

RHA

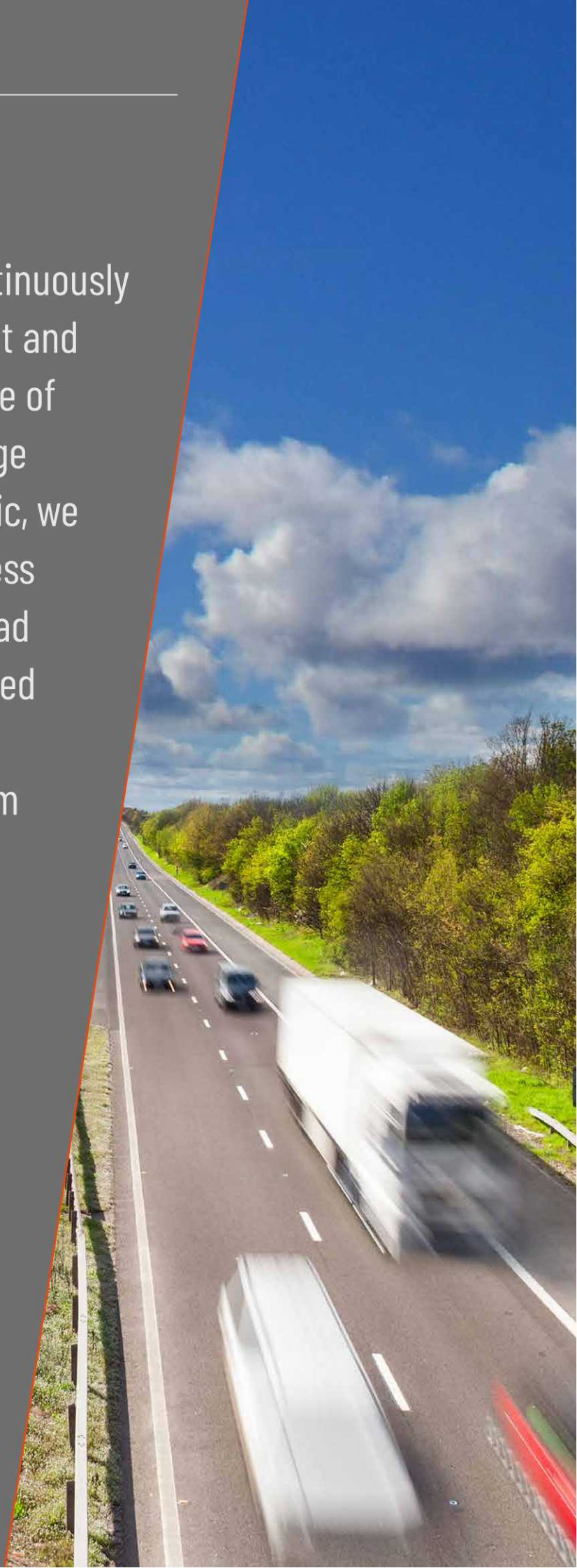
A Report on the **Driver Shortage**

07.21



Background

The RHA is campaigning continuously to help resolve the significant and rapidly deteriorating shortage of HGV drivers within the haulage industry. Prior to the pandemic, we estimated a shortage in excess of 60,000. At that time UK road transport businesses employed approximately 600,000 HGV drivers, including 60,000 from EU member states who were residing and working in the UK. Several factors have exacerbated the shortage which is now at crisis point (up to 100,000) and critical supply chains are failing.



The main factors which are currently affecting the driver shortage include:

COVID

Many drivers returned to their country of origin during extended periods of lockdown and restricted travel. The vast majority have not yet returned.

EU exit

The uncertainty of Brexit and future rights to live and work in the UK forced many drivers to do the same. Again, the vast majority have not returned nor are they expected to.

Retiring drivers

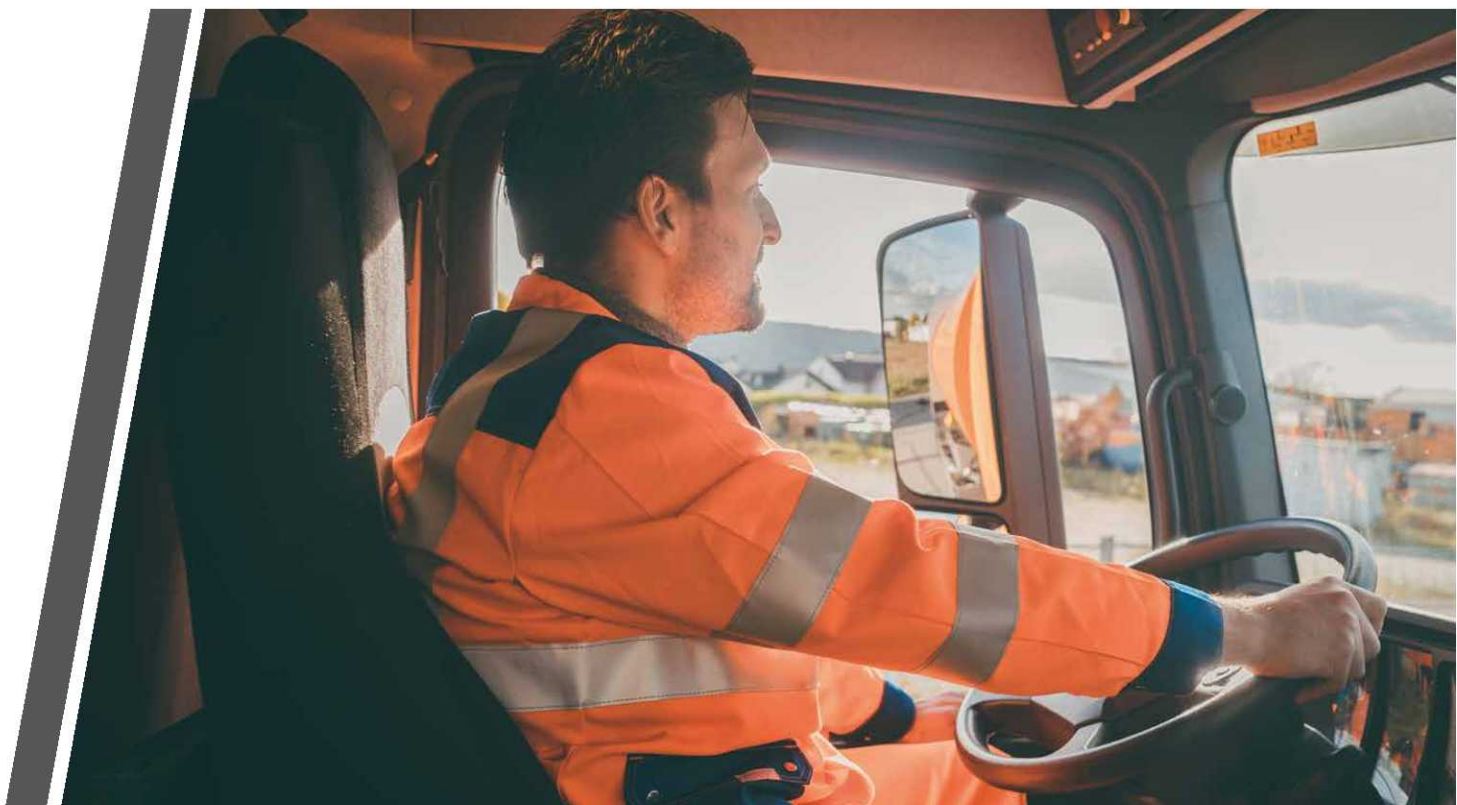
The average age of an HGV driver is 55, with less than 1% under the age of 25. Prolonged periods of inactivity have resulted in much of this aging workforce retiring early or finding employment in other, less demanding, sectors.

Test shortage

During a typical year, 72,000 candidates train to become HGV drivers with 40,000 succeeding. The complete shutdown of vocational driving tests throughout much of last year resulted in the loss of over 30,000 test slots and only 15,000 were able to complete training successfully – a drop of 25,000 from the previous year.

IR35

The introduction of IR35 has resulted in agency labour withdrawing their services as low-profit margin logistics businesses (typically 2-3%) cannot sustain demands for £5-£6 per hour rate increases. For clarity, we welcome legislation that ensures fair and equal tax for all. However, Government must now recognise the repercussions of this and the other issues mentioned and urgently intervene to help us to resolve the resulting crisis.



RHA Driver Shortage Survey

The RHA sent out a survey to all their members, and promoted it to non-members on social media on the 8th of June. The survey asked questions on the current driver shortage crisis and its effects on the haulage industry.

As of the 14th of June there have been 616 responses that were suitable for analysis.

The survey found that high levels of companies operating within the haulage industry are experiencing negative affects as a result of the driver shortage crisis, such as increased costs, prioritizing work, loss of work.

Results of the Survey:

Fleet size and Driver vacancies

The average fleet size for SMEs is 30 vehicles per company.

The average fleet size for a large haulier is 414 vehicles per company.

The **40 largest hauliers** who responded to our survey currently have **3654 vacancies**, averaging **91 vacancies** per haulier.

The SMEs who responded to our survey currently have **2573 vacancies**, averaging **4 vacancies** per haulier.



Length of driver vacancies

43% of responses to the survey claimed that it took longer than 6 weeks to fill the last driver vacancy they were advertising. This highlights the lack of drivers interested in entering the industry, in addition to the current driver shortage crisis. 82% of hauliers additionally say that they only received 1-10 applications per vacancy.

Idle fleet

67% of hauliers who responded to our survey said that they had more than 5% of their fleet idle in the last week due to an insufficient number of drivers to complete the freight transportation.

Driver shortage data trends:

Brexit

The data from the driver shortage survey reveals that the main reason perceived for the current driver shortage is Brexit (UK leaving the EU).

58% of all responses said this was a reason behind the driver shortage. This is evidence of how many EU drivers have had to return home to their native countries since Brexit.

The current vacancy levels additionally show that there are not enough UK drivers who are trained and currently willing to be employed to fill the vacancies in the industry. From the perspective of SMEs, Brexit is the main reason for the driver shortage, followed by retiring drivers, and drivers leaving for another industry.

IR35

The larger hauliers say that IR35 is the main reason for the current driver shortage crisis. Potentially highlighting how the larger companies are feeling fewer knock-on effects from Brexit and the loss of EU drivers, due to their size and ability to diversify.

Retiring drivers

SMEs and large hauliers who do not employ apprentices cite the driver shortage as mainly being from drivers retiring from the industry. Responses from companies who do not think Brexit is a reason behind the driver shortage also think too many drivers retiring is causing this current crisis.

Apprentices and the driver shortage

25% of the SMEs who responded to the survey employ apprentices. 52.5% of large hauliers who responded to the survey employed apprentices. The poor employment rates of apprentices among SMEs is highly alarming as the haulage industry consists of 85% SMEs.

This trend in the data, suggests that the current apprenticeship system is not fit for purpose and is not enticing young people into the haulage industry. The lack of apprenticeship employment could also be from the lack of apprentices being trained and available for employment by the industry.

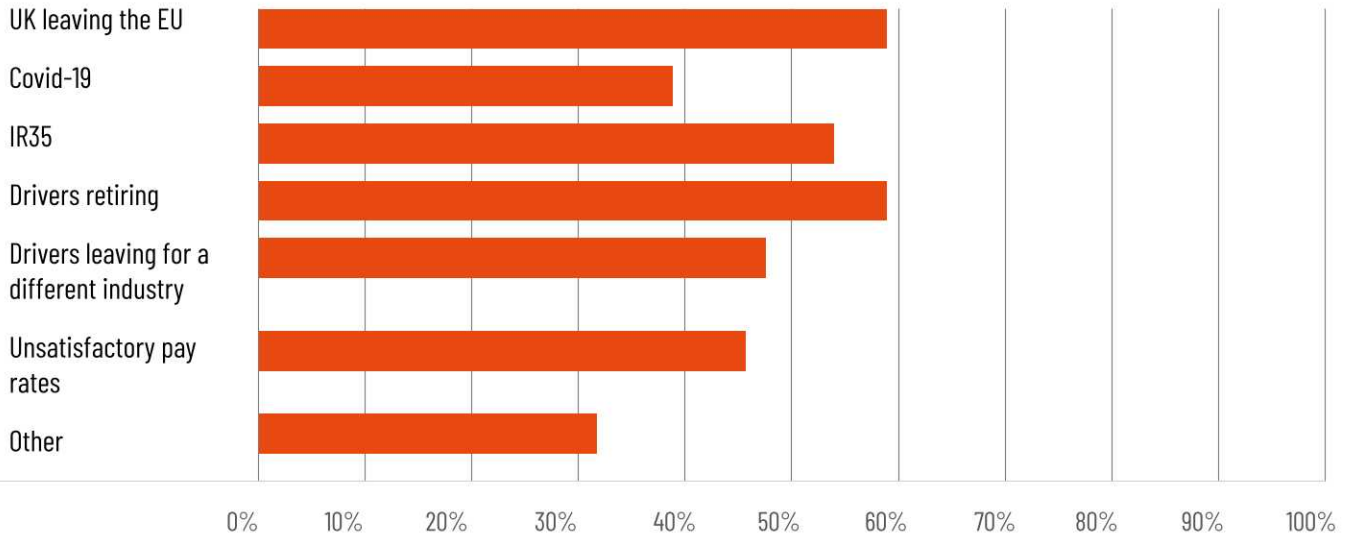
Employing more apprentices would help to fill the driver shortage, especially within the companies who believe the shortage is due to current drivers retiring. However there is a lack of incentive to employ apprentice drivers.

Other

The current industry standards of facilities, pay, treatment from the public and at depots, all amount to a perception that haulage is not an appealing industry to join or stay in.



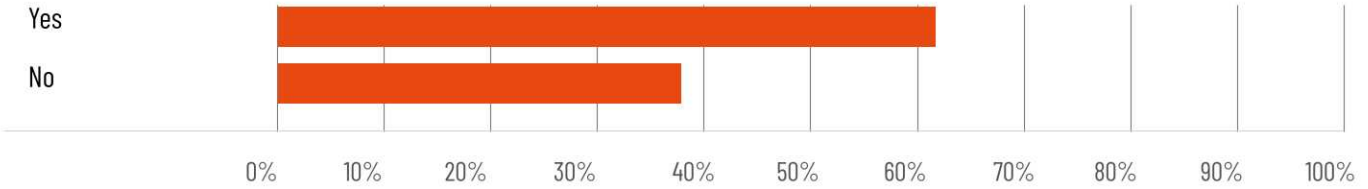
What do you believe to be the reasons behind the driver shortage? (please select all applicable)



ANSWER CHOICES	RESPONSES	
UK leaving the EU	58.37%	359
Covid-19	38.70%	238
IR35	53.01%	326
Drivers retiring	58.54%	360
Drivers leaving for a different industry	47.64%	293
Unsatisfactory pay rates	46.83%	288
Other	32.68%	201
Total		615



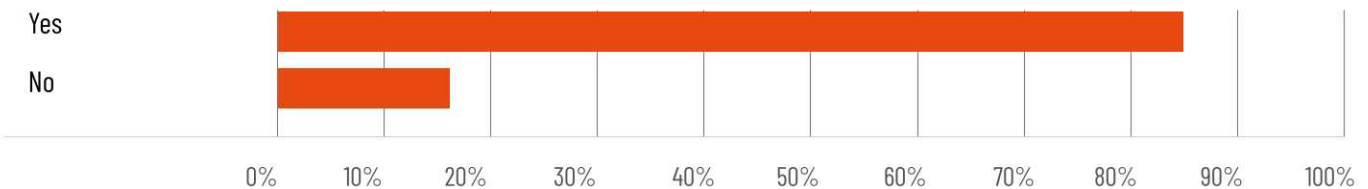
Have you needed to ask your customers for additional rate increases to cover driver costs in addition your annual rate reviews?



ANSWER CHOICES	RESPONSES	
Yes	62.56%	381
No	37.44%	228
Total		609



Are you prioritising work because of the driver shortage?



ANSWER CHOICES	RESPONSES	
Yes	83.80%	512
No	16.20%	99
Total		611



What have we asked from government:

Richard Burnett has written to the Prime Minister, co-signed by 21 additional companies and associations, for government help in implementing solutions to the driver shortage crisis. We have asked for the government to consider our short, medium, and long term solutions to this problem, specifically including:

1) The industry needs an immediate solution to this problem - it is not going to be solved rapidly by training drivers and therefore need access to EU and EEA labour. **We ask for the introduction of a temporary worker visa for HGV drivers and for this occupation to be added to the Home Office Shortage Occupation List.**

This will allow UK-registered transport operators to access a workforce that can live and work in the UK more easily and encourage those who have left to return - even if this is short-term measure whilst we concentrate on a longer-term plan. DEFRA already have arrangements in place that support our harvest periods when foreign labour restrictions are eased for specific demand. The same principles should be applied.

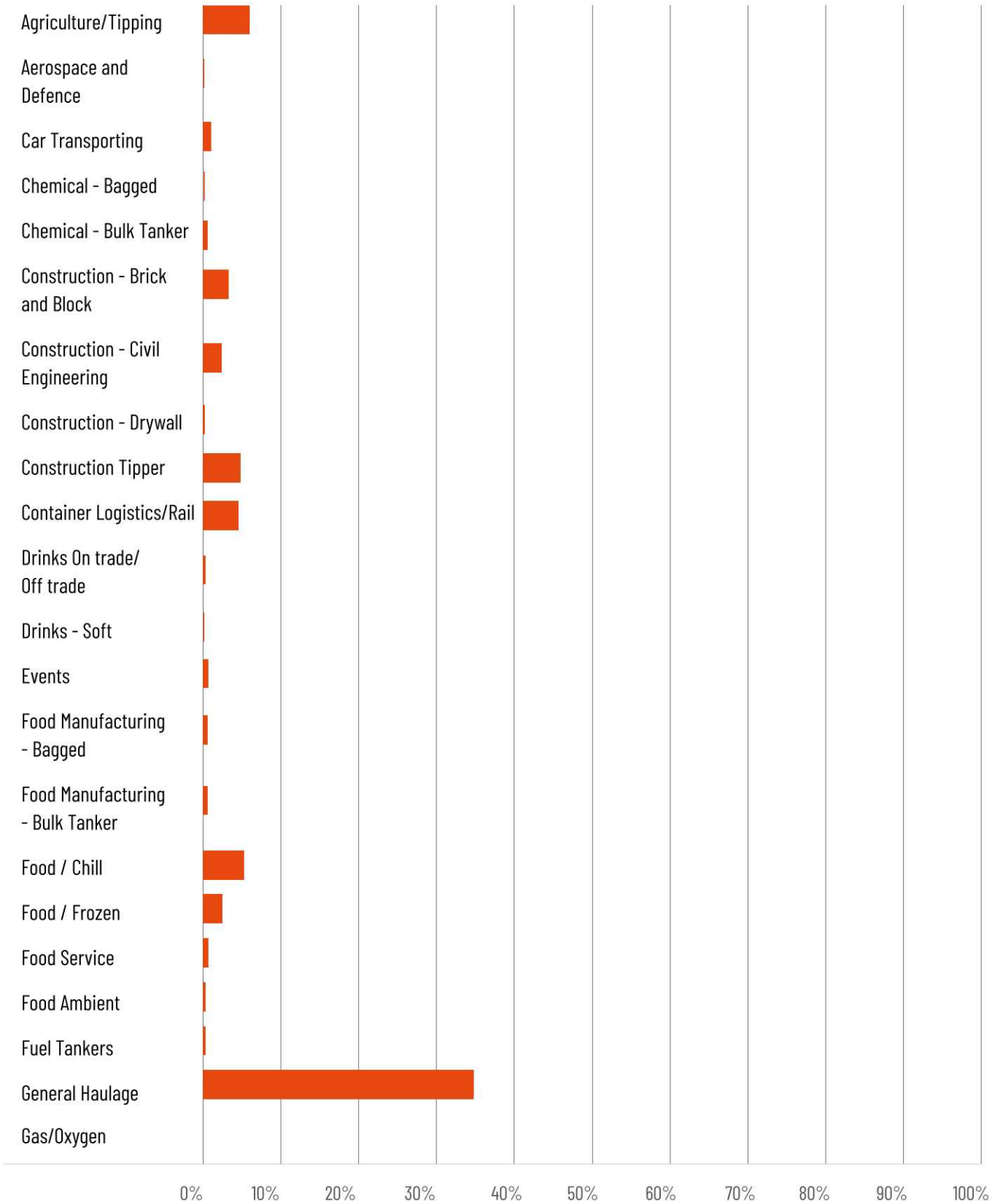
2) Government needs to work with the industry to help address the broader issues around the skills shortage. We must work collectively to achieve a sustainable way of recruiting and training a homegrown workforce so that our reliance on foreign labour dissipates over time. **We asked government that a taskforce is immediately established to include representation from all of the relevant areas of Government and industry to help drive this change at the pace that is so desperately needed.**

3) The DEFRA Food Resilience Industry Forum, chaired by Chris Tyas, helped to ensure the nation's supply integrity throughout the pandemic. **This was recently disbanded. However, in view of the growing crisis, we advocate that it must be re-established at the earliest opportunity.**

It is the RHA's view that there has never been a more challenging time for this industry and we are continuing to urge the government to take these decisive steps to ensure that we can continue to maintain the UK's integrated and finely balanced supply chains.

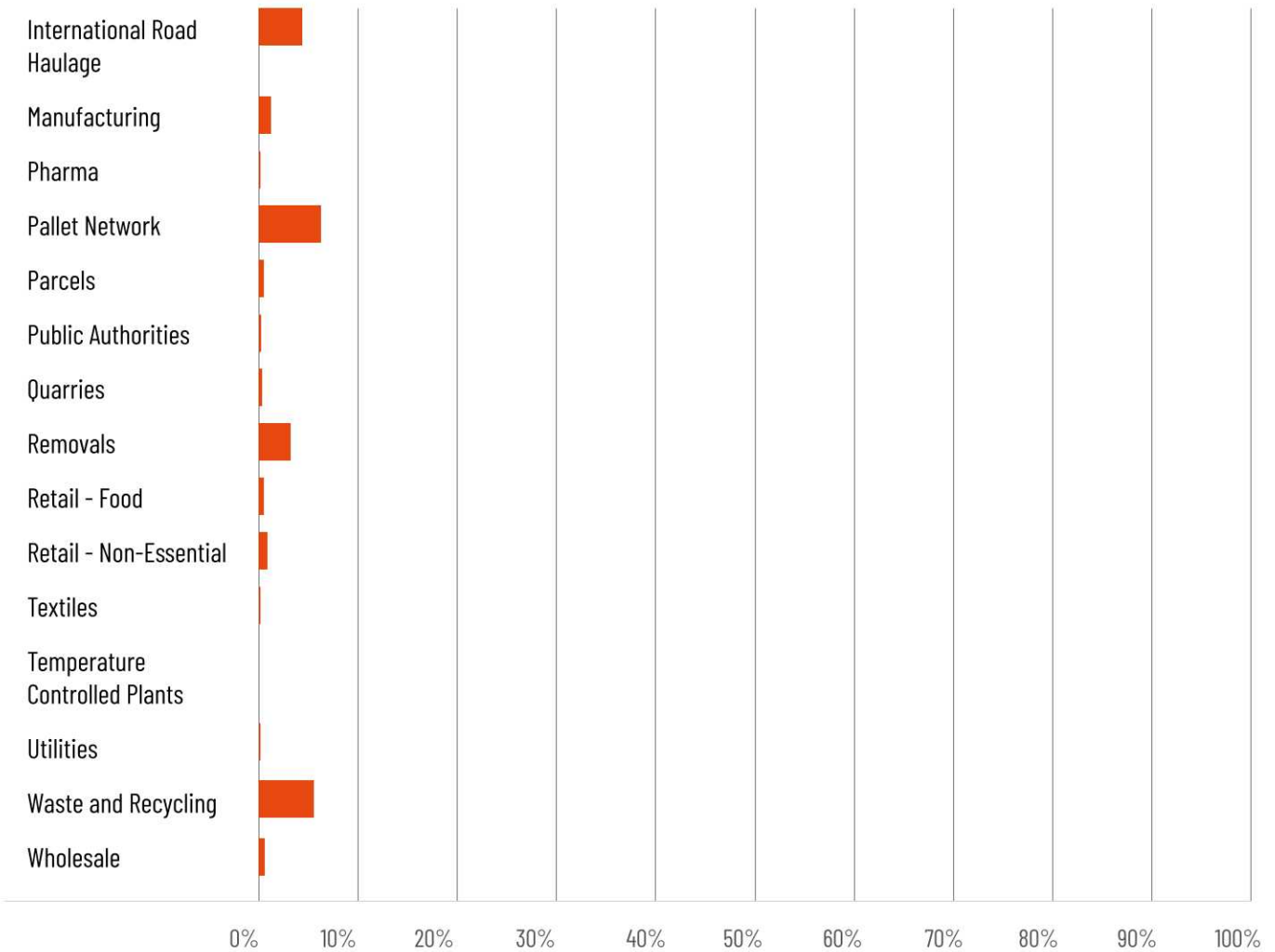


Which sector do you work in?



Which sector do you work in?

Continued



ANSWER CHOICES	RESPONSES	
Agriculture/Tipping	6.73%	53
Aerospace and Defence	0.25%	2
Car Transporting	2.03%	16
Chemical-Bagged	0.13%	1
Chemical-Bulk Tanker	1.27%	10
Construction- Brick and Block	3.05%	24
Construction- Civil Engineering	2.41%	19
Construction- Drywall	0.38%	3
Construction- Tippers	4.07%	32



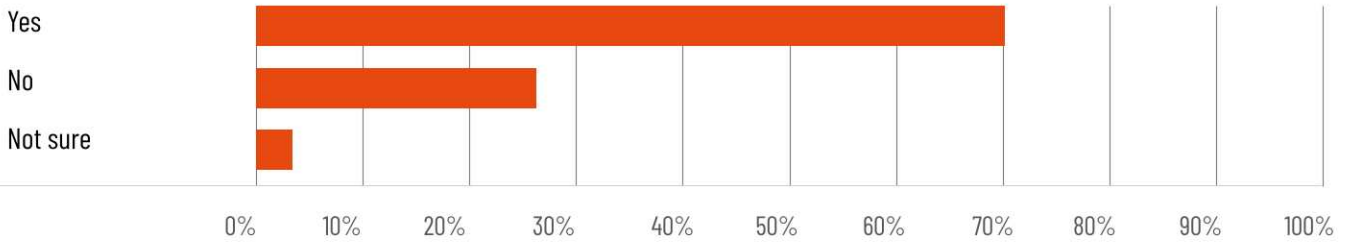
Which sector do you work in?

Continued

ANSWER CHOICES	RESPONSES	
Container Logistics/Rail	3.94%	31
Drinks On trade/Off trade	0.51%	4
Drinks-Soft	0.13%	1
Events	1.27%	10
Food Manufacturing - Bagged	0.38%	3
Food Manufacturing - Bulk Tanker	0.38%	3
Food / Chill	5.08%	40
Food / Frozen	2.03%	16
Food Service	1.27%	10
Food Ambient	1.52%	12
Fuel Tankers	0.25%	2
General Haulage	34.69%	273
Gas/Oxygen	0%	0
International Road Haulage	3.43%	27
Manufacturing	2.03%	16
Pharma	0.25%	2
Pallet Network	6.61%	52
Parcels	1.14%	9
Public Authorities	0.51%	4
Quarries	0.64%	5
Removals	3.30%	26
Retail - Food	0.76%	6
Retail - Non-Essential	1.52%	12
Textiles	0.13%	1
Temperature Controlled Plants	0%	0
Utilities	0.13%	1
Waste and Recycling	6.10%	48
Wholesale	1.65%	1

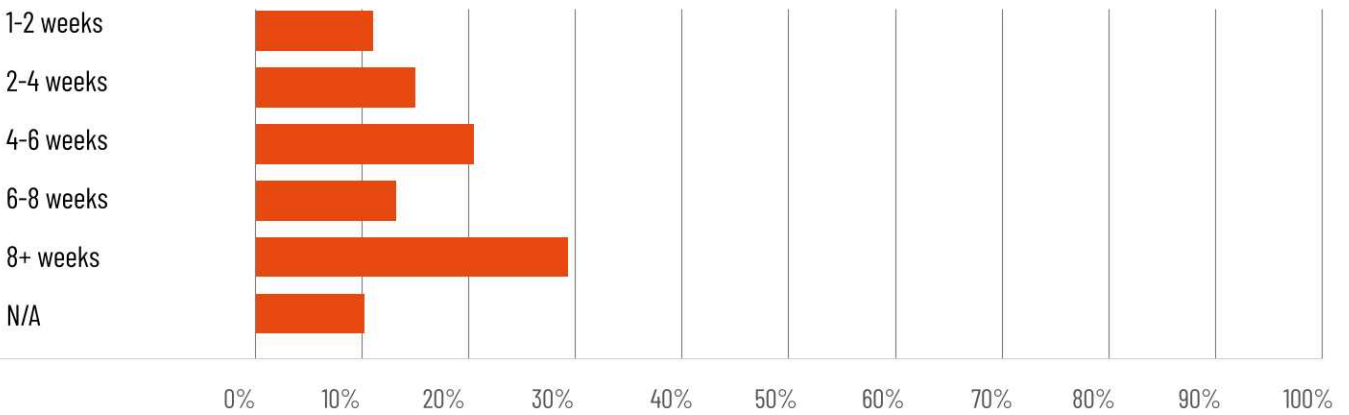


Are you an RHA Member?



ANSWER CHOICES	RESPONSES	
Yes	70.27%	553
No	26.30%	207
Not Sure	3.43%	27
Total		787

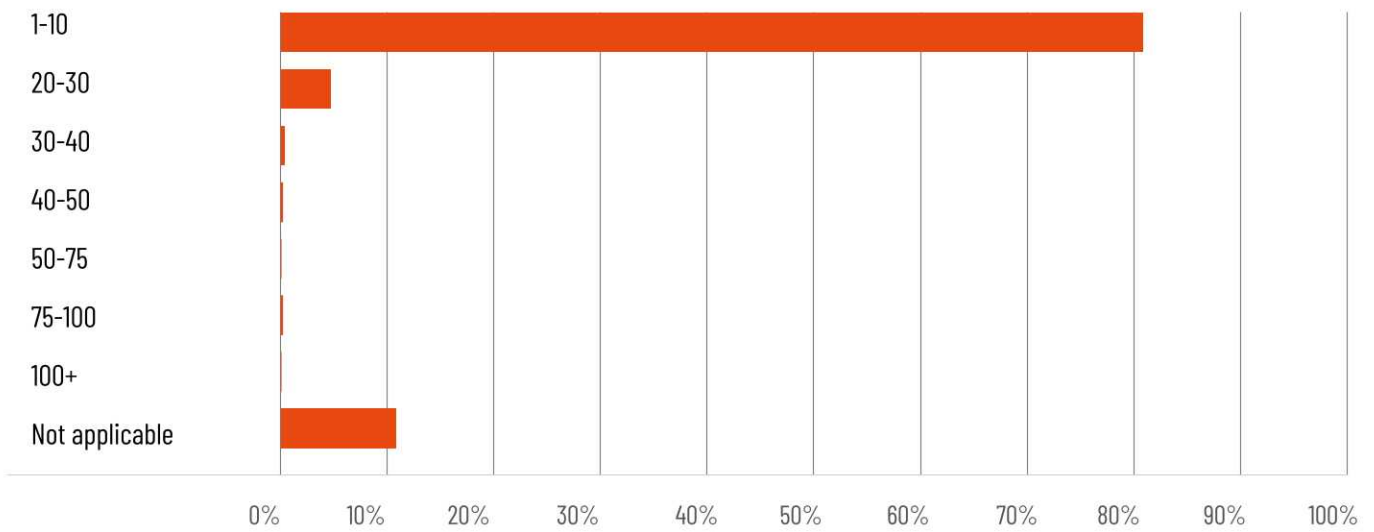
How long did it take to fill your last HGV driver vacancy?



ANSWER CHOICES	RESPONSES	
1-2 weeks	11.64%	71
2-4 weeks	14.43%	88
4-6 weeks	20.82%	127
6-8 weeks	13.11%	80
8+ weeks	29.84%	182
N/A	10.16%	62
Total		610



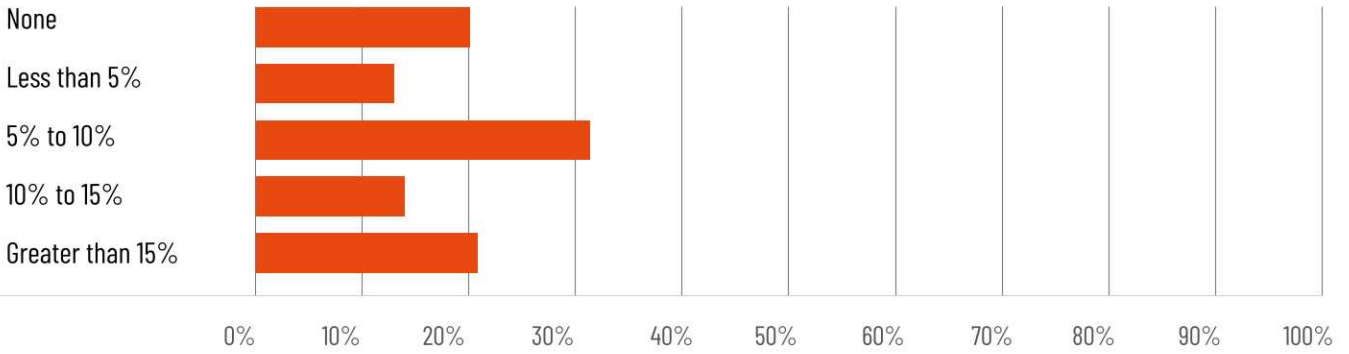
How many applications did you receive to fill your last HGV driver vacancy?



ANSWER CHOICES	RESPONSES	
1-10	81.97%	500
20-30	4.10%	25
30-40	0.98%	6
40-50	0.49%	3
50-75	0.16%	1
75-100	0.49%	3
100+	0.33%	2
75-100	11.48%	70
Total		610

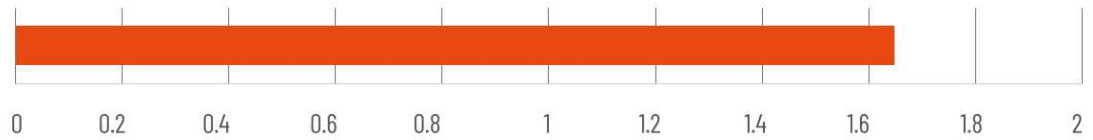


On an average day last week, what proportion of your fleet was idle because there was no driver available to work the vehicle?



ANSWER CHOICES	RESPONSES	
None	20.07%	122
Less than 5%	12.99%	79
5% to 10%	31.58%	192
10% to 15%	13.65%	83
Greater than 15%	21.71%	132
Total		608

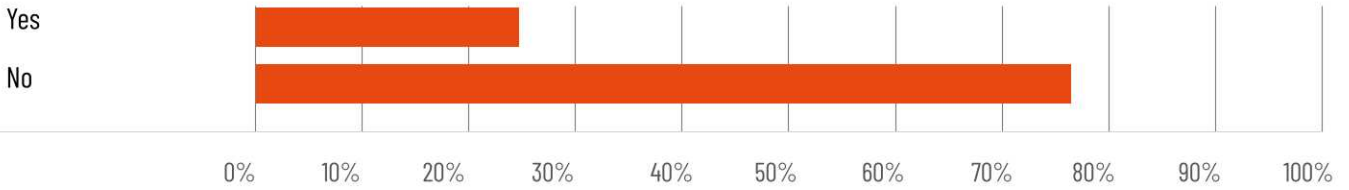
How many apprentice drivers do you currently employ?



AVERAGE NUMBER	TOTAL NUMBER	RESPONSES
2	891	533



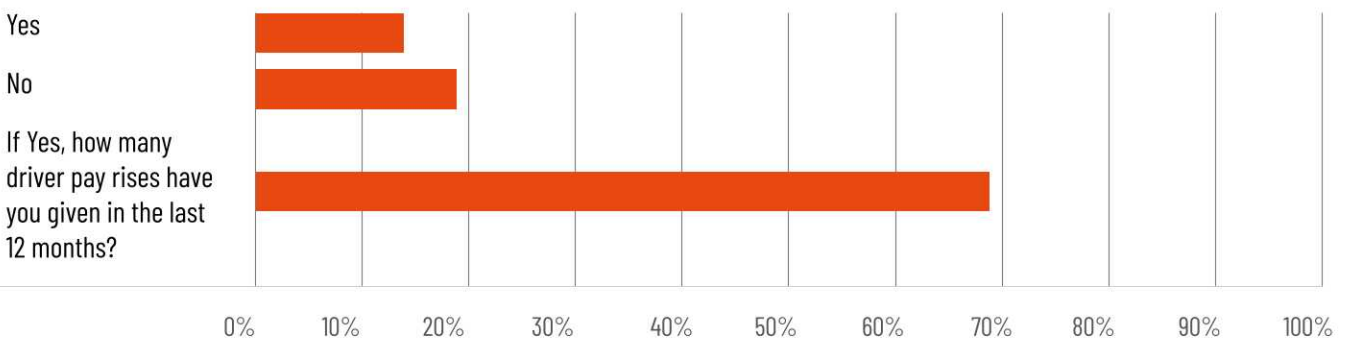
Are you an Apprenticeship Levy payer?



ANSWER CHOICES	RESPONSES	
Yes	23.97%	145
No	76.03%	46
Total		605



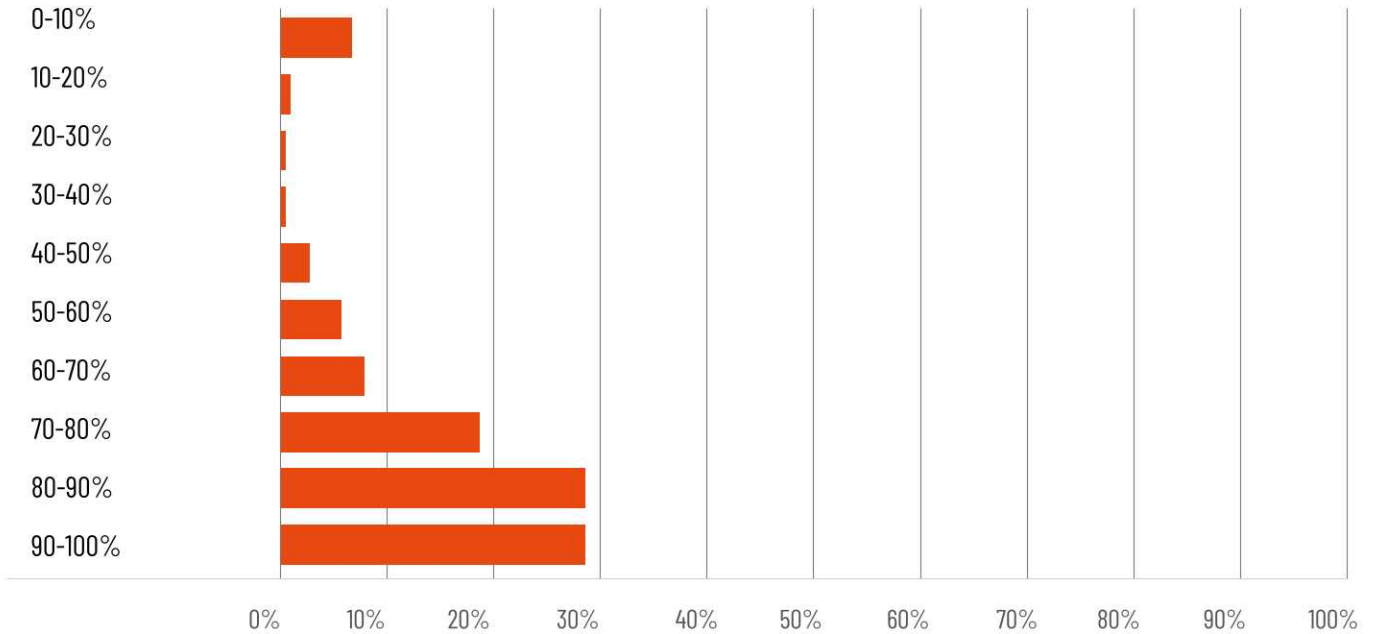
Have you given any driver pay rises in the last 12 months?



ANSWER CHOICES	RESPONSES	
Yes	13.07%	80
No	18.63%	114
If Yes, how many driver pay rises have you given in the last 12 months?	68.30%	418
Total		612



What is your current OTIF (On Time in Full Level)?



ANSWER CHOICES	RESPONSES	
0-10%	6.39%	26
10-20%	1.47%	6
20-30%	1.23%	5
30-40%	0.98%	4
40-50%	2.70%	11
50-60%	5.41%	22
60-70%	7.62%	31
70-80%	18.18%	74
80-90%	28.01%	114
90-100%	28.01%	114
Total		407

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