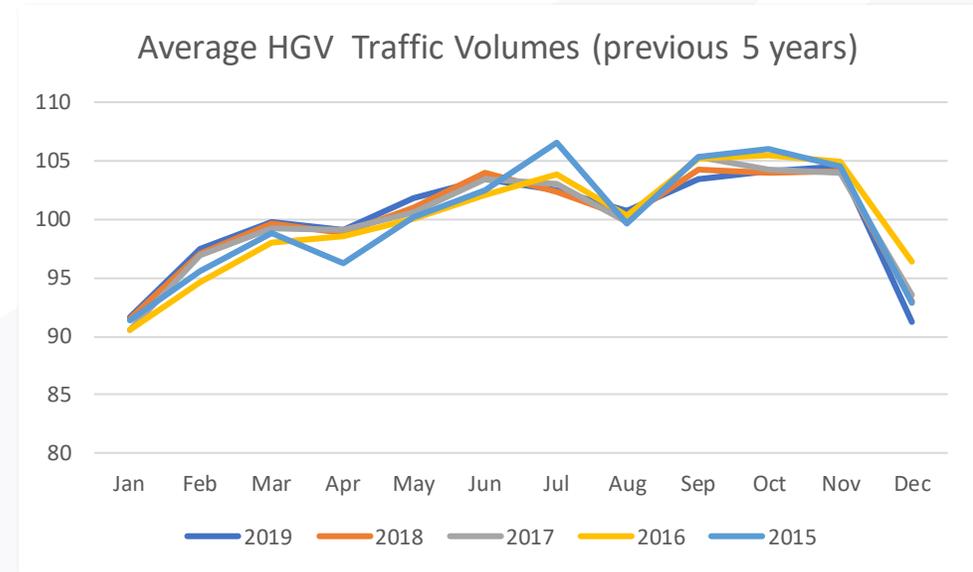
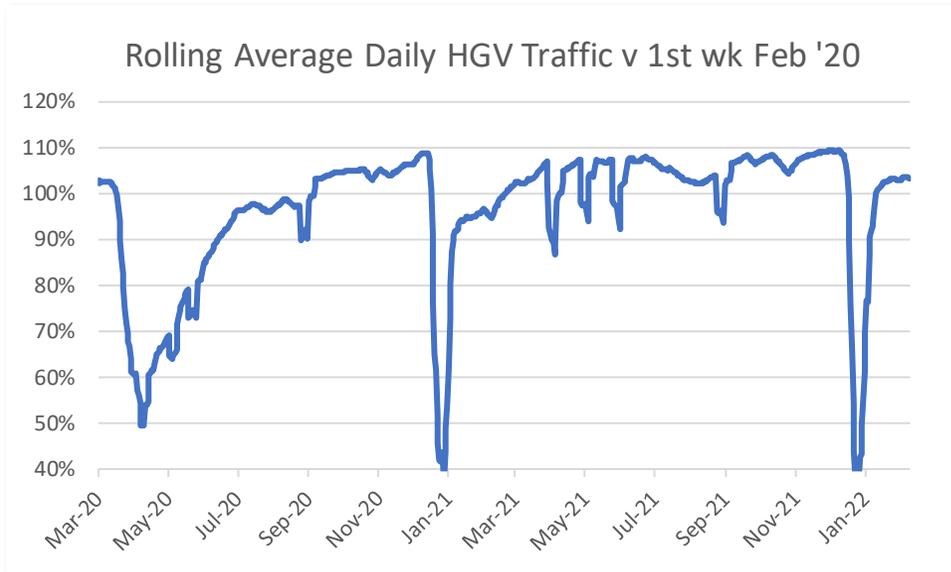
HGV testing throughput is up by 50%, but...



- Q4 Current rate:
- 27,000 took the test
- 60% = 16,000 passed
- 60% = 10,000 new entrants
- 70% = 7,000 into HGV Delivery
 - <30: 40% = 3000
 - 30-45: 40% = 3000
 - >45: 20% = 1000
- We need more data**



We are running at pre-pandemic freight levels... how?



- H2 2021 freight traffic averaged 108% of Feb 2020 level and then fell to 103% in Q1 2022
- Over the 5 pre-pandemic years, Sept-Nov freight traffic averaged approx. 110% of February levels

We are sweating our HGV drivers & assets – 20% extra work per driver



Evidence of a shortage crisis

- “Whack-a-Mole” became consistent shortages
- Agency pay rate inflation of up to 40% partly transferred to permanent, which rose by around 20%:
 - Moving towards £20/hour for antisocial/difficult work
 - £1000-£1200/week; £50,000/year for a standard week; more with OT
- Higher differential for overtime and anti-social hours

But then we didn't experience the significant uplift in demand in Q4 2021



Other constraints eclipsed the HGV driver shortage



Product supply constraints:

- Product and component supplies
- Disruption to international shipping and supply chains
- Seasonal stock delayed beyond sale window



Restricted processing: warehouse worker and van driver shortages



Shortage of operational fleet



Lack of available rail freight capacity from container ports



Grocery and high street retailers reduced number of SKUs



Exploitation of visiting EU fleet through increased cabotage



The Solution

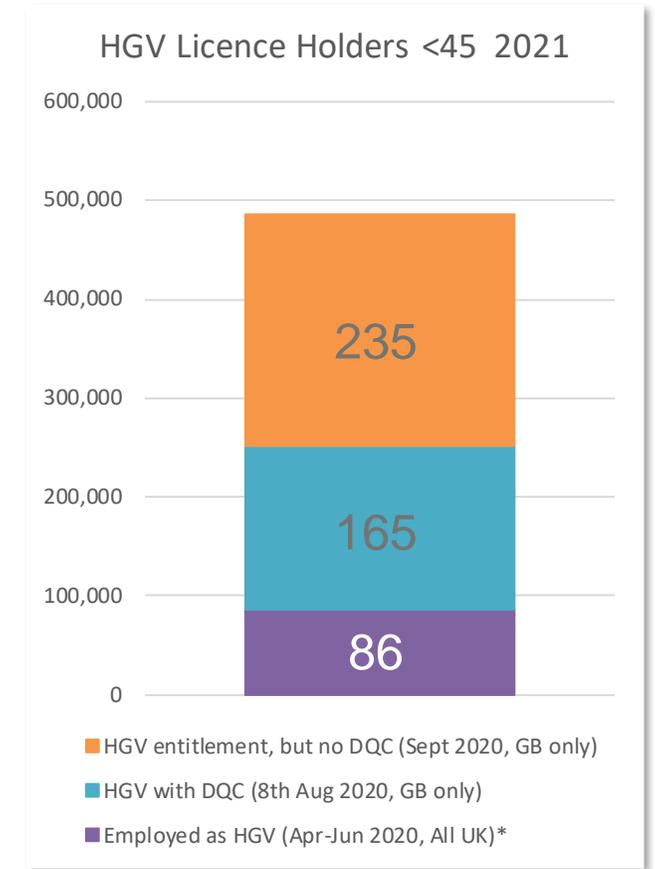
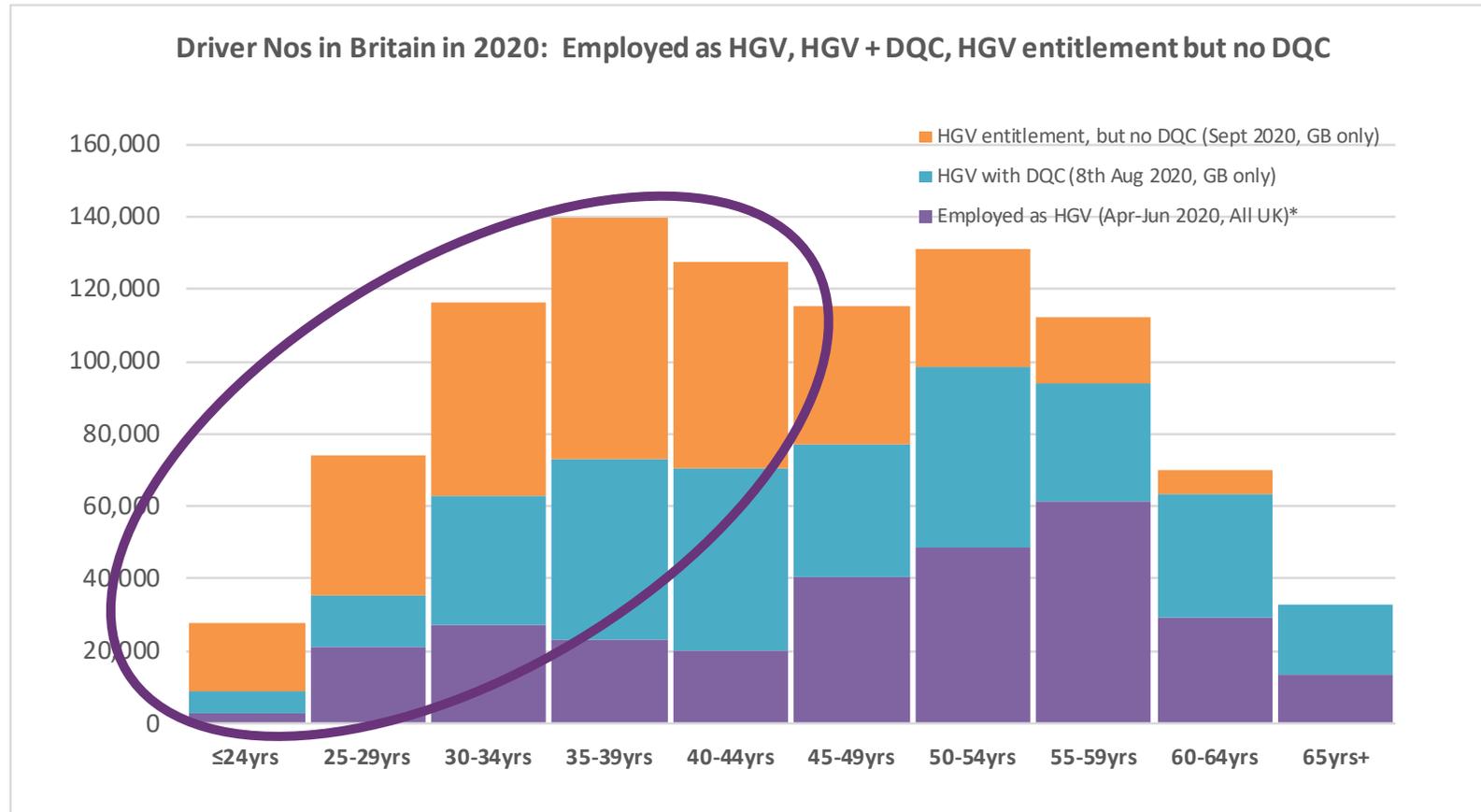


Four angles of attack

- Increase HGV training & testing capacity/throughput
- Retain drivers – reduce churn
- Attract back “lapsed/lost” drivers
- Open the borders



235,000 licence holders under 45 are no longer driving





Take a joint collaborative approach

■ Create a “Haulage Sector Taskforce” comprising key representative bodies and unions:

- Logistics:
 - Logistics UK; RHA; CILT; Association of Pallet Networks
- Training Schools:
 - Logistics Skills Network; Road to Logistics; Think Logistics; Apprenticeship Trailblazer
- Recruitment Agencies:
 - REC; TEAM
- Tax compliance:
 - HMRC; FCSA
- Workers rights:
 - Unite the Union
- Government:
 - DfT; DBEIS; DWP



How do we retain the Under 30 age group?

- Adjust shift patterns, lengths and compensation systems?
- Consult with your drivers to find a “happy medium”?
- Perhaps run shorter shifts with more drivers?
- Put in place “nurturing” and mentoring systems to support young drivers and new test passes?

Don't assume the problem is solved ... don't suppress wages and conditions ... as this will only prolong the deficit and result in a repeat of the driver shortage crisis



Thank you

For questions or to join the conversation,
please contact:

Kieran Smith

CEO, Driver Require

07815 200281

Kieran.smith@driverrequire.co.uk



Download our Driver Shortage Report:
www.driverrequire.co.uk/insights

TRAINING AND DEVELOPING YOUR DRIVERS



SALLY GILSON, POLICY LEAD –
SKILLS & TRAINING, RHA

RHA

Driving business on our roads

Logistics training opportunities

Sally Gilson – Policy Lead, Skills and Drivers



Representing Commercial Road Operators for over 75 years



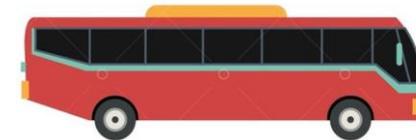
86% of lorry members have 1 to 15 vehicles (avg 9 lorries)



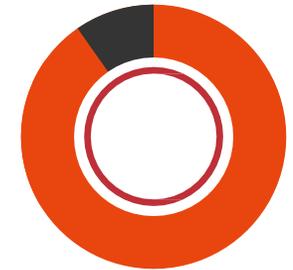
+ 70,000 Goods Operator Licences in the UK



+1.5 million Vans registered to companies, **+4.5 million** vans in total



+ 6,600 Coach & Bus Operator Licences in GB



We represent **90%** Of the Motor Transport Top 100



- Cross sector labour shortage
- Impact of Covid
- Implementation of IR35
- 33% of HGV drivers likely to retire over next 5 years
- Not just HGV drivers; mechanics, FLT, warehouse operatives, customs



Lack of diversity



- 89% Ethnically white, 87% male
- Not just UK, male dominated across the world
- HGV drivers – average age 49



Economical impact



- Cost of operating 44t truck increased by 17% in past year
- Salary costs up by 18%
- Planned ban on red diesel
- Impact of Ukraine conflict
- Uncertainty is the problem – operators like steady, they like to know what's coming



Green shoots



- Media attention
- Skills bootcamps
- More logistics specific apprenticeships
- Promise of DCPC reform



Utilising the funding



- Bootcamps for unemployed, employed, self-employed and retraining
- Apprenticeships for all
- Alternative Adult Education Budget funding
- DWP funding



Joined up response



Department
for Education



Department
for Transport



Home Office



What our members need



- Continued funding for training – especially at foundation level
- Driver CPC reform
- Inclusion in Shortage Occupation List
- Improved facilities and working conditions
- Coordinated approach to improving efficiencies
- Fuel duty cut, delay red diesel ban, essential user rebate of 15p per ltr





RHA

DISCUSSION



KIERAN SMITH
DRIVER REQUIRE



SALLY GILSON
ROAD HAULAGE ASSOCIATION



PIP BAINS
CULINA GROUP



SHANE BRENNAN
COLD CHAIN FEDERATION

COMING UP TOMORROW....

COLD CHAIN **TRANSPORT** WEEK

15-16 MARCH 2022

16 March 2022
10:30-12:00

Preparing for Changes to Red Diesel & Driving
Emissions Reductions from TRU's



Alan Hunt
Managing Director, UK & Ireland
Schmitz Cargobull



Dale Cornes
Regional Sales Manager, Central
Frigoblock



Paul Vernon
Head of Fleet
Brakes



Tom Southall
Policy Director
Cold Chain Federation



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