



DRIVER REQUIRE THINK TANK: UPDATED: The Answer to the UK's HGV Driver Shortage

Kieran Smith, CEO Driver Require

 **DRIVER
REQUIRE**



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INTRODUCTION

Following several years of research into the UK's HGV driver shortage, and in response to the Covid-19 pandemic, Driver Require established a Think Tank to respond to the crisis by focusing on the effect the pandemic has had on the sector.

Our first Report predicted the impact and potential for a driver shortage. This second, updated Report provides a thorough, forensic analysis of the actual impact the crisis has had on the sector and is a detailed investigation of the actions that can be taken to address the shortage.

As part of this process, we re-analysed the supply dynamics over the decade leading up to the pandemic to gain a more accurate and robust understanding of the current crisis.

This document explores in great detail the HGV driver workforce age composition and dynamics, focusing more on the medium to long term, and reinforcing the arguments for concerted pursuit of the actions recommended by the first report.

We established the Think Tank to provide input, validate and moderate the findings of our Reports. The group comprises industry experts and participants from all parts of the haulage sector; haulage, training and fleet providers and industry representatives.

As a supplier to the haulage sector, Driver Require is experiencing a significant increase in demand and a scarcity of quality drivers. As a temporary recruiter, we are at the coalface of this crisis but it will be our clients and ultimately businesses and consumers who rely on the movement of goods across the UK who will pay the greatest price. We believe that, as a sector, we have a responsibility to take action to rectify the driver shortage crisis. We intend to continue to raise the profile of this issue, dispel common perceptions and provide industry key influencers and decision-makers the opportunity to act to avert this crisis. We hope that this latest Report will achieve this goal.

You can view all our Reports and Insights at: <https://driverrequire.co.uk/insights>

EXECUTIVE SUMMARY

This report sets out to debunk some of the misconceptions and incorrect information being circulated. It provides a well-researched and vetted set of data that we can all use with confidence to develop effective remedies to the current HGV driver shortage. Such misleading statements have been:



An exodus of EU drivers is the primary cause of the shortage: EXAGGERATION! They represent a modest fraction (18%) of the shortage.



We have a crisis due to our aging driver population: WRONG! This has a minor incremental impact.



We have a shortage of 100,000 HGV drivers: INCORRECT! It is at most, 70,000 and probably lower.



By permitting EU drivers to enter the UK we can solve the crisis: OPTIMISTIC! Yes, we should allow them entry, but for their flexibility.



Brexit is the primary cause of the shortage crisis: NO, it has been the COVID-19 pandemic that caused most HGV drivers to quit.

In this document we answer the following questions and provide comprehensive research to validate each conclusion. We also invite the haulage sector and the Government to work together to address the different vectors of the UK HGV driver shortage, both in the short and long term. Key questions addressed by the report are:

What is the extent of the current HGV driver shortage?

- We believe that since Lockdown restrictions were released, demand for haulage services has returned to slightly below pre-pandemic levels.
- 70,000 have left the workforce reducing it from 300,000 pre-pandemic to 230,000 currently, a drop of 23%:
 - 15,000 were below the age of 45.
 - 12,500 were EU nationals, most of whom we believe would have been below the age of 45.
 - We believe the 55,000, predominantly British, over-45s left mainly in Q1 2021 when demand fell off. During this period many were self-isolating or furloughed and may have realised that they preferred other options to driving for a living.

Did we have a severe HGV driver shortage prior to the pandemic?

- No. We had a long term chronic low-level shortage, caused by oversupply of drivers and severe pressure on haulage company margins, which in turn caused hauliers to suppress driver wages and employment conditions to the point where churn reduced supply to exactly meet demand.
- We calculate that, if anything, demand for road haulage services, in terms of the number of HGV vehicles deployed on the road, dropped over the period 2007 to Q1 2020. In this time the HGV driver workforce remained stable which meant that it was simply matching demand, rather than resulting in an escalating shortage as was the perceived wisdom.

Will increasing training capacity solve the HGV driver shortage?

- Eventually. If we double capacity, as intended, this will work in the medium term. It is unlikely that we will see any discernible improvement before the end of the year because:
 - There will be a transitional period as new training and testing procedures are developed and approved.
 - We will need to train up more HGV examiners and trainers.
 - We are also likely to be constrained by the lack of available suitable testing facilities.
 - Some examiners and trainers may be tempted to return to driving in order to earn the better pay rates being offered to HGV drivers (HGV instructor and DVSA HGV examiner salaries advertised by DVSA and HGV training schools range from £25,000 - £35,000 per annum). Perhaps the DVSA and training schools will have to significantly increase the examiners' and trainers' remuneration to retain their testing and training staff.

Could EU workers solve the driver shortage crisis?

- Partially; only 12,500 left the UK's HGV driver workforce during the pandemic and we believe this was in the early stages and because of COVID-19, not Brexit, though Brexit would have been a contributing factor. This represents 18% of the reduction in the size of the workforce.
- Even if we were to reopen the borders it is not clear how many would return when Germany and BeNeLux nations are paying competitive wages closer to the drivers' home countries and also offer better quality working conditions? Also, the Ltd Company option is no longer as easy to exploit.
- It is worth noting however that the EU contingent has been an important segment of the HGV driver pool as they have provided elasticity and resilience to rapid fluctuations in demand, cushioning the impact of sharp rises and falls by around 30% - 50%. Through Brexit we have removed this flexible element and so we may find it more difficult to cope with demand fluctuations in the future. We can only hope that the British HGV licence holders attracted back to driving will provide this elasticity. Perhaps a "Seasonal Visa" scheme would be the best compromise, permitting EU HGV drivers to work in the UK throughout the peak season, July - January, each year.

So what is the short term solution?

- Focus on attracting some of the 330,000 HGV licence holders, of whom 235,000 are below the age of 45, back into driving for a living.
- Wage inflation will help greatly and we are seeing a trend towards offering greater compensation for antisocial hours and unattractive work. This will encourage hauliers to offer shorter shifts and to prioritise daytime/weekday working patterns that better accommodate drivers' lifestyle requests.
- The Government could:
 - Offer assistance with CPC training for returning licence holders.
 - Encourage/underwrite insurers to cover new starters and returning drivers with no recent experience.
 - Perhaps amend the Working Time Directive and Tachograph Hours legislation to limit working hours or enforce longer breaks.
- This approach is in line with the Government's policy of encouraging a "free market economy" and "British jobs for British workers".
- The haulage sector could create a joint taskforce to:
 - Identify haulage operator driver employment best practice and promote and deploy this across the haulage community.
 - Develop and run advertising campaigns to attract both new candidates to take their test and HGV licence holders to return to driving. Perhaps a similar recruitment campaign to that used by the Armed Forces.

In the medium term, what should we do?

- The Government could invest in better roadside facilities, but this could take many months or even years:
 - In the short term: more and better secure parking locations; especially overnight parking.
 - In the medium to longer term: better equipped TruckStops and service stations.

OTHER TOPICAL QUESTIONS:

Were EU workers the cause of wage suppression?

- No. EU HGV drivers took advantage of the tax loopholes provided by the Ltd Company model to gain greater net income than they could in other countries, but the number of EU drivers was not sufficient to push down wages. The reason wages were suppressed was because supply of British New HGV Passes exceeded demand.

Should we worry about the aging workforce?

- Not really. The retirement rate has increased by 3000/year to 10,000/year over the past 5 years as the plug of older drivers has now reached retirement age and will now remain stable at this level. This increase of 3,000/year is small in comparison to the 15,000 drivers churning out of the workforce every year due to low wages and poor conditions. Of the 15,000:
 - 6,000 retained their licence and professional qualifications for their job role.
 - 9,000 let their professional qualification lapse altogether.
 - This still easily accommodates the 3,000 increase in annual retirement rate.

Read on to understand the full detail and for a comprehensive set of research data that you can use to formulate your own opinions and recommendations on how to address the HGV driver shortage crisis.

We can conclude that a 25% drop in HGV driver numbers, combined with demand for haulage services remaining close to 100% of pre-pandemic levels, is the reason why we are experiencing the current critical HGV driver shortage.



Attracting back the EU nationals will only marginally improve supply and by no more than 25% of the deficit; this assumes they would be willing to return to the UK given the better rates and conditions being offered on the continent.



Increasing training capacity will take time to implement and then longer to have a meaningful impact.



Therefore, the best short-term approach, in addition to and complementing the above initiatives, must be to attract back current HGV licence holders who have previously ceased driving HGV for a living. This will require significantly higher pay rates and better working conditions and hours. This in turn requires a concerted negotiation with the most powerful end customers to agree/allow for an appropriate increase in HGV driver pay and conditions.

Furthermore, the UK's haulage sector has suffered from a long-term chronic problem of extremely poor HGV driver retention. It is essential that the Haulage Sector work, with the Government's support, to improve roadside facilities and general working conditions for HGV drivers. Otherwise, we will not reduce the churn rate and a large part of any investment in attracting drivers into the sector could be wasted.

We recommend a cross sector group be formed to achieve these goals... and quickly!

LATEST ANALYSIS OF THE UK'S HGV DRIVER SHORTAGE CRISIS

This section of the Report provides a detailed analysis of the current statistics relating to the UK's HGV driver shortage crisis, following the release of ONS data on 18/08/21 and focuses on the current extent of the shortage, specifically in the Under 45's age group.

It provides the very latest analysis of the size of the HGV driver pool:

- Pre-pandemic Driver Pool Dynamics
- Pre-pandemic Driver Pool Dynamics - Under 45 age group
- Pre-pandemic: Key Messages
- Pandemic Driver Pool Dynamics
- Pandemic Driver Pool Dynamics - Under 45 age group
- Pandemic: Key Messages



PRE-PANDEMIC HGV DRIVER POOL DYNAMICS

We set out to understand the UK HGV driver workforce dynamics for the 10 years preceding the COVID-19 pandemic and then we tracked and analysed the dynamics throughout the pandemic as it progressed. To this end we made a series of informal requests and Freedom of Information requests from both the Office for National Statistics (ONS) Quarterly Labour Force Survey (QLFS) team and the Department for Transport (DfT) Driver & Vehicle Standards Agency statistics team.

While analysing the pre-Pandemic statistics we discovered that the main market dynamics were entirely attributable to the under-45-year-old age group. We have therefore provided two analyses: one for the entire workforce and one for the under-45s.

Below you will see a table summarising the figures for the entire HGV driver workforce.

All UK HGV Drivers	2010-14	2015-19	Total 2010-19
Change to driver pool			+20,000
No. of EU Nationals	10,000	40,000	-30,000
Test passes/year	25,000	42,000	
New passes/year (62%)	15,500	25,500	
Total new passes in period	77,500	127,500	205,000
Retirement/year	7,500	8,500	
Total retired in period	37,500	42,500	80,000
Net churn/year	-8,000	-17,000	
Total churn in period	-40,000	-85,000	-135,000
Abandoned driving (60%)			-80,000
Moved to other driving job (40%)			-55,000

Over the 10 years prior to the COVID-19 Pandemic the HGV driver pool increased by 7% (20,000) from around 280,000 in 2010 to 300,000 by the end of 2019:

- During the same period the number of EU nationals driving HGV increased from 10,000 to 40,000.
- This resulted in an average of 265,000 +/- 15,000 British HGV drivers over the 10-year period.

In other words, the UK's HGV driver workforce did not increase to any meaningful degree over the decade. See Page 21 for more details.

Meanwhile there was a healthy flow of newly-trained drivers into the UK HGV driver workforce (see Page 24):

- From 2010-14 an average of 25,000/year, i.e. 125,000 for the period, candidates passed their HGV driving test.
- From 2015-19 an average of 42,000/year, i.e. 210,000 for the period, candidates passed their HGV driving test.
- Over this 10-year period an average of 62% were "New Passes", i.e. not 7.5t or C+E upgrades (see Page 25).
- This resulted in an average of 15,500 (2010-14) and 25,500 (2015-19) New Passes per year, which comes to around 210,000 for the 10-year period (see Page 25).

We then assume that about 1/10th of the HGV driver workforce over the age of 55 retires every year, which produces the following average retirement rates:

- 2010-14: 7,500/year.
- 2015-19: 8,600/year.
- Hence, around 80,000 HGV drivers retired over the last decade (see Page 30)

We can therefore conclude that the following numbers of HGV licence-holders did not pursue commercial HGV delivery driving as a career:

- 2010-14: 8,000/year (15,500 new passes – 7,500 retired).
- 2015-19: 17,000/year (25,500 new passes – 8,500 retired).



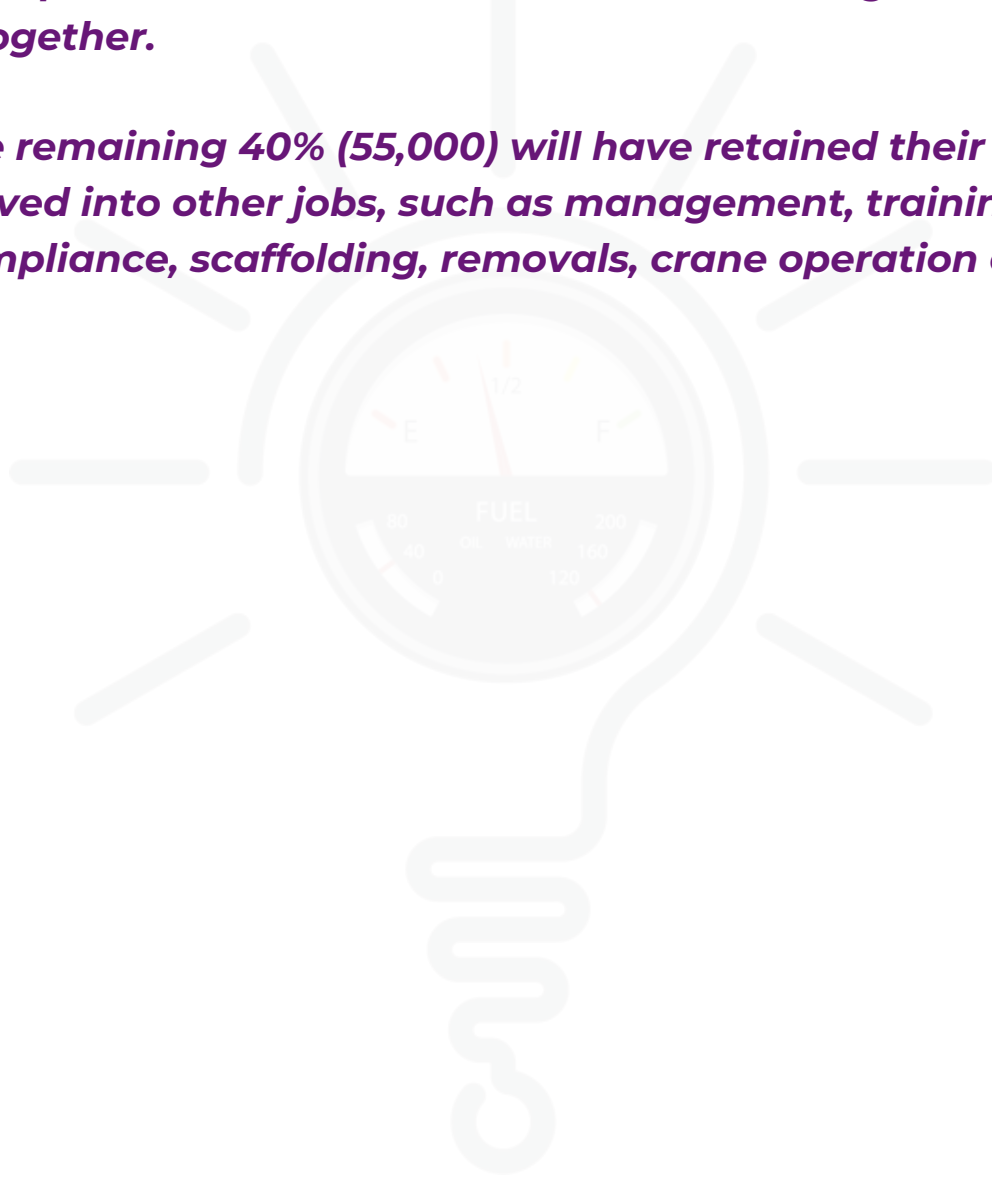
This means that, for the entire period, 135,000 HGV drivers ceased HGV delivery driving for a living.



Of these, we estimate that 60% (80,000) relinquished their CPC qualification and therefore ceased driving HGV altogether.



The remaining 40% (55,000) will have retained their CPC but moved into other jobs, such as management, training, compliance, scaffolding, removals, crane operation etc.



PRE-PANDEMIC HGV DRIVER POOL DYNAMICS (UNDER 45'S)

As mentioned previously, while analysing the pre-Pandemic statistics, we suspected that the main market dynamics were mainly attributable to the under-45-year-old age group. We therefore conducted a second analysis: this one specifically for the under-45s.

We discovered that the entire churn of drivers out of the HGV driver pool could be attributed to the under-45-year-old contingent. See the analysis below.

UK HGV Drivers under 45	2010-14	2015-19	Total 2010-19
Change to driver pool			-15,000
No. EU nationals (est. 70% < 45)	7,000	28,000	-20,000
Test passes/year (84%)	21,000	35,000	
New passes/year (62%)	13,000	22,000	
Total new passes in period	65,000	110,000	175,000
No. moved to 45+ bracket/year	10,000	4,000	
Total moved to 45+ in period	50,000	20,000	70,000
Net churn/year	-3,000	-18,000	
Total churn in period	-15,000	-90,000	-140,000
Abandoned driving (60%)			-84,000
Moved to other driving job (40%)			-56,000



The logic below demonstrates that, of the HGV drivers leaving the pool, most do so before the age of 45. This timing coincides with the point at which an HGV driver must take their first medical to retain their licence.



Over the last 10 years the under-45 HGV driver workforce gradually decreased from 115,000 in 2010 to 100,000 at the beginning of 2020 (see Page 22).



During this same period approximately 84% of HGV test passes were below 45 years old (see Page 26). This applies equally to Category C and Category C+E test passes, so we can deduce that the number of new passes below 45 years old was 175,000 over the 10-year period.



The exit rate from the under-45 pool decreased from 10,000/year in 2010 to 4,000/year in 2019 (see Page 30), resulting in approximately 72,000 drivers who moved into the over-45 age bracket.



We estimate that 70% of the EU nationals who joined the UK HGV driver pool were under 45 years old, which equates to 20,000 additions. We can therefore conclude that, in the 10-year period, 175,000 entered, 70,000 moved into the older age bracket, 20,000 EU nationals joined, and the pool dropped by 15,000, meaning that approximately **140,000 New Passes under the age of 45 have abandoned driving HGV for a career.**



Of these, we estimate that 60% (84,000) relinquished their CPC qualification and therefore ceased driving HGV altogether. The remaining 40% (56,000) will have retained their CPC but moved into other jobs. It is interesting that this number is larger than that for the entire pool, which implies there was a net addition to the over-45 contingent.

The consequence of the above dynamic is that, as at mid-2020, the pool of HGV licence-holders under the age of 45 years breaks down as follows (see Page 32):

- **19% (94,000) are professional lorry drivers.**
- **32% (157,000) have retained their licence and CPC qualification but are pursuing a different career.**
- **48% (234,000) have left driving altogether.**

THIS INDICATES OUR ESTIMATES OF CHURN RATE ARE CONSERVATIVE.

PRE-PANDEMIC: KEY MESSAGES



OVER-SUPPLY

The sector has been very effective at providing a continuous supply of HGV drivers - this has exceeded demand over the decade, resulting in suppression of wages, poor working conditions and under-investment in roadside facilities and secure parking. The consequence has been consistent and substantial churn of HGV drivers out of the sector leading to a negative perception of the industry.



EU NATIONALS:

We have seen a gradual rise of EU nationals to slightly over 12% of the workforce, the primary benefit of this has been the supply elasticity they have provided to allow us to respond to short-term increases and falls in demand.



UNDER '45's

The entire churn from the UK HGV driver pool has been from the Under 45 age group. This has resulted in a pool of 234,000 HGV licence holders under the age of 45 who are not driving HGV vehicles for commercial purposes.



COST OF TRAINING

Over the past decade, 140,000 drivers under the age of 45 have moved away from HGV delivery driving. Of these, 84,000 have abandoned commercial HGV driving altogether. Assuming a licence-acquisition cost of £3,000, this means that between a quarter and a third of a billion Pounds of candidates' post-tax income has been wasted over the decade.



RETIREMENT

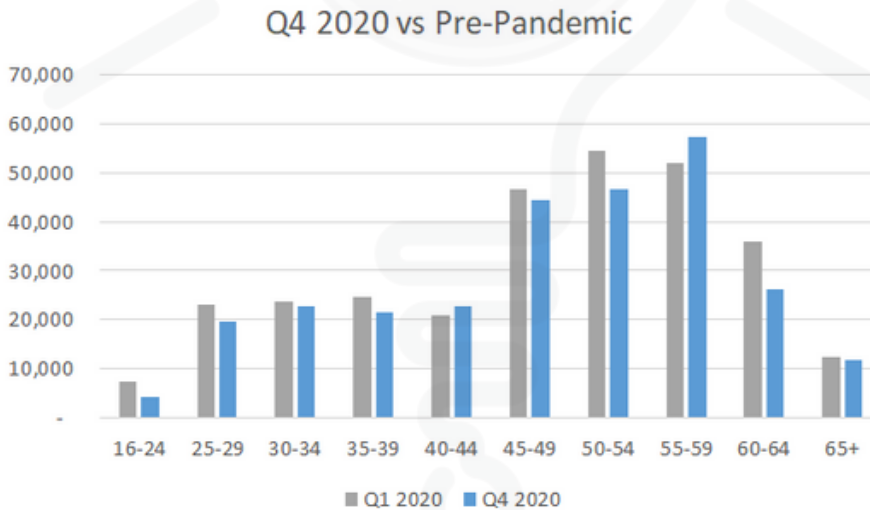
Over the past five years, the contingent of older drivers (nearly 200,000 over the age of 45) has now reached retirement age. The alarm is unwarranted because the effect has been to increase retirement rate by 3,000 per annum which is insignificant when compared with the churn rate.

PANDEMIC HGV DRIVER POOL DYNAMICS (UNDER 45'S)

Period	Total	Diff.	EU	Diff.	< 45	Diff.	> 45	Diff.
Pre-Pandemic	300,000		37,000		100,000		200,000	
Q4 2020	275,000	-25,000	28,500	-8,500	90,000	-10,000	185,000	-15,000
Q1 2021	250,000	-25,000	19,500	-9,000	105,000	+15,000	145,000	-40,000
Q2 2021	230,000	-20,000	24,500	+5,000	85,000	-20,000	145,000	-
Total change		-70,000		-12,500		-15,000		-55,000

Q2 - Q4 2020 (THE FIRST NINE MONTHS):

- 25,000 drop: 40% from the younger (under 45) age group and 60% from the over-45 age group.
- 8,500 EU nationals returned to their home countries, most of whom we assume to be under 45 years old, so made up the majority of the under-45 drop. We expect this was triggered primarily by the COVID-19 epidemic and accentuated by Brexit.



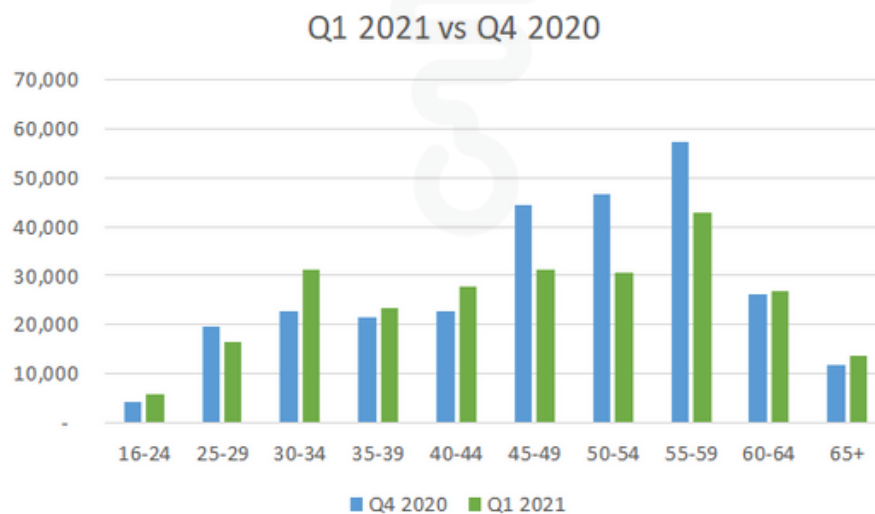
Source: ONS Quarterly Labour Force Survey (SOC8211)

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Total change		-70,000		-12,500		-15,000		-55,000

Q1 2021:

- Further 25,000 drop, mainly from the older age group:
 - 40,000 drop in the over-45 age group.
 - 15,000 **increase** in the under-45 group.
 - This included a further 9,000 drop in the EU nationals.
- This is the first time we have seen a drop in the number of older drivers. We believe this may have been due to drivers who self-isolated or were furloughed and then decided that they preferred the improved quality of life to returning to the demands of driving HGV for a living.
- The 15,000 increase in the under-45s, combined with a reduction in the number of EU nationals, indicates an increase of 25,000 UK HGV drivers under the age of 45. This is hard to explain and may be an aberration given that the number dropped back by 20,000 in Q2 2021.



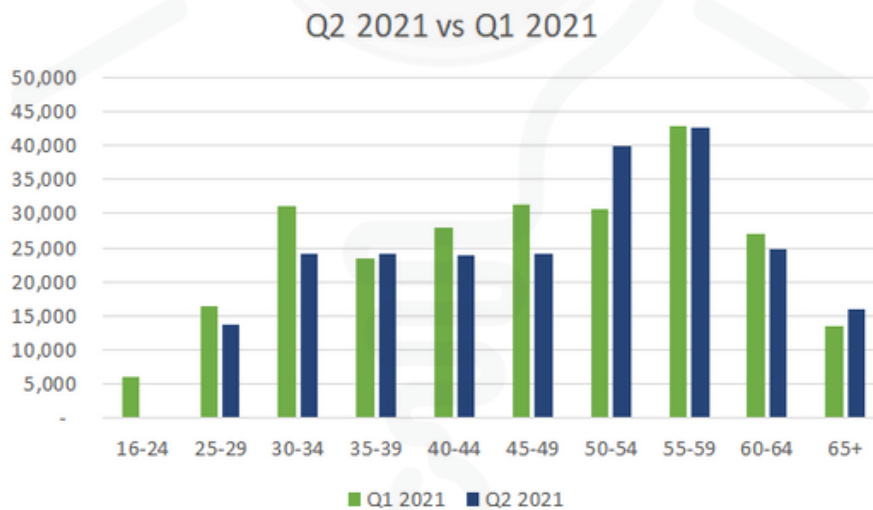
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Q2 2021	230,000	-20,000	24,500	+5,000	85,000	-20,000	145,000	-
Total change		-70,000		-12,500		-15,000		-55,000

Q2 2021:

- Another 20,000 drop, which seems to have come entirely from the under-45 group.
- Strangely, this included an increase of 5,000 EU nationals, which contradicts expectations of a further exodus due to the roll out of the IR35 reforms in April 2021.



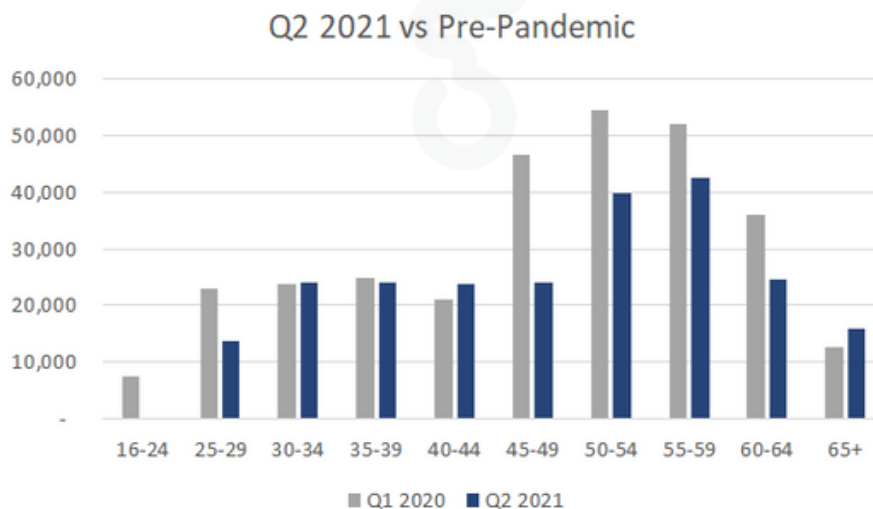
Source: ONS Quarterly Labour Force Survey (SOC8211)

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Q2 2021	230,000		24,500		85,000		145,000	
Total change		-70,000		-12,500		-15,000		-55,000

OVERALL CHANGES DURING THE PANDEMIC (2019 - Q2 2021):

- Given the variability of the quarterly numbers and the likelihood that this was caused by the limited accuracy of the survey collection process during COVID-19 Lockdown, it is probably best to look at the longer term trends.
- For the period from the start of the pandemic in March 2020 to the end of June 2021 we can make the following observations:
 - There has been a total drop of 70,000 HGV drivers.
 - Of these, only 12,500 were EU nationals who we presume left the UK to return to the continent.
 - 15,000 (20%) were from the under-45 age group (we assume these were mostly EU nationals) and 55,000 (80%) were over 45 years old.
 - We can hypothesize that the majority of the under-45s were from the EU contingent.
 - It is worrying that the majority of leavers seem to have been from the over-45 group, which until recently remained the most loyal. It will be interesting to see what the June-August ONS statistics tell us.



Source: ONS Quarterly Labour Force Survey (SOC8211)

PANDEMIC: KEY MESSAGES



SUPPLY

During the pandemic, economic activity dropped resulting in a reduction of demand for haulage services and consequently HGV drivers. This caused a number of drivers to leave the sector over the 15-month period. So when lockdown restrictions were lifted in Q2 2021, demand considerably outpaced supply resulting in the current HGV driver shortage crisis.



EU NATIONALS:

Contrary to popular belief, only 12,500 EU national HGV drivers left the sector, this being around 18% of the total workforce reduction. We believe the primary reason for their departure was COVID-19, exacerbated by Brexit and IR35 Reform.



UNDER '45's

The under-45's churn was as predicted by our first Think Tank Report, i.e. 15,000 drivers. We believe this was largely comprised of the EU national contingent as mentioned above.



OVER '45's

To our surprise and contrary to the predictions in our first Think Tank Report, the largest reduction came from this group. 55,000 drivers left over the pandemic period, 40,000 of whom left in Q1 2021. This leaves a much greater supply gap than anticipated and has led to a deepening of the crisis.

HOW TO ATTRACT BACK DRIVERS WHO HAVE LEFT?



- Wages must rise, but this will be resisted by the powerful customers of haulage companies, the large retailers and supermarkets.
- We can either wait for free market dynamics to force wages upwards or we can try to short-circuit the process by negotiating collective wage agreements and new commercial arrangements with the key haulage customers.



- In the meantime, we must focus on retention of new passes and existing HGV drivers, while attracting back "lapsed/lost" drivers. We can do this by improving working hours, conditions and roadside services and facilities.
- It is worth noting that the main factors that will improve retention identified by recent surveys are:
 - Improved pay.
 - Improved working conditions.
 - More predictable and tolerable start times, working patterns and shift lengths.



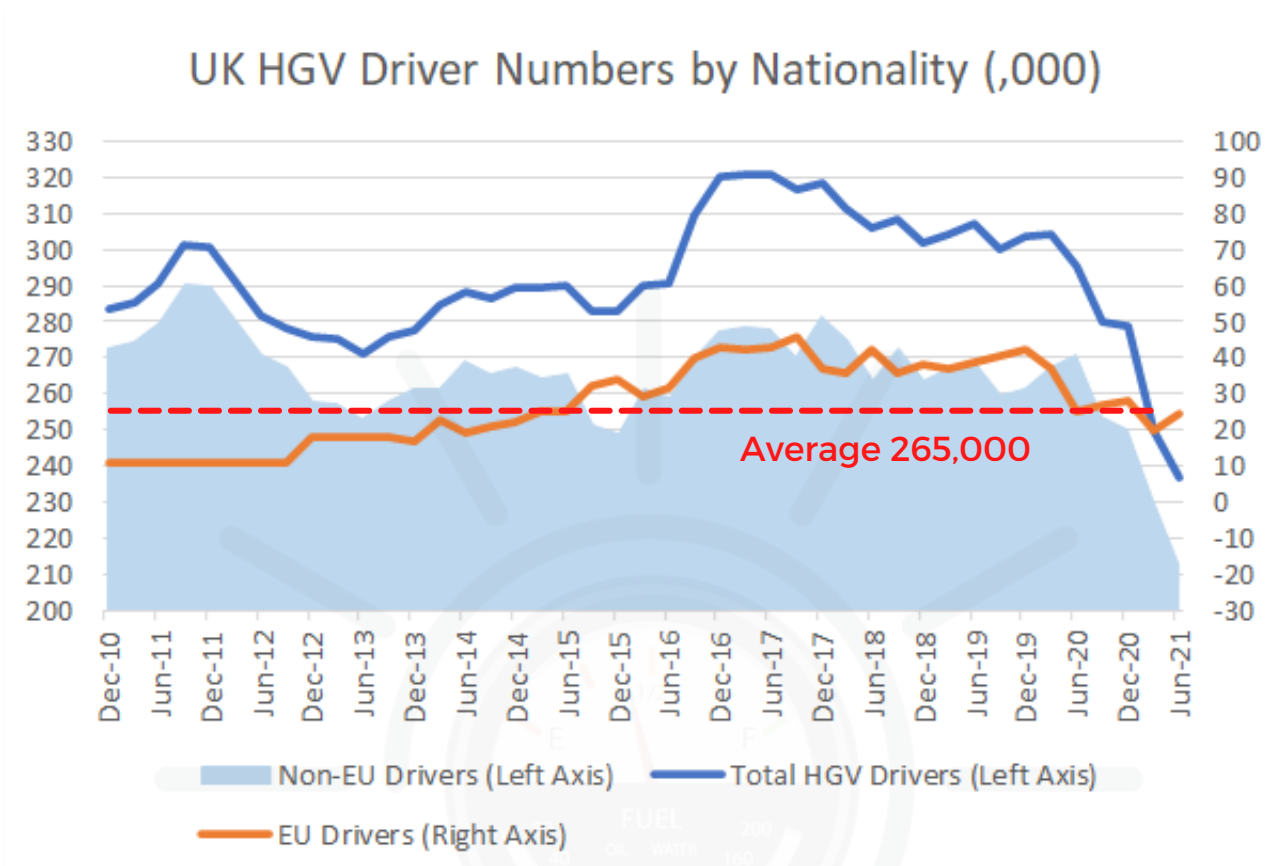
- While all pay rates are increasing, there is a growing differential between the basic pay rates and those for overtime, nights and weekends, i.e. antisocial hours.
- This evolving rate structure should discourage haulage operators from exploiting overtime and anti-social-hours working, thereby providing more opportunities for "lifestyle" drivers, whilst also retaining the "money-chasers". This should lead to a better work-life balance across the sector.

SUPPORTING INFORMATION & ANALYSIS

This section of the Report provides an in-depth analysis of the factors that have led to the UK's current HGV driver shortage crisis.

Data Accuracy Statement
HGV Test Pass Analysis
Test Passes by Category
An Ageing HGV Driver Workforce
Composition of the HGV Licence-holder Population
Understanding Attraction & Retention
Summary of Initiatives to Address the UK's HGV Driver Shortage Crisis

ANALYSIS OF THE HGV DRIVER POOL DYNAMICS



Source: ONS Quarterly Labour Force Survey (SOC8211)

The above chart shows the number of people declaring their occupation to be an HGV driver (SOC8211) in response to the ONS Quarterly Labour Force Survey. The number of EU HGV drivers was provided by the ONS QLFS team in response to our specific request.

Even though these numbers are extrapolated from a relatively small sample set and are therefore limited in their point accuracy, the longer-term trends can be treated with confidence.

The most revealing point is that the number of non-EU HGV drivers, i.e. British drivers, remained very stable for the 8 years preceding the pandemic, oscillating around 265,000. Importantly this number did not increase throughout this prolonged period, despite large numbers of candidates gaining their HGV driving licence (see later).

SOC8211	Q4 2010 ¹	Q4 2015 ¹	Q4 2019 ¹	Q1 2020 ²	Q2 2020 ²	Q4 2020 ¹	Q1 2021 ¹	Q2 2021 ¹
16-24	2,623	4,172		7,504	2,724	4,439	5,969	*
25-29	13,419	14,388		23,021	20,920	19,739	16,429	13,822
30-34	22,952	24,151		23,791	27,124	22,734	31,167	24,116
35-39	28,432	25,160		24,730	23,207	21,477	23,360	24,149
40-44	48,930	38,107		21,041	19,915	22,912	27,897	23,895
45-49	51,078	50,962		46,545	40,269	44,495	31,215	24,054
50-54	42,145	48,589		54,329	48,655	46,651	30,607	39,872
55-59	32,441	37,767		52,045	61,324	57,356	42,875	42,506
60-64	33,920	27,128		35,940	29,115	26,258	26,941	24,675
65+	7,518	12,381		12,551	13,703	11,881	13,564	15,858
Under 45	116,356	105,978		100,087	93,890	91,301	104,822	85,982
Over 45	167,102	176,827		201,410	193,066	186,641	145,202	146,965
Over 55	73,879	77,276		100,536	104,142	95,495	83,380	83,039
Total	283,458	282,805		301,497	286,956	277,942	250,024	232,947
UK	270,745	255,472	257,956	267,000	270,600	248,608	227,880	210,687
EU	11,041	24,628	42,460	37,000	25,000	28,354	19,604	24,350
Non-EU	1,672	3,121	3,462	?	?	1,651	*	*
Change vs Pre-Pandemic			U45	-	- 6,197	- 8,786	4,735	- 14,105
			O45	-	- 8,344	- 14,769	- 56,208	- 54,445
			O55	-	3,606	- 5,041	- 17,156	- 17,497
			Total		- 14,541	- 23,555	- 51,473	- 68,550
			EU	-	- 12,000	- 8,646	- 17,396	- 12,650

¹: ONS QLFS data requests by K Smith

²: ONS QLFS data requests by K Tisdale

The above chart collates all the data requested by Driver Require and Kirsten Tisdale of Aricia from the Office for National Statistics, to determine the breakdown by age and nationality of those people declaring their occupation to be an HGV driver (SOC8211) in response to the ONS Quarterly Labour Force Survey.

We can see that the number of HGV drivers under 45 decreases from 116,000 in 2010 to 100,000 in early 2020, i.e. a drop of approximately 15,000.

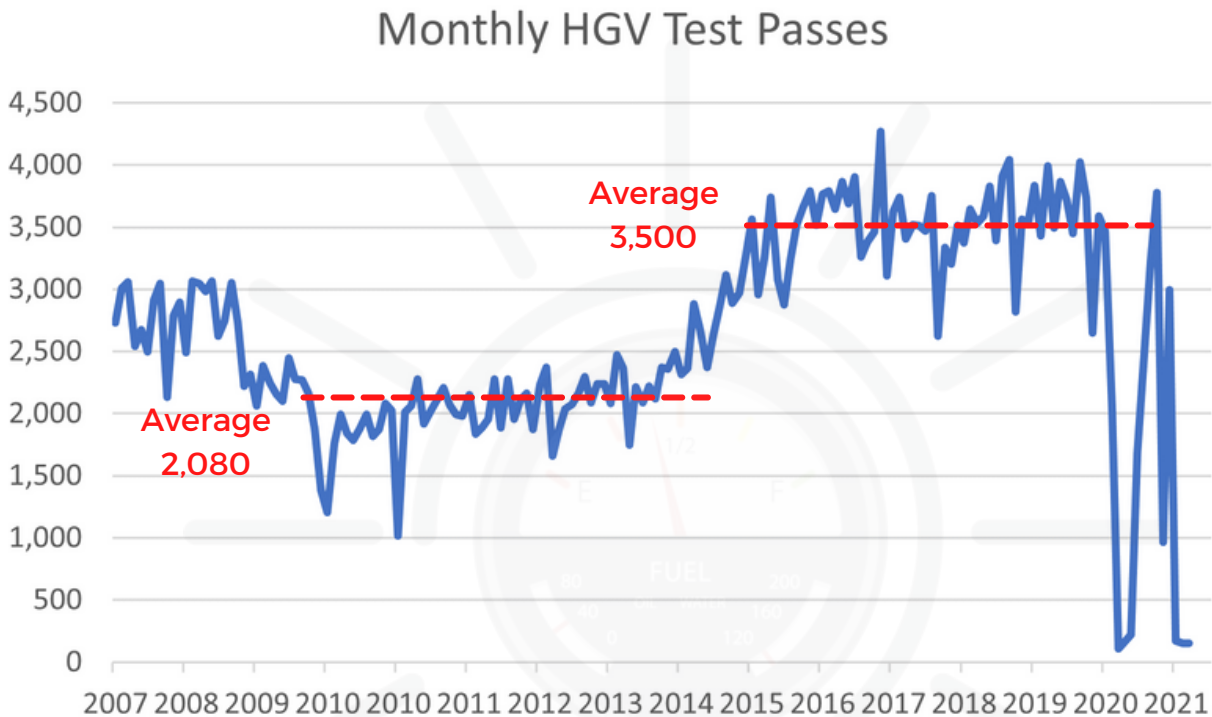
A WORD OF CAUTION ON THE ACCURACY OF THE ONS QLFS DATA:

Specifically, the size of the UK's HGV driver workforce is calculated from the number of respondents to the QLFS who declared their Standard Occupational Classification (SOC) to be SOC8211: "Large Goods Vehicle Drivers", which was then extrapolated to match the total population. Relatively small variations in the survey responses can translate into noticeable fluctuations in the extrapolated number, so caution is advised when making inferences from a point number. Saying that, trends over longer time frames are more reliable, which is why we have chosen to examine a full decade leading up to the start of the Pandemic.

Another factor to consider is that before the pandemic hit, the survey collection mechanism was predominantly door-to-door, face-to-face interviews. Since COVID-19 hit, the surveys have been conducted solely by phone. This means that individuals who share accommodation and/or do not have a landline are harder to contact and therefore less likely to respond to the survey. It is possible that the HGV drivers are more likely to fall into this category and therefore less likely to be included in the survey. If this is the case then HGV drivers could be under-represented relative to the pre-pandemic period, which would result in an exaggerated estimate of the HGV driver shortage. We are not sure to what degree this may apply.

What we do know is that the size of the HGV driver pool remained stable at just over 300,000 in Q4 2019 and Q1 2020, then dropped by 15,000 to 285,000 in Q2 2020, i.e. when the pandemic started. It then dropped to 275,000 by the end of 2020. We can therefore conclude that, if there is indeed any distortion of the numbers, it is absolutely no greater than 25,000 and is most likely to be no more than an overstatement of 10,000. This means that we can fairly safely consider the current shortage of 70,000 to be at worst over-estimated by 10,000, i.e. somewhere between 60,000 and 70,000.

HGV TEST PASS ANALYSIS



Source: Department for Transport Statistics - Table DRT0501 04/07-03/21

We can see from the DVSA HGV Test Pass statistics that for the 5 years preceding the pandemic, an average of 3,500 candidates passed their HGV test per month, which equates to 42,000 per year. For the previous 5 years, 2010-14, the average pass rate was slightly above 2,000/month, i.e. 25,000/year.

Not all of these “Test Passes” are “New HGV Test Passes”, i.e. people qualifying to become a HGV (category C or C+E) lorry driver for the first time. This is because a proportion will have been:

- Upgrades from category C (rigid) to C+E (articulated).
- New 7.5t (Category C1) passes, for professions such as ambulance driving.

See overleaf for the results of a Freedom of Information request for this data.

TEST PASSES BY CATEGORY

TEST PASSES BY CATEGORY

DVSA FOI Request July 2021: UK HGV Test Pass Statistics by Category 2012 - 2020

	2012	2013	2014	2015	Av 12-15	2016	2017	2018	2019	2020	Av 16-20	Total
C1												
Taken	1602	2391	3068	4040	2775	4869	5358	5084	6270	6212	5559	38894
Passed	1055	1608	2114	2761	1885	3350	3802	3600	4465	4458	3935	27213
% Passed	66%	67%	69%	68%	68%	69%	71%	71%	71%	72%	71%	70%
C												
Taken	23195	30710	31174	35303	30096	45513	50029	44502	45822	43240	45821	349488
Passed	11712	15740	16274	18867	15648	24502	27480	25036	25847	25027	25578	190485
% Passed	50%	51%	52%	53%	52%	54%	55%	56%	56%	58%	56%	55%
C+E												
Taken	9441	12877	13762	15582	12916	19614	22537	20676	21336	20482	20929	156307
Passed	5250	6950	7630	8764	7149	10973	12824	11907	12403	11672	11956	88373
% Passed	56%	54%	55%	56%	55%	56%	57%	58%	58%	57%	57%	57%
Total												
Taken	34238	45978	48004	54925	45786	69996	77924	70262	73428	69934	72309	544689
Passed	18017	24298	26018	30392	24681	38825	44106	40543	42715	41157	41469	306071
% Passed	53%	53%	54%	55%	54%	55%	57%	58%	58%	59%	57%	56%
% Taken												
C1	5%	5%	6%	7%	6%	7%	7%	7%	9%	9%	8%	7%
C	68%	67%	65%	64%	66%	65%	64%	63%	62%	62%	63%	64%
C+E	28%	28%	29%	28%	28%	28%	29%	29%	29%	29%	29%	29%
% Passes												
C1	6%	7%	8%	9%	8%	9%	9%	9%	10%	11%	9%	9%
C	65%	65%	63%	62%	63%	63%	62%	62%	61%	61%	62%	62%
C+E	29%	29%	29%	29%	29%	28%	29%	29%	29%	28%	29%	29%

Source: DVSA FOI Request July 2021

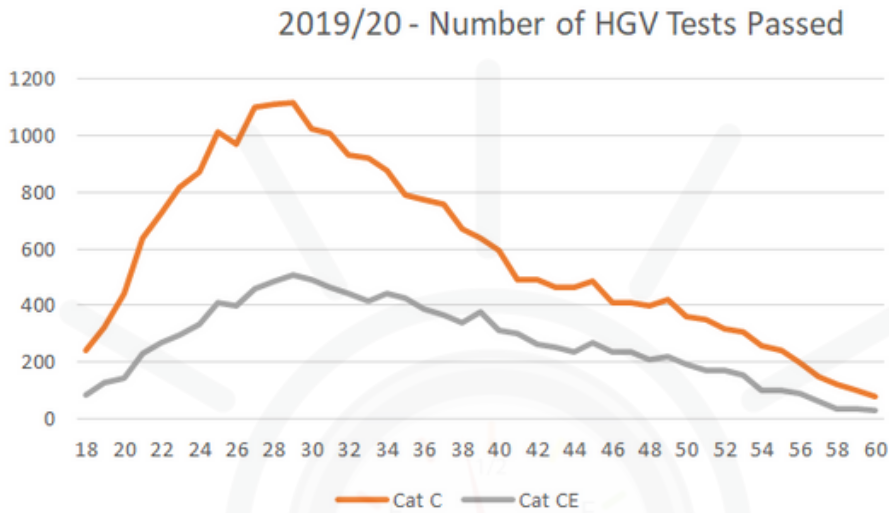
We sent a Freedom of Information request to the DVSA for a breakdown of the HGV Test Passes by category for each of the last 10 years. They were able to provide this information back to the year 2011/12. The annual data is for the period April to March. We were able to determine some key deductions from this data:

- The average number of New Passes per year from 2011-2015 was 15,500
- The average number of New Passes per year from 2016-2020 was 25,500
- The average New Pass rate has decreased from 65% of the total number of passes in 2010 to 61% most recently, and the average for the period is 62%. We have therefore assumed 62% for the purposes of our calculations.

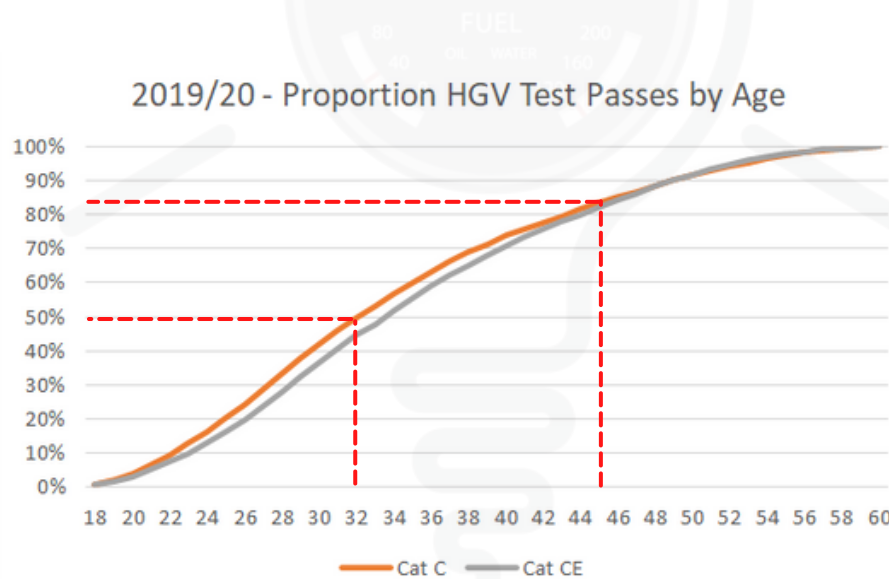
For the period 2011 - 2020, we can estimate the total number of New Passes to be 210,000.

We looked at the age profile of the HGV test passes and the age profile below is typical for the last 10 years. This gives us the key statistics:

- Average age of test passes is 32, i.e. 50% of test passes are below 32 years old
- 84% of test passes are below 45 years old



Source: DfT DVSA FOI request July 2021



Source: DfT DVSA FOI request July 2021

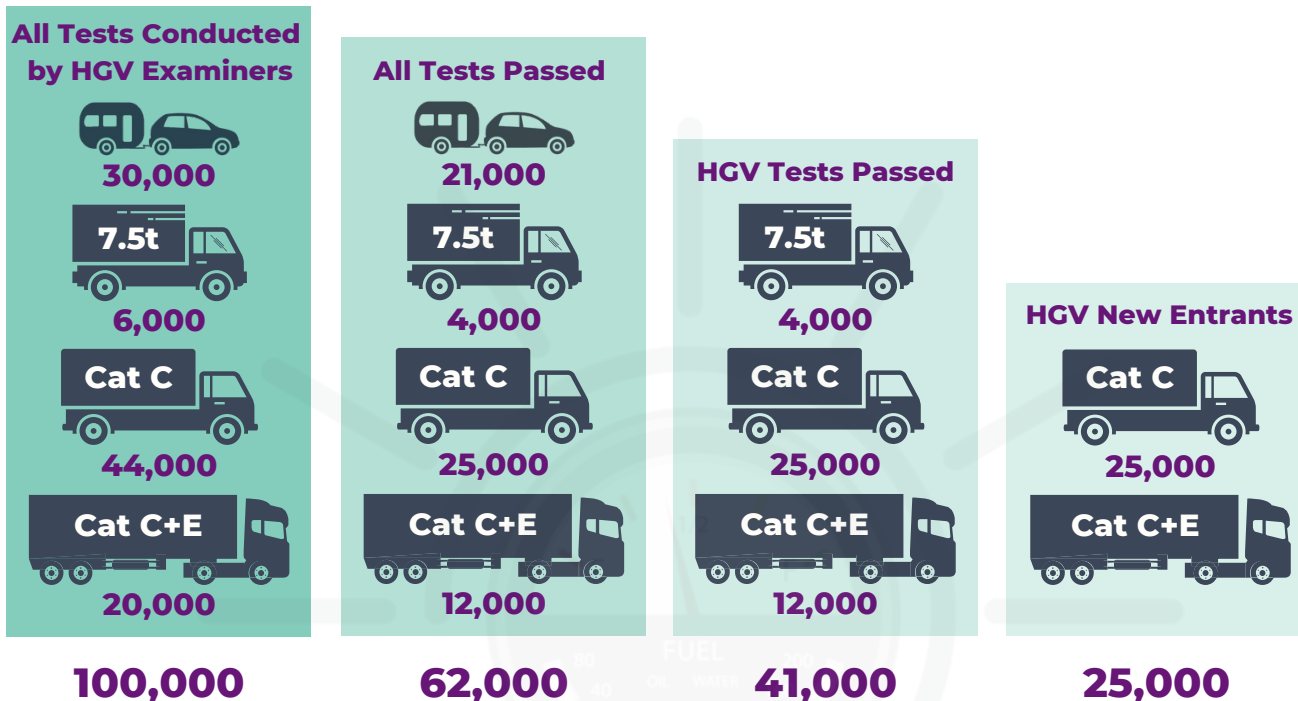
HGV Test Pass Statistics 2010/11 - 2019/20

Age	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Under 45	19400	20600	20736	22161	25672	32676	36465	33837	35695	34088
Total	22655	24395	24496	26219	30571	39000	44346	40801	43059	41423
% U45	86%	84%	85%	85%	84%	84%	82%	83%	83%	82%

Source: DfT DVSA FOI request July 2021

How can we increase HGV Testing capacity and throughput?

Vehicle Test Pass Rates 2019-20



Source: DFT Statistics and DVSA FOI request July 2021

Various options are being considered to increase HGV testing capacity and throughput. The main ones are:

- **Car & Caravan Testing (B+E):**

- Currently drivers must pass a test before they can use a vehicle under 3500kg to tow a caravan or trailer over 350kg on the public roads. This category is known as "B+E".
- The B+E test is examined by specially trained and authorised DVSA examiners. The DVSA HGV Test Examiner qualification includes B+E testing, so many of the B+E tests are examined by HGV Test Examiners, though not exclusively as there are car testing examiners who have been upgraded to B+E.
- If we were to eliminate the need for B+E testing it would free up HGV Test Examiners to focus on HGV testing.
- The increase in HGV testing capacity would be at best 30,000 tests per year, though it is unlikely to reach this number, given that not all tests are conducted by HGV Test Examiners.
- The impact would not be geographically uniform because the number of B+E tests varies considerably by region, being more dominant in rural areas and less so in industrial and urban areas.
- Perhaps an estimate of 25,000 extra tests producing 15,000 new passes would be appropriate

• Two Stage C+E Testing:

- Currently an HGV driver must pass their Cat C rigid vehicle test before they are permitted to proceed to the Cat C+E articulated vehicle test. This means they have to pass two DVSA examined vehicle tests to achieve the C+E category on their licence.
- This two-stage process uses up 2 DVSA test slots and extends the time required to achieve C+E compared to a single stage process.
- If the two -stage test were reduced to a single-stage process it would reduce the DVSA test burden. The question is, by how much?
- There are currently 20,000 C+E tests per annum, of which 12,000 pass. Not all of these immediately follow a Cat C test, i.e. these drivers are not candidates for the single-stage test. It is not clear how many of the 20,000 tests would convert to single-stage.
- Furthermore, it is more likely that candidates taking the single-stage C+E test will fail. Current C+E pass rates are 57% and this is after having passed the Cat C test, which itself has a pass rate of 55%.
- We can therefore conclude that we could convert some of the 20,000 C+E tests to single-stage, but by no means all, and the fail rate will increase requiring more repeat tests.
- Perhaps an increase of 10,000 tests producing 6000 new passes would be appropriate...
- The roll out of a single-stage test may be constrained by the supply and availability of training school C+E vehicles. They may need to adjust the make-up of their fleet and this costs time and money.

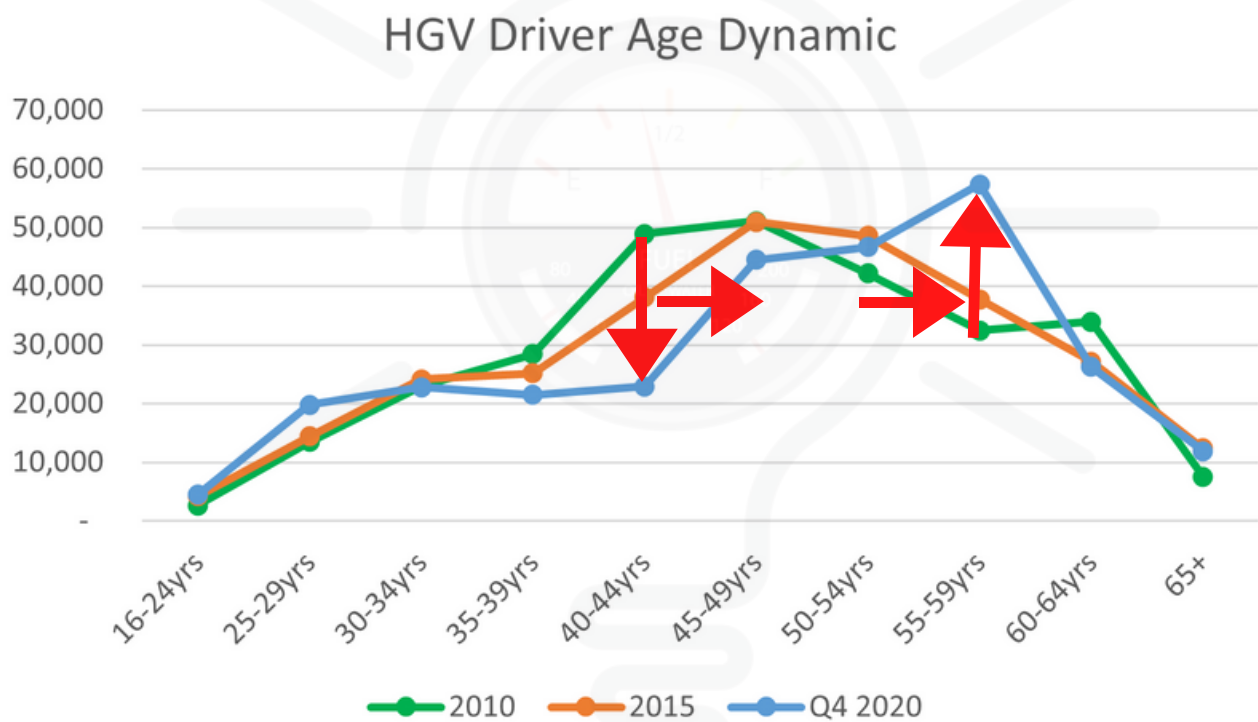
• C+E Reversing & Coupling:

- The current C+E test examines a reversing manoeuvre and the procedure for coupling/uncoupling the trailer from the tractor unit.
- It has been proposed that these be tested separately by an authorised 3rd party, normally the driving school, thereby reducing the DVSA examined element of the test.
- This would enable the DVSA Test Examiners to perform up to 5 C+E tests per day, compared to the current 4 per day; a possible 25% increase.
- Theoretically this would increase capacity by up to an extra 5,000 C+E tests per annum.
- The implementation of this proposal depends on:
 - The cooperation of the driving schools who are being asked to take on this extra task without compensation, and
 - The availability of training schools' C+E vehicles to perform these test procedures, as the testing will conflict with training needs.

AN AGEING HGV DRIVER WORKFORCE

A further angle we wish to examine is the HGV driver age dynamic. There has been general concern that the HGV driver workforce is aging, but, to date, it hasn't been a "critical" concern because the "plug" of aging drivers had not reached retirement age.

The difference now is that the "plug" of drivers has moved inexorably to the right in the graph below, to the point where it has "hit retirement age". The retirement rate has accelerated from around 7500/year pre-2010 to nearly 10,000/year in 2020, and it will remain at this rate for the next 15 years.

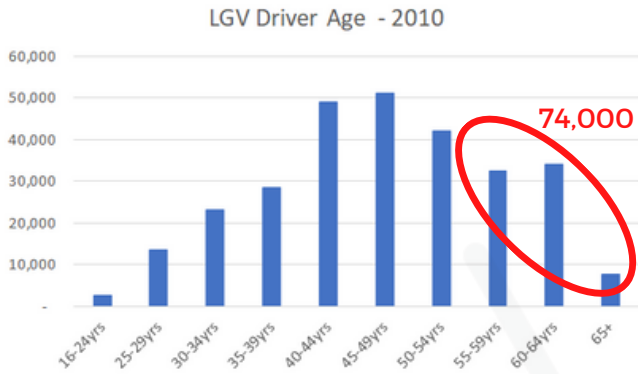


Source: ONS Quarterly Labour Force Survey

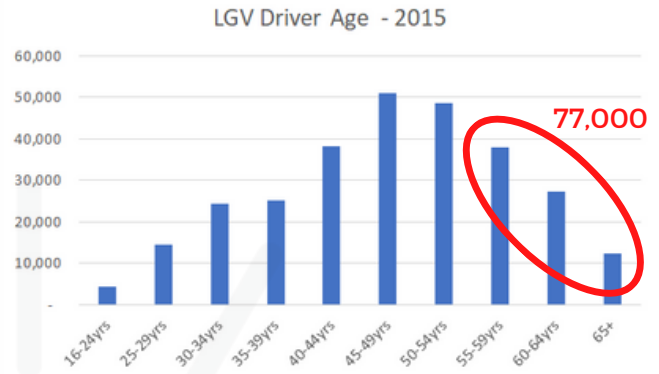
The aging profile is demonstrated in the graph above, which shows the drop over the past 10 years in the 40-44 age range mirrored by a similar increase in the 55-59 age range.

This is nevertheless not a major concern because the increase in the retirement rate is only an additional 2,000 drivers retiring per year. As long as we can marginally improve the New Pass retention rate, we should easily be able to compensate for the increased retirement rate. See overleaf for the retirement rate analysis.

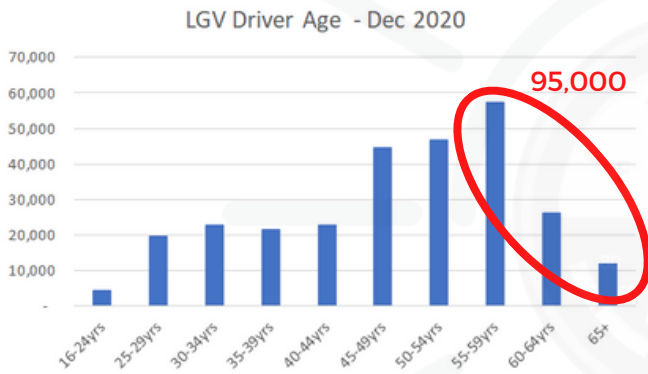
Retirement Rate:



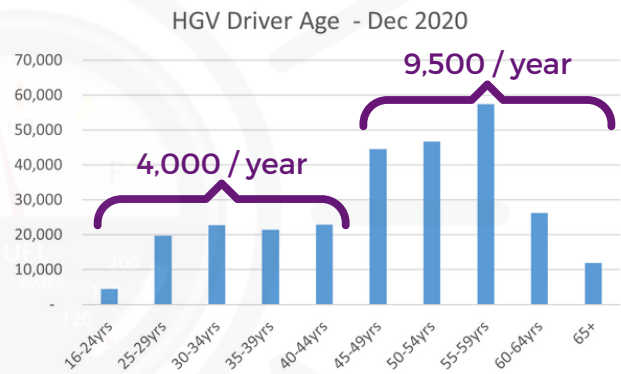
Source: ONS Quarterly Labour Force Survey



Source: ONS Quarterly Labour Force Survey



Source: ONS Quarterly Labour Force Survey



Source: ONS Quarterly Labour Force Survey

We can estimate the retirement rate as being 1/10th of the total number of drivers over 55 years old. This assumes that all these drivers will retire by the time they reach 65, which is reasonable given that the number of drivers over 65 has not changed significantly in the last 10 years.

We therefore estimated the retirement rates as follows:

- 2020: 9,500/year
- 2015: 7,700/year
- 2010: 7,400/year

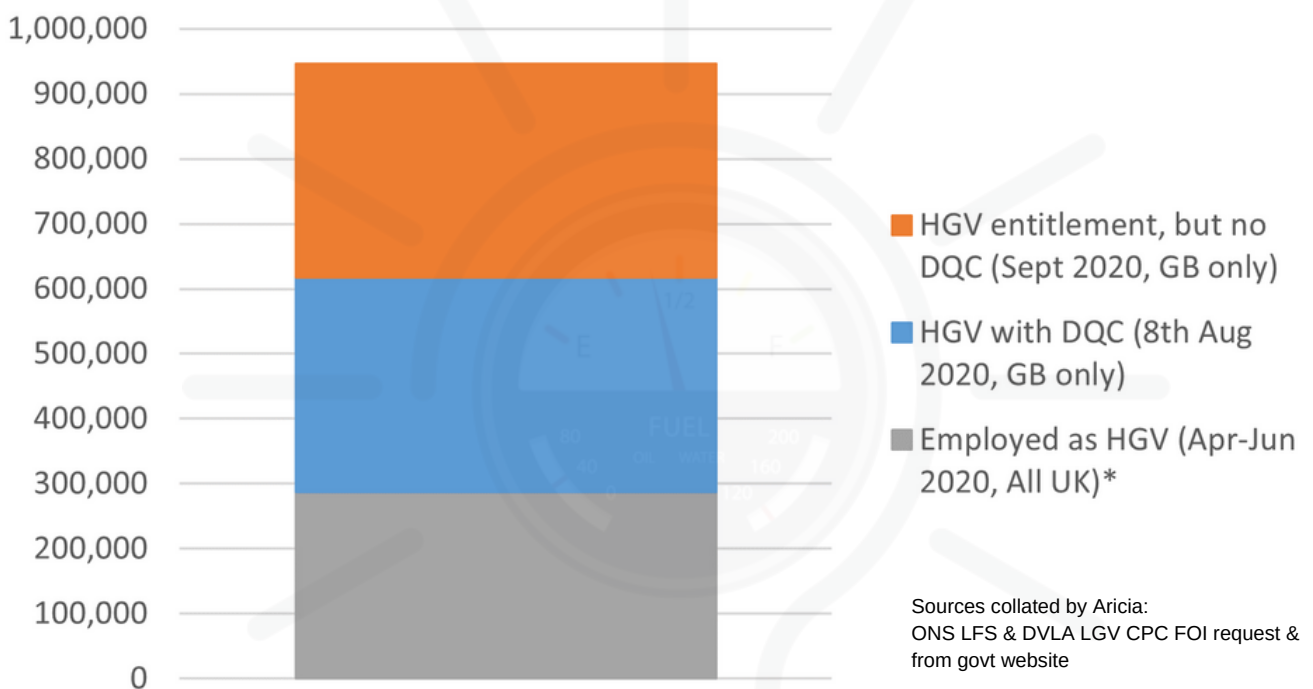
This produces average retirement rates as follows:

- 2010-14: 7,500/year
- 2015-19: 8,500/year

COMPOSITION OF THE HGV LICENCE HOLDER POPULATION

So, having examined the numbers of people who declare that they are employed as a “HGV driver” and the rate of addition, the key statistic we want to understand next is how many people have left the HGV driver workforce in each age group and why.

HGV Licence Holders - mid 2020



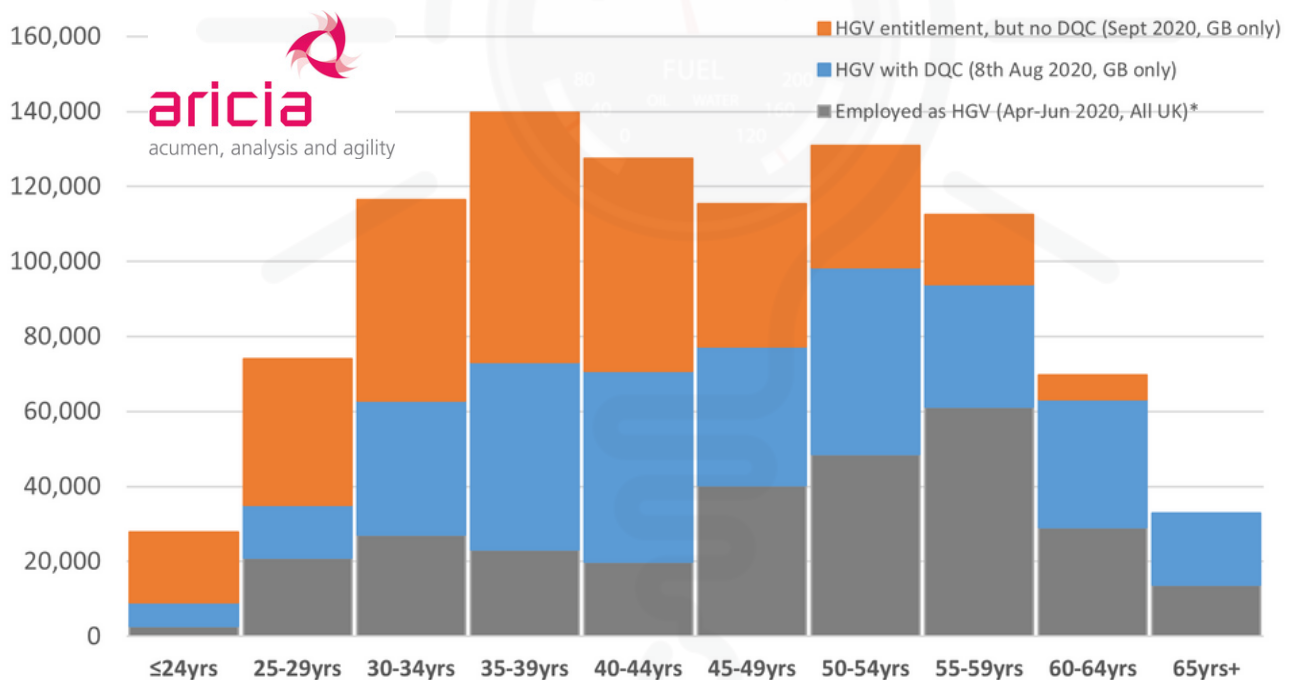
As at mid-2020, in total there were 944,000 HGV licence holders in the UK and only one third declared their main occupation to be lorry driving:

- **287,000** declared their occupation to be a HGV driver
- **330,000** had an HGV licence and a valid DQC (Driver CPC), which meant they were legal to drive an HGV, but did not class themselves as driving HGV for a living:
 - These will be managers, planners, assessors and trainers etc., as well as those where driving is a part of their main profession, e.g. firemen, scaffolders, crane operators, dustcart drivers, removals operators, highways maintenance, etc.
- **327,000** held an HGV licence but no DQC:
 - This group would have to attend one week (35 hours) of Driver Certificate of Professional Competence (DCPC) training, to gain their Driver Qualification Card (DQC) and then they should attend an HGV driving refresher course to ensure their driving skills are acceptable to drive a lorry safely on the public road network.
 - This assumes hauliers and insurers will take the risk.

It is worth noting that approximately 18 million people have “grandfather rights” to drive 7.5t vehicles (category C1), though to drive a commercial vehicle they would need to hold a DQC. These C1 entitlements ceased from January 1997, so the youngest “grandfather rights” C1 licence holders are now 41 years old.

Now we will look at the breakdown by age of these three categories and see what we can conclude. The unique analysis in the graph below was prepared by Kirsten Tisdale of Aricia in mid-2020 and provides an excellent understanding of the distribution by age of these three groups of HGV licence holders. Note that the accuracy of the analysis is limited by the fact that the different data sets were for slightly different periods of time and for different geographic regions (GB and UK), but it is nevertheless accurate enough to give us some really valuable insights into the overall dynamics of our HGV driver workforce over the past 20 years or so.

Driver Nos in 2020: Employed as HGV, HGV+DQC, HGV entitlement but no DQC



Sources collated by Aricia: ONS LFS & DVLA LGV CPC FOI request & from govt website

Our observations from the above graph are:

Age	Comment
Under 24	<ul style="list-style-type: none"> The majority of this group do not have a DQC. We expect these are mainly British Forces personnel. Of those who do have a DQC only 30% are driving HGV for a career.
25 – 29	<ul style="list-style-type: none"> It is odd that the number without DQC rises so quickly. These cannot all be British Forces drivers. This includes the group that never really got started. It could also be a significant number of leisure and non-professional drivers. <i>[Could this include people who passed the practical test (as they had already paid for it) but decided not to proceed to driving as a career and therefore didn't obtain a DQC?]</i> The majority of those who have a DQC are driving HGV for a living, which intuitively makes sense.
30 – 44	<ul style="list-style-type: none"> As we progress through this age band we observe that the number driving HGV for a career barely changes, while those not driving increases rapidly from 30 onwards and then remains stable. Further research is required to work out why so many are abandoning driving as a career and what alternative employment are they choosing.
Over 45	<ul style="list-style-type: none"> We believe this group consists of the “traditional HGV driver” group who chose HGV driving as a career before the introduction of the EU Tachograph Regulations and the enforcement of the Working Time Regulations. As more experienced and mature drivers, they may command some ability to choose the better-quality work. Their children will also have grown up so they will have to make fewer earning and lifestyle compromises than their younger colleagues. They may be tied in by pensions or with length of service so are hanging on in there for redundancy.

We can deduce that, over the past 25 years, 235,000 HGV licence holders below the age of 45 have abandoned HGV or not taken up HGV driving as a career, and a further 156,000 HGV licence holders have maintained their CPC qualification but have chosen to work in a different occupation.



UNDERSTANDING ATTRACTION & RETENTION

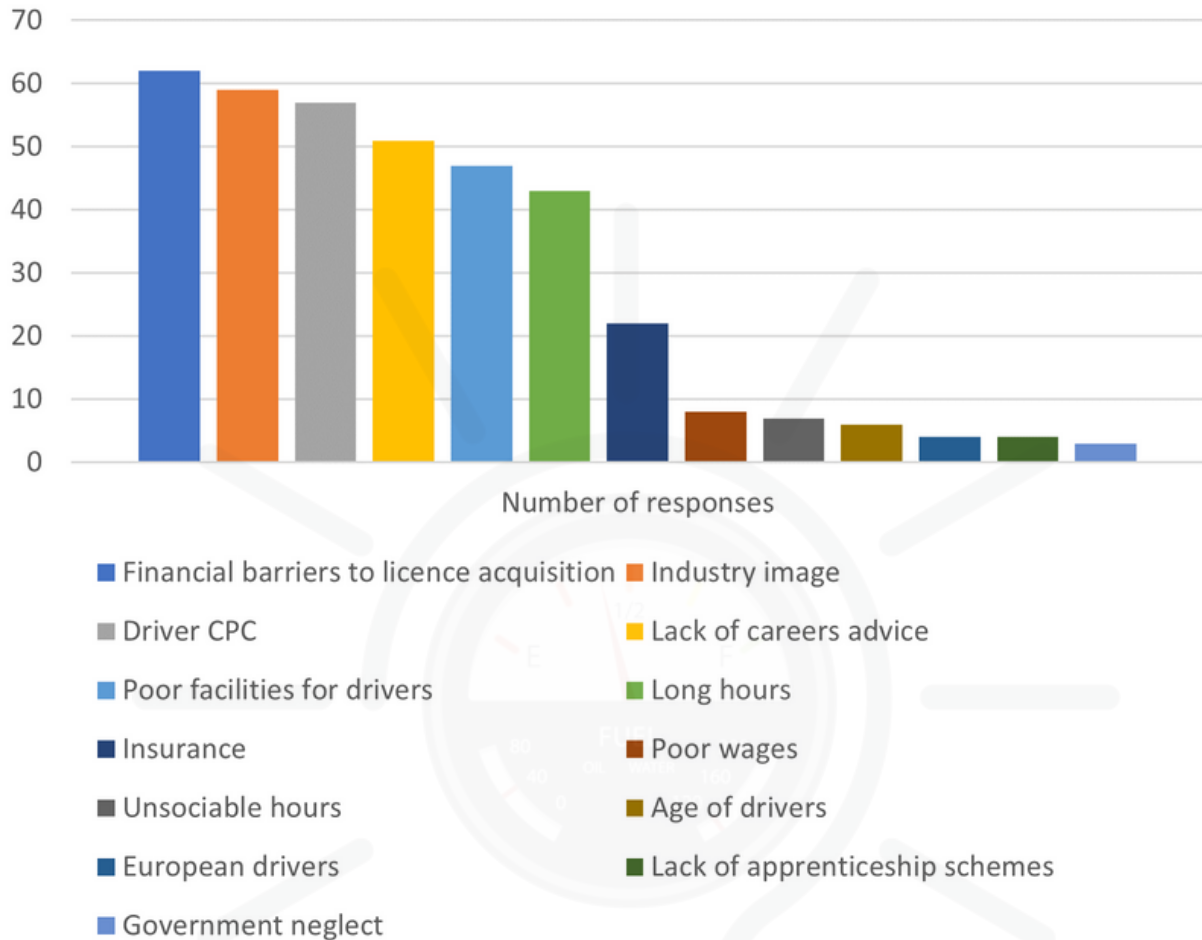
We have extensively researched surveys and analysis of the reasons why HGV drivers have abandoned driving as a career. Below is a good example of a survey conducted in January 2015 by the Chartered Institute of Logistics and Transport (CILT) in conjunction with LogMark | Supply Chain Benchmarking: “CILT Driver Shortage Crisis – 2015 Report”.

The purpose of the survey was to gauge CILT members’ opinions about the driver shortage at that time, and its aim was to establish a series of recommendations to fleet operators, industry and government.

In total the survey received 103 responses from a selection of haulage companies, end users with their own distribution operations and service providers to the haulage sector, the majority of whom operated in the domestic (UK) Private Sector. 60% of respondents were worried or very worried about negative business impact due to the driver shortage.

The results relevant to this report were as follows:

Factors Responsible for Driver Shortage

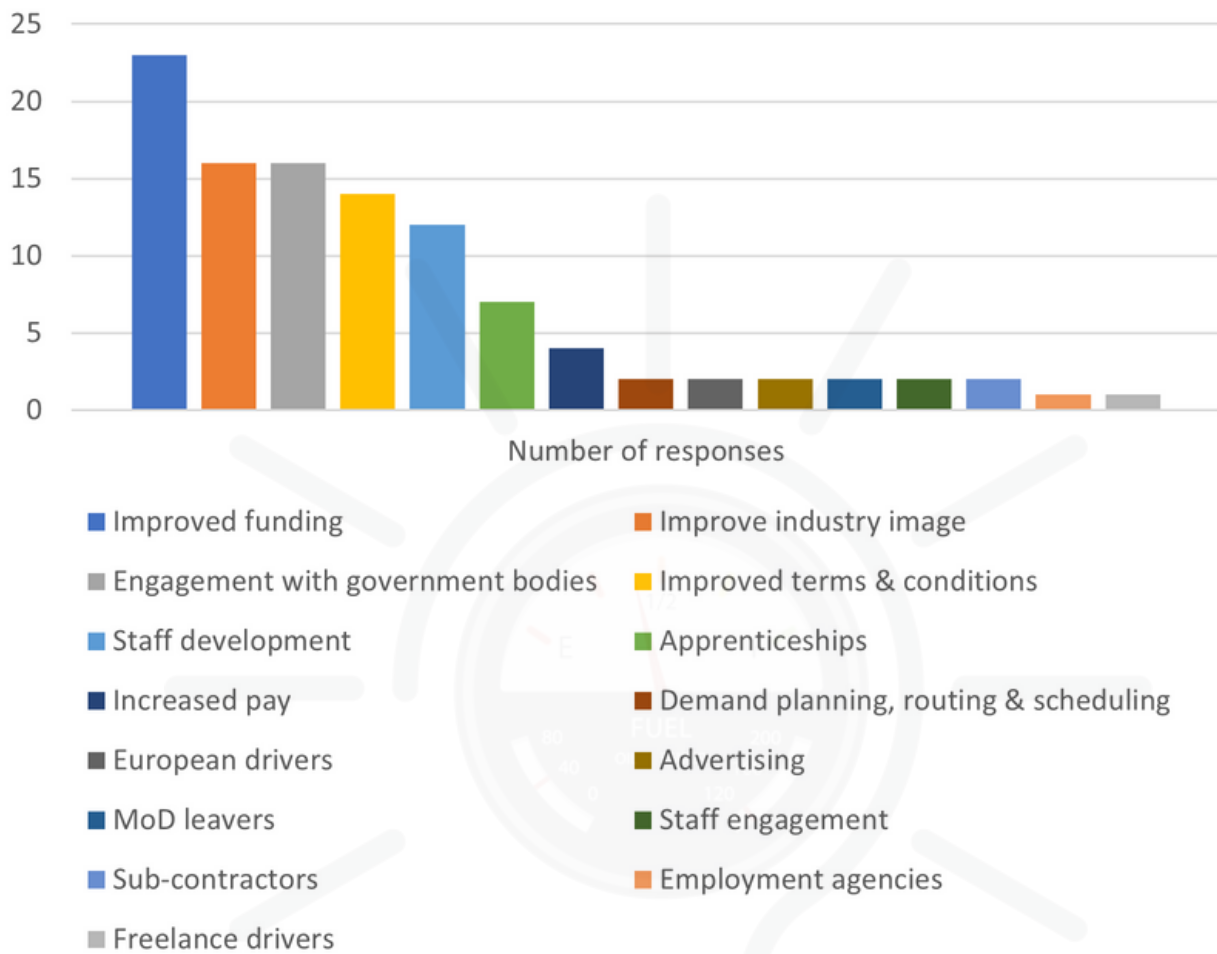


Source: CILT Driver Shortage Crisis 2015 Report

Remembering that these responses were from the haulage companies, and therefore their interpretation of why drivers didn't want to drive HGV for a living:

- The first point, "Financial barriers to licence acquisition" is definitely not a barrier as the DVSA Testing capacity has been adequately supplied for the last 10 and more years.
- The next 6 items are relevant to drivers: Industry image; Driver CPC (cost and lost earnings); lack of careers advice; poor facilities for drivers; long hours and insurance.
- It is a surprise that poor wages and unsociable hours ranked so low.

What should the Government do to help?

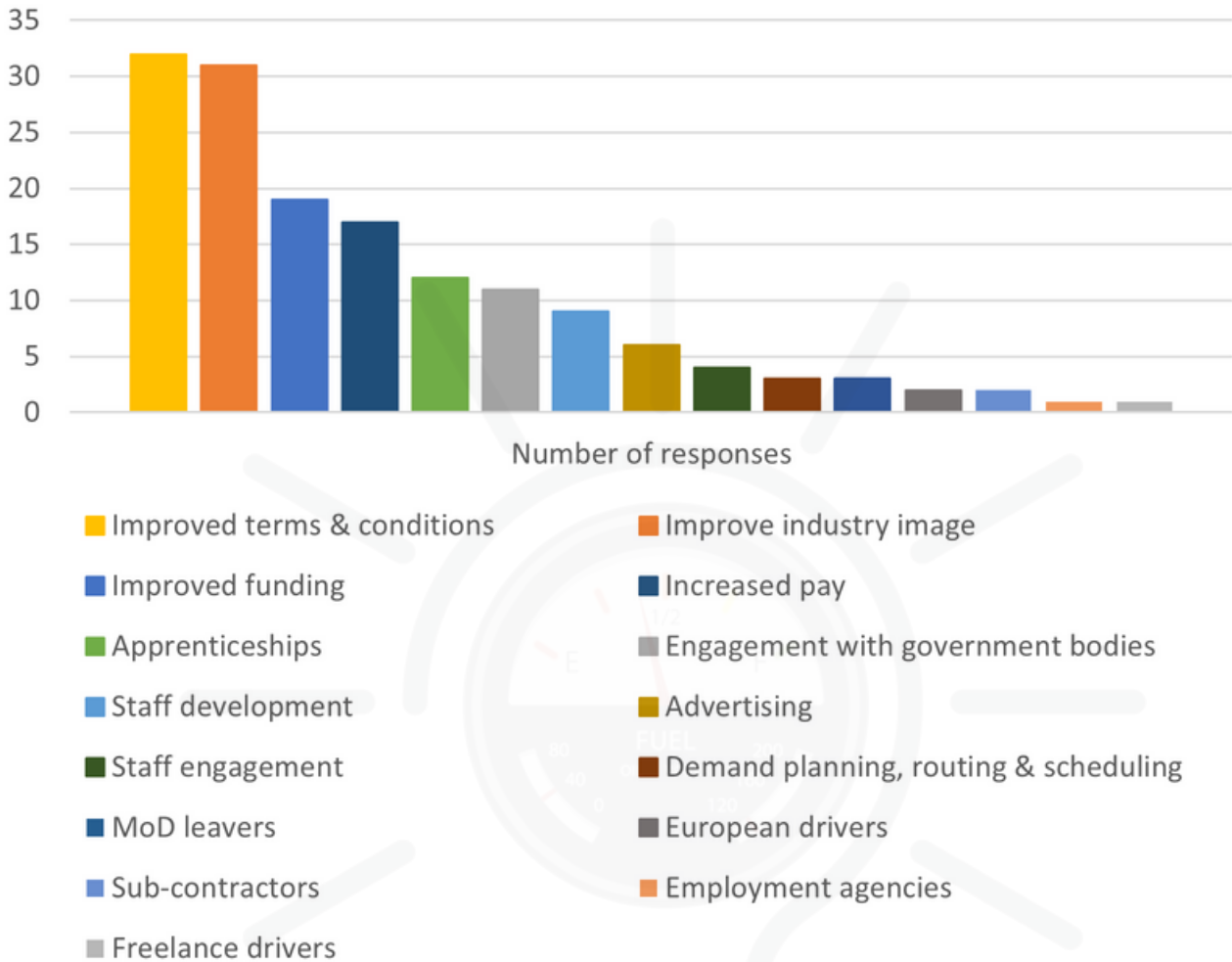


Source: CILT Driver Shortage Crisis 2015 Report

When asked what they thought “the Government should do to highlight and deal with the driver shortage issue”, they responded with:

- an appeal for Government funding
- help to improve the industry’s image
- more engagement with the government bodies
- improved terms and conditions (not sure what this means in a “government” context)
- staff development (government funded training?) and
- apprenticeships.

What can the industry do to attract drivers?



Source: CILT Driver Shortage Crisis 2015 Report

Most relevantly, when asked “what can the industry do to attract new drivers?” they responded with the two top focus areas being:

- improved terms and conditions: presumably “working conditions” such as work/life balance, hours of work and facilities in the workplace, and
- improved industry image.

Then followed:

- Improved funding: presumably of licence acquisition and professional training, and perhaps provision of better roadside services and parking facilities,
- increased pay,
- apprenticeships,
- engagement with government bodies, and
- staff development.

In 2018 Talent in Logistics, in partnership with the Pertemps Driving Division, conducted a survey and produced a White Paper titled “Driving Engagement in Logistics”. This was based on a survey of over 1300 HGV drivers “who do the job on a day-to-day basis”.

They examined many aspects of employee engagement in the Logistics sector and included a specific section to “Provide the sector with suggestions for improving the driver shortage”.

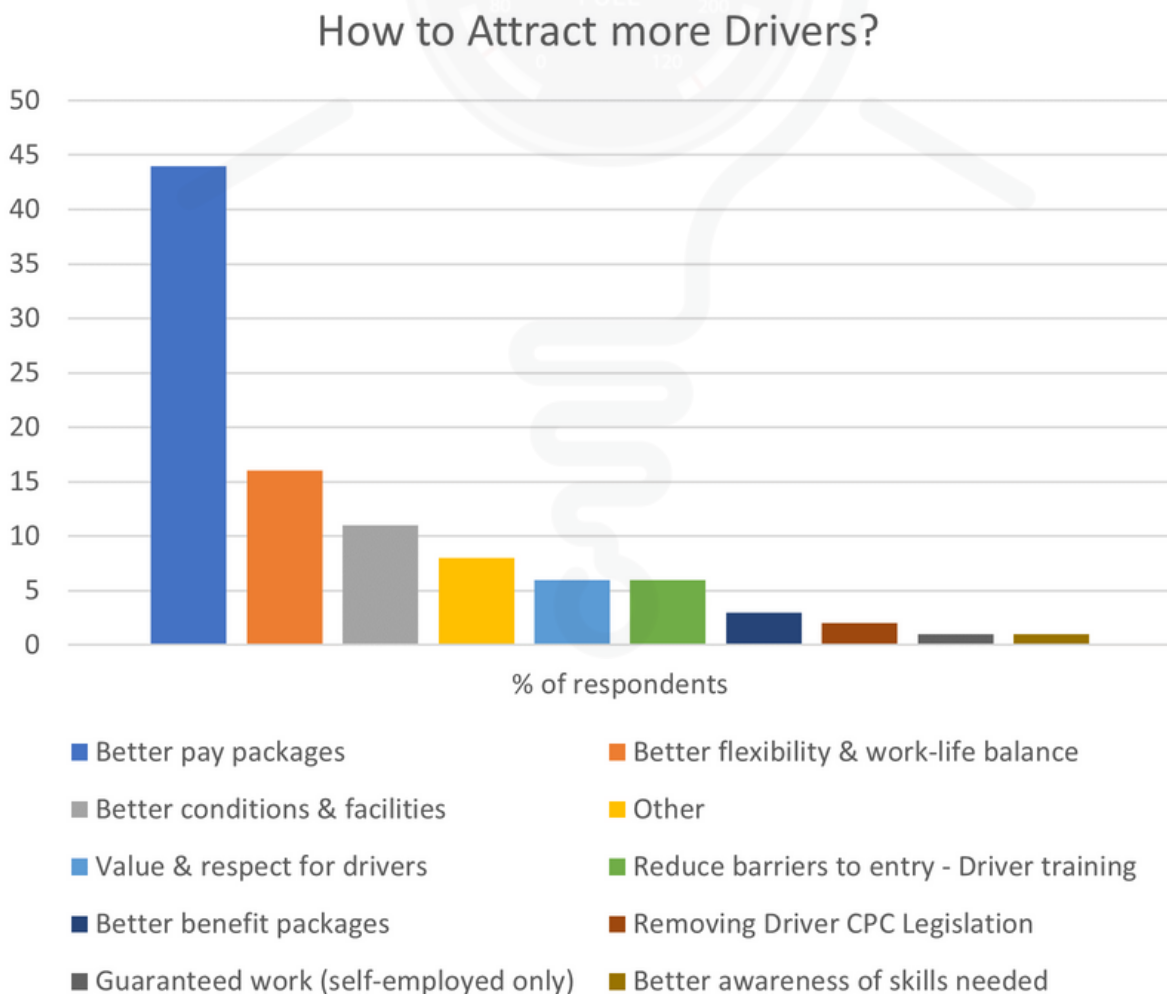
In the Recognition and Reward section they determined that:

- 68% would rather have a better work/life balance than a 5% pay rise.
- 66% would prefer a 5% pay rise over a comprehensive healthcare package.
- 52% would rather have a trustworthy manager than a 5% pay rise.

When asked about their “Perspectives on the Sector”, drivers provided the following responses:

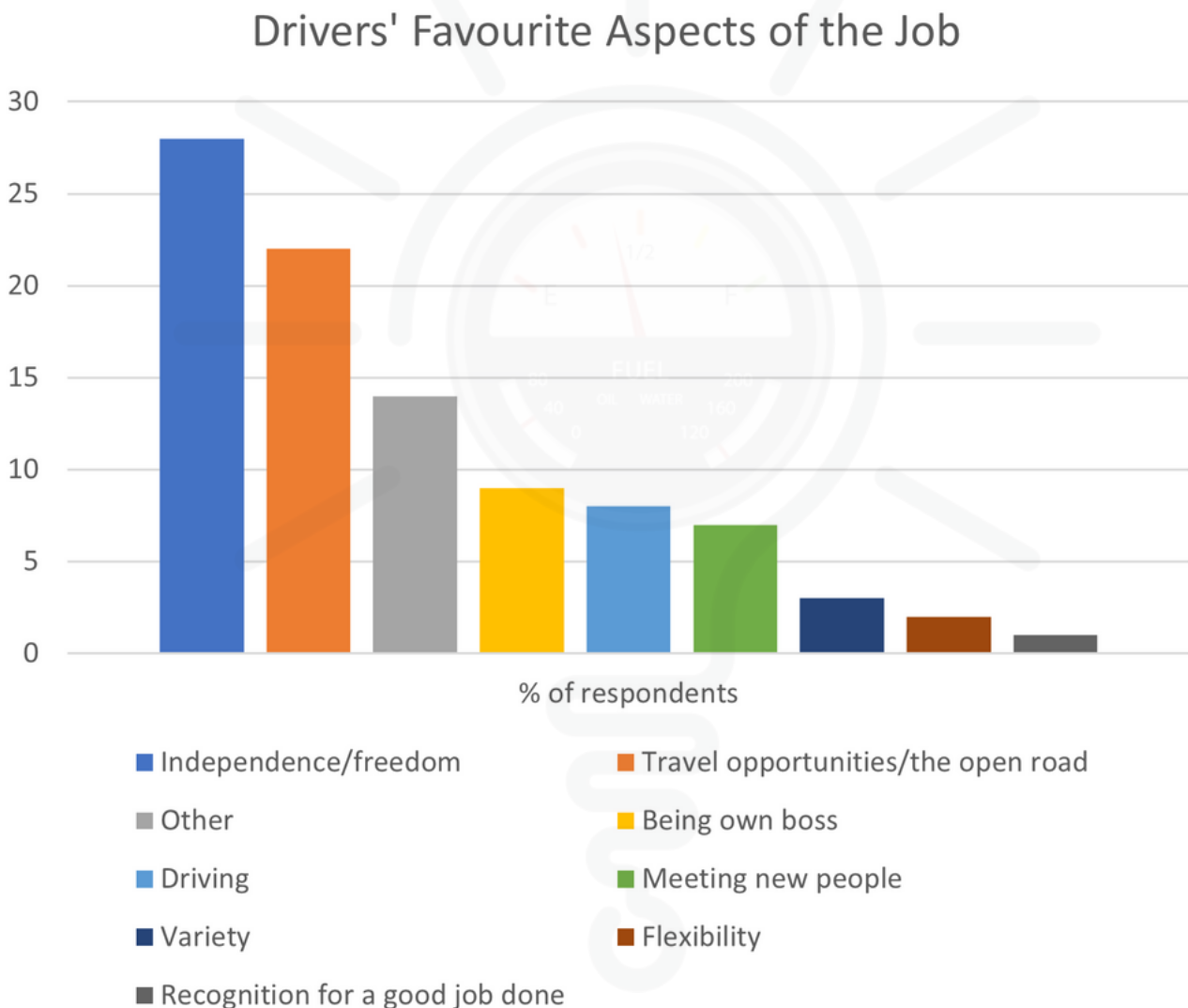
- 66% believed their role is NOT seen as a profession by the general public.
- 69% would NOT recommend a driving career to their family members and friends, however this reduced to 57% for 18-30 year olds.

Their response to the question “What do you think should be done to attract more drivers?” was:



The response of the drivers was emphatically that better remuneration was their primary motivator followed by better flexibility, work-life balance, working conditions and facilities.

It often feels that we are always looking for the negatives, i.e. the reasons preventing drivers entering or staying in the sector. The TiL/Pertemps survey therefore asked the positive question of their HGV drivers “What are your favourite aspects of the job?”. This produced the results below:

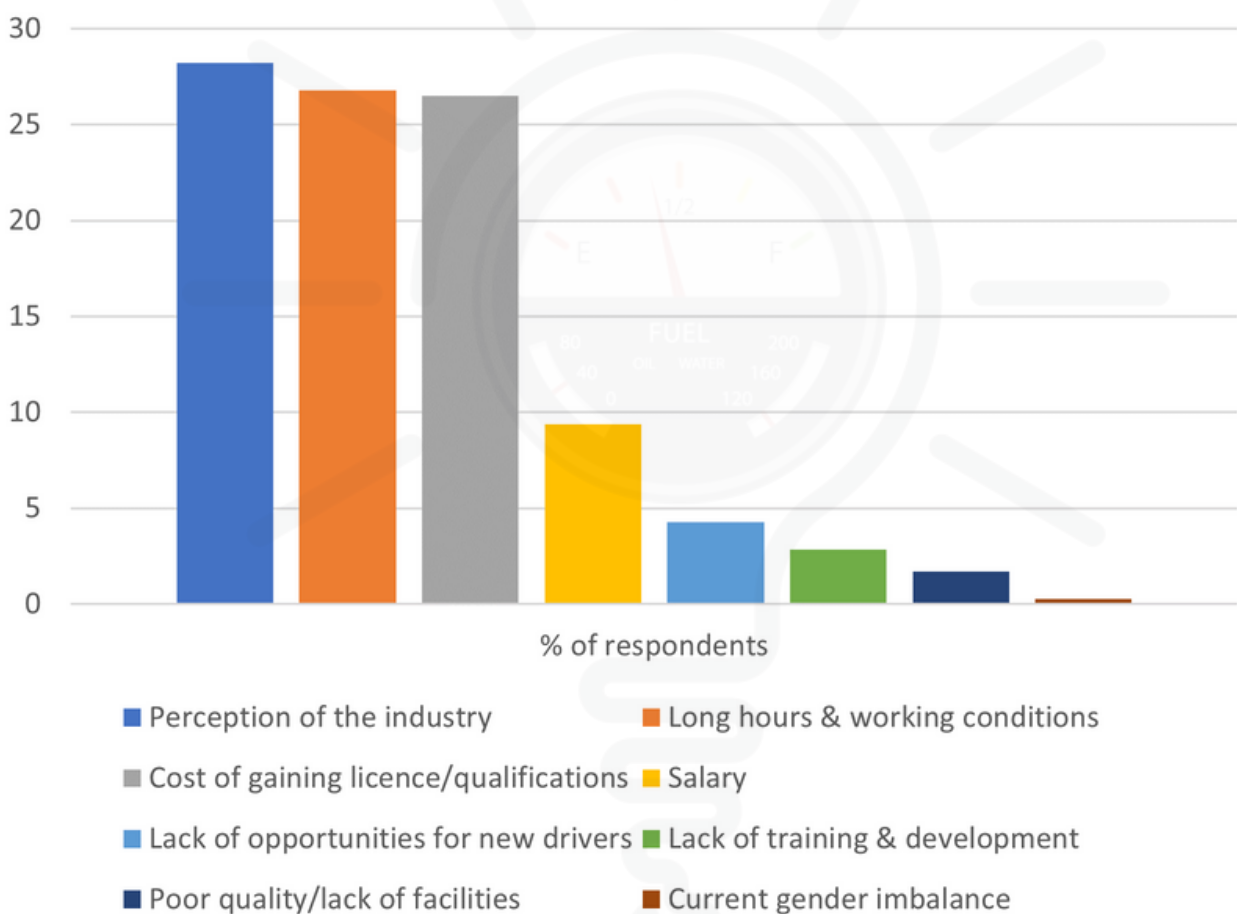


Source: Talent in Logistics / Pertemps – White Paper “Driving Engagement in Logistics” 2018

It is notable that “Recognition for a good job done” came bottom of the list. Also “Variety” and “Flexibility” ranked low, which implies that the drivers wanted routine and more predictable work patterns, despite independence and freedom on “the open road” being their primary motivators.

In 2019 Adrian Jones, National Officer of Unite the UNION, presented to the Microlise Transport Conference 2019 on the topic of “The Future of the Driver Workforce”. In his session he looked at the ways in which operators and employers could support increased diversity. He also provided the results of a survey in which the following question was asked of haulage operators: “What is the primary factor preventing new drivers from entering the industry?”

Factors Preventing new HGV Drivers Entering the Industry



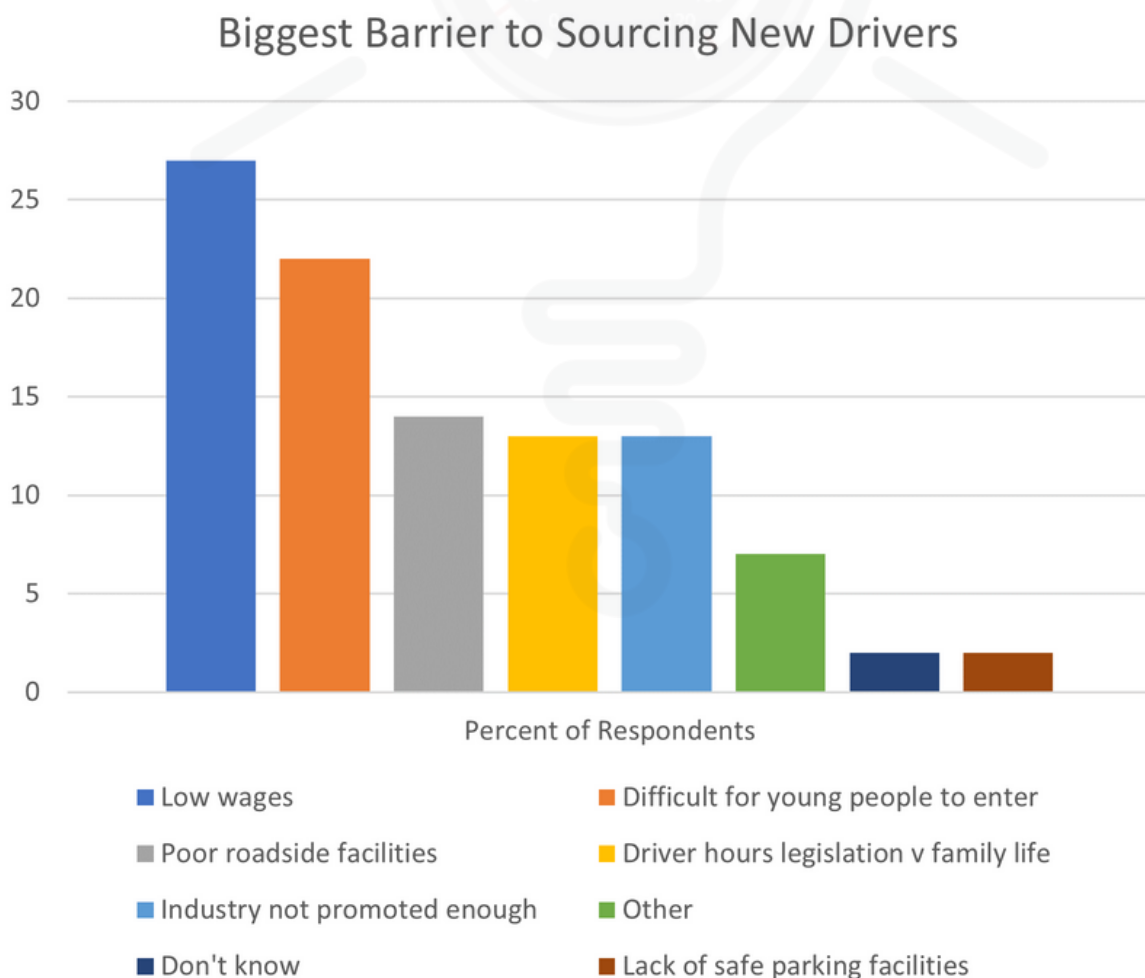
Source: Adrian Jones, Unite the UNION, presentation to Microlise Transport Conference 2019

The results clearly placed perception of the haulage industry, long hours and working conditions, and the cost of licence acquisition as the primary deterrents to new entrants. Interestingly, HGV driver remuneration was not deemed by the operators to be a primary factor.

Finally, a further survey was recently conducted (in 2021) by the Asset Alliance Group in conjunction with Motor Transport to produce their annual “Industry Monitor” report. The survey polled a 625-strong sample from the readership of Commercial Motor and Motor Transport. Of this sample, one-third (33%) were company owners, MDs or board directors, while a further 18% were in senior management positions, and 13% in middle management. The remainder were in junior management roles.

Specifically, the survey addressed the driver shortage and established that 29% of respondents stated that a lack of skilled HGV drivers was their biggest concern for the road transport and logistics sector for the next 12 months. This was by a large margin the predominant concern, followed, in order of decreasing concern, by a poor economic outlook for the UK, uncertain legislative future outside of the EU, rising operational costs (excluding fuel and labour) and then the cost of fuel.

On the subject of the HGV driver shortage, they asked the question: What do you believe is the number one reason that there are not enough skilled HGV drivers in the UK? Their responses are summarised in the chart below:



Source: Asset Alliance Group / Motor Transport - Industry Monitor 2021 Edition

These results are much more in line with the anecdotal evidence provided to and by members of the Think Tank. It is notable that the results of this recent survey demonstrate a shift in the Haulage Operators' appreciation of their HGV drivers' concerns and wellbeing. Specifically HGV driver remuneration is now the main factor.

It is worth noting that we have been unable to find a survey of HGV licence holders who are no longer driving HGV for a living. We really do need to understand the reasons why this group quit driving for a living, and this can only be achieved by surveying the licence holders themselves. This is a key next step from this report.



SUMMARY OF INITIATIVES TO ADDRESS THE UK'S HGV DRIVER SHORTAGE CRISIS

Aspect	Action	Impact	Timeframe	Status
New candidates	Waive testing of B+E by HGV Test Examiners	Frees up HGV Test examiners to conduct up to 30,000 more tests per year. Concern that it may deprive HGV Training Schools of a lucrative part of their business model. Not all B+E examiners are DVSA HGV Examiners.	H1 2022	Consultation completed. Awaiting approval and detailed deployment plans.
	Remove 'reversing exercise' and 'coupling/uncoupling' from HGV Test. Training School or 3rd party will test these aspects separately.	Should free up DVSA HGV Examiners to conduct up to 20% more HGV C+E Tests; increase from a maximum of 4/day to 5/day. Limited to C+E tests, which represent 50% of HGV tests, i.e. 10% capacity improvement.	H1 2022	Consultation completed. Awaiting approval and detailed deployment plans.
	Single stage C+E test. Removes the need to take Cat C test first.	Significantly reduces the time to acquire the C+E licence, as currently have to wait after achieving Cat C before commencing C+E training and test. Eliminates up to 20,000 tests per annum, but may be fewer because not all drivers currently proceed directly from C to C+E. Will this affect the mix of vehicles required by Training Schools?	H1 2022	Consultation completed. Awaiting approval and detailed deployment plans.
	Apprenticeship schemes for Cat C and C+E licence acquisition.	Provides haulage operators with support and funding to engage and train apprentices to HGV C+E level. Should encourage more employer in-house development of HGV drivers. Extent of take-up is yet to be determined.	Operational	In place and funded adequately
	DWP driver training pilot to support jobseekers to become HGV drivers.	This will combine with other HGV candidate pipeline initiatives such as Road to Logistics and Think Logistics to maintain a healthy flow of quality candidates into the HGV training and testing pipeline.	Operational	In place

Aspect	Action	Impact	Timeframe	Status
New candidates	HGV Training & Test loan scheme, repaid through tax from salary over time. Similar to the Student Loan Scheme.	The majority of HGV drivers self-fund their HGV training and test. This facility would remove one of the main obstacles to undertaking HGV training, this being the £3-£5000 cost of the course and test.	?	To be considered?
	Support for Road to Logistics and Think Logistics programmes designed to attract and support candidates through the HGV training pipeline. Possibly through DWP and Apprenticeship Levy funding.	Road to Logistics and Think Logistics both perform a vital role in ensuring a continuous flow of motivated and high-quality candidates into the HGV driver training pipeline. Any further support for these groups would be money well spent	?	To be considered?
	Underwrite or support insurers to accept newly passed HGV drivers with limited or no experience.	The lack of adequate insurance cover for new HGV drivers with limited or no experience is a major risk for both hauliers and their agencies alike.	?	To be considered?
	Promote the sector to maintain a continuous flow of high-quality HGV candidates. Positive marketing and celebration of the role the Logistics Sector plays.	A concerted PR campaign to promote the positive aspects of the logistics sector as a whole and specifically HGV driving should help to maintain the candidate pipeline.	?	To be considered?
	Promote the sector to Female and Ethnic Minority groups.	There are already several initiatives to encourage more women and ethnic minorities to take up HGV driving as a career. These must be supported and promoted, but we can't expect significant traction until working conditions, security and facilities, especially for female drivers, are brought up to an adequate standard.	In progress	In process but dependent on raising standards.
	Extension to Drivers' Hours	Relax the Driver Tachograph Hours regulations to enable drivers to work longer hours.	This was deployed earlier this year with no noticeable effect. A key concern is that HGV drivers are being "sweated" and that it will become dangerous if this continues for too long.	Previously deployed

Aspect	Action	Impact	Timeframe	Status
Existing licence holders	Subsidise CPC acquisition for returning HGV licence holders.	This could substantially accelerate the return of lapsed drivers to the HGV workforce. It will be difficult to quantify the impact, but the investment could be relatively small compared to the PR and actual positive impact it may achieve.	?	To be considered?
	Subsidise refresher courses for returning HGV licence holders.	See above.	?	To be considered?
	Underwrite or support insurers to accept returning drivers with limited or no experience.	The lack of adequate insurance cover for returning HGV drivers with limited or no experience is a major risk for both hauliers and their agencies alike.	?	To be considered?
	DWP driver training pilot to support returning 'lapsed' HGV licence holders.	This exists for jobseekers wishing to learn to drive HGV and could be extended to cover returning 'lapsed' drivers	?	To be considered?
	Promote the sector to attract back 'lapsed' HGV licence holders.	A concerted PR campaign to promote the positive aspects of the logistics sector as a whole and specifically HGV driving should help to attract back 'lapsed' drivers.	?	To be considered?
EU Nationals	Include HGV drivers in the 'Shortage Occupation' list	It is difficult to predict what impact this would have, but we expect it would not be significant in comparison to other possible measures. ONS numbers indicate that only 12,500 EU national HGV drivers left the UK workforce since the beginning of the pandemic, this being around 18% of the total number who left. There is an HGV driver shortage crisis on the continent and remuneration is rising there at similar rates to the UK. We have also reduced the attractiveness of the UK by implementing the IR35 reforms so foreign workers will no longer benefit from substantial tax avoidance.	Not allowed	Rejected by the Government
	Seasonal visa scheme for HGV drivers	This may be more effective than adding HGV drivers to the "Shortage Occupation" list. It allows us to continue to benefit from the "elasticity" of supply from the continent. Under this scheme EU HGV drivers would come to the UK to work in peak periods for enhanced pay rates and then return home during the off-peak season.	Not allowed?	Rejected by the Government?

Aspect	Action	Impact	Timeframe	Status
Retention	<p>Improve pay rates: This is naturally happening as employers are increasing the basic pay rates and, furthermore, increasing the increment for antisocial hours, overtime and unattractive work. This payment structure disincentivises employers from scheduling unnecessary overtime and antisocial hours work.</p>	<p>Market forces are pushing up pay rates, primarily in the agency (temporary labour) market and these increases are transferring more gradually into the permanent workforce. The elevated pay rates will hopefully increase retention of existing drivers, attract back 'lapsed/lost' drivers and attract more candidates into the training pipeline. The elevated basic pay rates naturally lead to "lifestyle" drivers being happy to with their remuneration while "money chasers" are better compensated by the increased differential for antisocial hours pay rates for their loss of lifestyle balance.</p>	Current & ongoing	Current & ongoing
	<p>Improve working conditions; work/life balance. The pay rates alone are insufficient to retain drivers. Improving working conditions and roadside facilities is a long-term exercise, but it is worth launching more initiatives in this area immediately as these will provide hope among the driver community that conditions and facilities will improve. Hope is a powerful motive to stay.</p>	<p>Market forces will escalate pay rates to the point where the pool grows to meet demand. We have a robust training capacity that will provide a good inflow of new drivers. As long as we can retain these drivers, we will eventually meet demand and wages will stop escalating and may even drop. The better the retention rate the lower the wage escalation and the sooner the crisis is alleviated. If the sector and Government commits to initiatives to improve working conditions and roadside facilities, it may noticeably improve retention and accelerate recovery from the shortage crisis.</p>	Longer term	Market forces are already taking effect. No evident publicity around sector and government initiatives to improve working conditions and roadside facilities.
	Improve roadside facilities.	See above	Longer term	Slow progress
	Improve on-site and customer site facilities..	See above	Longer term	Slow progress
	Establish more safe parking facilities with suitable amenities across the country.	See above	Longer term	Slow progress

Aspect	Action	Impact	Timeframe	Status
Retention	Identify and promote HGV driver retention best practice across the UK haulage sector.	See above	Medium term	Sector initiative to be considered?
	Adjust Road Transport Working Time Regulations and/or Tachograph Regulations to encourage better work/life balance. This could also allow licence holders in other jobs to drive HGV part time.	This could markedly affect haulage operator behaviour and allow greater flexibility to engage part-time drivers.	Medium term	To be considered?
	Funding for HGV Training Schools to provide 'follow-up' training and mentoring to HGV drivers who have recently passed their test.	This would reinforce sector and Government retention initiatives. See above.	Medium term	To be considered?
	Subsidy of haulage operators who take on New Passes for 'buddying up' and hands-on training and development	See above	Medium term	To be considered?

BACKGROUND TO THIS REPORT

Driver Require has been tracking the UK's HGV driver shortage for several years and has recently brought together a panel of leading haulage sector experts to investigate and take action to mitigate against the impact of the UK's HGV driver shortage. This section covers:

Previous Government Intervention
Report Background
The Think Tank

PREVIOUS GOVERNMENT INTERVENTION

A key point to emphasise is that this is not a “new problem”... back in July 2016 the House of Commons Transport Committee produced a report “Skills and Workforce Planning in the Road Haulage Sector”. The Committee concluded that:



The [UK haulage] industry must take a long-term view if it is to meet the challenges posed by likely growth in demand and the effects of the demographic time-bomb, both of which will be felt increasingly over the next 10–15 years. A lack of investment by employers in training, poor terms and conditions, an increasingly pressured and unpleasant work environment, complicated rules and requirements and a growth in alternative careers have all contributed, to varying extents, to the current driver shortage.

It appears, based on current statistics, the industry is not faced with a shortage of licensed and qualified drivers; rather a shortage of those willing to work as drivers. Industry and government have focused principally on recruitment. But the industry is reluctant to take on young, inexperienced drivers because of the costs of training and insurance.

Both the industry and Government have taken steps to address the shortage. None of these are on a scale likely to deliver the number of drivers needed. The road haulage sector, supported by the Government, needs to take further steps to:

- *meet any shortage and reduce dependence on foreign drivers (about 60,000 drivers);*
- *meet any predicted growth in demand; and*
- *deal with the demographic time-bomb (about 75,000 drivers [will retire] by 2020).*

The principal responsibility for taking action lies with the industry. Industry seems to expect the Government to step in and resolve the problems caused by years of underinvestment. There are a number of issues on which it is right for the Government to support the sector. But operators across the country and their trade associations will need to do more to secure a sustainable future for the industry. It is vital that the road haulage sector takes a more strategic approach to planning for future recruitment and retention.

A great deal has been written about the driver shortage. It is now time for the industry, supported by the Government, to take action to secure the future of the UK road haulage sector.

Five years later, not a lot has been done to further the recommendations of this Transport Committee report, and we are in very much the same position.

As in 2016, we still have a government in power that believes in free market economics and will resist directly intervening in matters such as the HGV driver shortage, preferring to allow economic forces to adjust market conditions until a stable equilibrium is achieved. If this is indeed the case, we can expect the government to watch on as the shortage forces up pay rates, initially in the agency sector and subsequently in the permanent workforce, until wages rise to the point where enough non-driving HGV licence holders are attracted back into driving to meet demand. This is inevitable unless the government changes its stance. However, the government and the Haulage Sector can still take action to accelerate resolution of the shortage and thereby prevent excessive inflation of employment costs, avoiding unnecessary damage and pain.

We hope this report and the output from the Think Tank will achieve this goal.



REPORT HISTORY

Driver Require has been tracking the UK's HGV driver shortage for several years prior to the Coronavirus outbreak, in anticipation of the impact of Brexit and IR35, and then more closely as we progressed through the pandemic. We refined our thinking and conclusions through a series of reports on this subject and on the impact of COVID-19 on the UK haulage sector. This culminated in the preparation of a report titled "A PERFECT STORM OF ELEVATED DEMAND AND REDUCED SUPPLY IN THE UK HAULAGE SECTOR 2021: Investigating HGV Driver Demand and Supply", where we brought together a panel of sector experts to validate the report's workings and conclusions, through a series of workshops, which we named the "Think Tank".

You can find all our Reports and Insights on our website at:
<https://driverrequire.co.uk/insights>

This document is an extension to the main Think Tank report, exploring in more detail the HGV driver workforce age composition and dynamics, focusing more on the medium to long term, and reinforcing the arguments for concerted pursuit of the actions recommended by the first report.



In its first report, the Think Tank acknowledged the consensus that the UK will experience a strong economic recovery in the latter part of 2021 from the COVID-19 pandemic setback. It concluded that haulage activity has recently returned to pre-pandemic levels, i.e. demand for approximately 300,000 HGV drivers, and that it is likely to increase throughout the remainder of 2021. It also anticipated that further pressure would come from HGV drivers taking vacation over the school summer holiday period.



The Think Tank noted that, prior to the COVID-19 Pandemic, the haulage sector was already suffering from a chronic low-level shortage of HGV drivers that became severe in times of rapid uplift in requirements or during seasonal peak demand. It also observed that the sector had relied heavily on EU HGV drivers to avoid a supply crisis in the event of a rapid increase in demand.



The Think Tank examined the impact of the Pandemic on HGV driver supply and concluded that the “most likely” scenario was a 22,000 (7%) drop in HGV driver supply since the beginning of the pandemic in March 2020, rising to a “worst case” drop of 30,000 (10%). This drop in supply was caused by:

- Reduced inflow of new HGV drivers due to restricted HGV training capacity during lockdowns.
- Increased outflow of HGV drivers due to:
 - Retirement of HGV drivers.
 - EU HGV drivers leaving the UK because of the combination of COVID-19, alienation due to Brexit, £/Euro exchange rates falling, improving Eastern European economies, HGV driver shortages on the Continent and implementation of IR35 reforms in the UK Private Sector.
 - Drivers seeking other careers due to poor pay and conditions.

The conclusion of this analysis was that the “most likely” impending deficit position is a shortage of 22,000 HGV drivers, which could increase to 50,000 if demand grows to exceed the pre-pandemic demand of 300,000 drivers.

The Government’s points-based immigration rules effectively prevent EU drivers coming to the UK to offset this deficit, leading the Think Tank to conclude that this could be the first time in 20 years that we may experience a true HGV driver shortage, along with potentially serious consequences for the UK economic recovery.

It is worth noting that the findings of this latest report demonstrate a 70,000 reduction in the workforce (between 20-50,000 more than we predicted). This can be explained by the surprisingly large number of over 45 year olds (approx. 45,000) who left the workforce in 2021. Such a large “retirement rate” was not anticipated by the Think Tank.

The report then proposed actions to mitigate against the impact of this impending HGV driver supply crisis, which included:

- How to increase HGV driver training capacity and throughput.
- How to attract back UK HGV licence-holders who are not currently driving for a career.
- The possibility of permitting EU HGV drivers to enter the UK for work.

The report also acknowledged that most of these mitigating actions will have limited effect in the short-term. Nevertheless, it reinforced that these initiatives should be progressed as quickly as possible if they are to have any chance of mitigating the medium to longer-term impact of the shortage crisis. It also determined that, in the interim, competition over a depleted available HGV driver workforce will force up driver pay rates, initially in the agency market and eventually across the permanent driver pool. This would inevitably push up haulage costs and subsequently rates.

This document demonstrates that the government and the haulage sector has neglected the chronic shortage of HGV drivers for nearly 20 years, leaving us in a position where urgent action must be taken to stem the depletion of this strategically critical labour group. Most importantly it emphasises this must be just the beginning of a concerted long-term campaign to improve HGV driver remuneration and working conditions so that the workforce becomes self-sustaining.



Special thanks to **Kirsten Tisdale of Aricia**, who has generously contributed her own extensive work on the HGV driver shortage and who has rigorously vetted the logic and conclusions of this document. Particular credit goes to Kirsten's recent analysis which produced the breakdown of HGV licence holders by age and "driving status" (page 18); this provided particularly valuable insights into the nature of the challenges we are facing.



DRIVER REQUIRE THINK TANK:

We would like to thank The Think Tank participants for their invaluable insights and contributions to this Report:



Kate Shoemith, Deputy CEO – **REC** (Recruitment and Employment Confederation)



Alex Veitch, General Manager, Public Policy - **Logistics UK**



Jim French MBE, Co-Chair, **Trailblazer Group** for Transport and Logistics



Neil Cottam, General Manager - Service Delivery - **Ocado Group PLC**



Mick Doe, Transport Operations Director - **Clipper Logistics PLC**



Stuart Charter, Managing Director – **Aztek Logistics Ltd**



Kirsten Tisdale, Director – **Aricia Ltd** (Logistics and supply chain consultant)



John Fletcher, Managing Director - **Dawsongroup** truck and trailer (National haulage fleet hire supplier)



Ruth Wallace, Co-Director - **Wallace School of Transport**



Mick Skerrett, Chair - **REC Driver Sector Group** Executive Committee; Representative of **Think Logistics**



Kieran Smith, CEO - **Driver Require Ltd**

To conclude... our previous report on the impending Driver Shortage Crisis was covered in an article by UKHaulier and the following comment was posted under the article. It is a driver's frank view of the world and is typical of the responses often posted by drivers in relation to the driver shortage. It reflects several of the concerns identified in this report and reinforces the need to pursue our recommendations.



SIMON
June 8th, 2021



If you want to fix the problem then stop making drivers lives more difficult while simultaneously letting our wages remain at almost the same level they were at 15 years ago. We are constantly disrespected everywhere, not provided with adequate restroom facilities or enough showers at a reasonable price. It costs an absolute fortune to eat a decent meal down the road anywhere, which is essentially an extra tax.

Overnight parking places are constantly being made off limits leaving us having to pay ever increasing parking fees at so called secure service stations and truck stops, not all firms cover the whole price of that fee, and those facilities are less and less adequate in the services provided. When you then add in that we are expected to work 60 to 70 hours a week and be away from home all week long all for a flat rate of pay we earned 15 to 20 years ago, with no overtime rates is it any wonder no one wants to do the job anymore. You can almost earn the same hourly rate stacking shelves in supermarkets, plus you get to be home every night, eat decent meals for a normal price and get treated with much more respect!

Stop looking to foreigners to fill the gap and start fixing the system! The haulage sector has been systematically stepped all over for too many years and we have warned you for years that this issue was coming!!

THE UK'S HGV DRIVER SHORTAGE CRISIS

Driver Require has been tracking the UK's HGV driver shortage issue for a number of years prior to the Coronavirus outbreak and then more closely as we progressed through the pandemic. We have refined our thinking and conclusions through a series of reports on this subject and on the impact of COVID-19 on the UK haulage sector.

This document will evolve as we obtain more data and clarity on the statistics. We also hope that you and others will help us tune our interpretation of the data and firm up our conclusions.

We hope that by producing this document we have provided a reference point that will bolster arguments to act decisively and quickly to address the UK's HGV driver shortage.

For further information visit:

driverrequire.co.uk/insights

Should you wish to contribute to the evolution of this document please contact Kieran Smith:



Email: kieran.smith@driverrequire.co.uk



Connect: www.linkedin.com/in/kieranmwsmith/