HGV Driver Shortage Crisis Where Are We Now?

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June 2023

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Executive Summary

Driver Require has been monitoring the UK's HGV driver shortage for a number of years prior to the Coronavirus outbreak and then more closely as we progressed through the pandemic. We concluded that, for several decades leading up to the outbreak of Covid, there had been a low level chronic (long term) seasonal shortage of HGV drivers, but that it had not previously risen to crisis levels. During this time HGV driver wages had been suppressed due to the highly fragmented haulage market competing aggressively to win business from powerful consolidated buyers, and any excess supply had left the sector to find jobs with better pay and conditions.

As the gravity of the pandemic became clear, we produced a series of reports and bulletins to publicise the impact on HGV driver supply and demand, and to warn of an impending HGV driver shortage crisis. We also established a Think Tank of haulage sector experts to ensure the credibility and accuracy of our reports' findings and conclusions.

In 2021 we witnessed the HGV driver shortage crisis caused by large numbers of the older HGV drivers leaving the sector, which led to widespread disruption and "panic at the pumps". These older drivers "retired" because, at that time in early 2021, they had no prospect of receiving vaccinations, yet they were being asked to risk being infected when delivering their goods, and all this with a real-terms reduction in their pay. Only when enough had left the HGV driver workforce to cause a critical shortage did the wages rise, and they did so dramatically, rising by 30% and more. The consequence was that many of the older drivers, now vaccinated against the virus, returned to the sector for these higher wages and for a promise of better quality work. This brought the HGV driver pool back to pre-pandemic levels of over 300,000 by the middle of 2022.

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This report analyses the latest ONS Quarterly Labour Force Survey estimate of the number of HGV delivery drivers and identifies that the size of the pool, 304,000, has hardly changed from the previous quarter, Q4 2022, when it was 307,000. When reviewing the breakdown of the workforce by age group, the data shows that the age profile has remained stable over the past year. Finally an analysis by nationality shows that the Eastern European contingent stepped up to meet the increased demand for HGV drivers over the 2022 Christmas Peak, but then dropped off again in Q1 2023 as demand returned to normal levels.

Given the UK's HGV workforce has stabilised for over a year since recovering from the 2021 HGV driver shortage crisis, we can conclude that we have returned to the pre-pandemic conditions of a chronic low level shortage with seasonal shortages in the second half of each year. However, the industry is failing to attract enough young drivers to replenish those retiring or leaving the workforce. Consequently, without interventions to address this issue, we will see a depletion of the workforce that will eventually result in another shortage crisis, although this could be a decade away.

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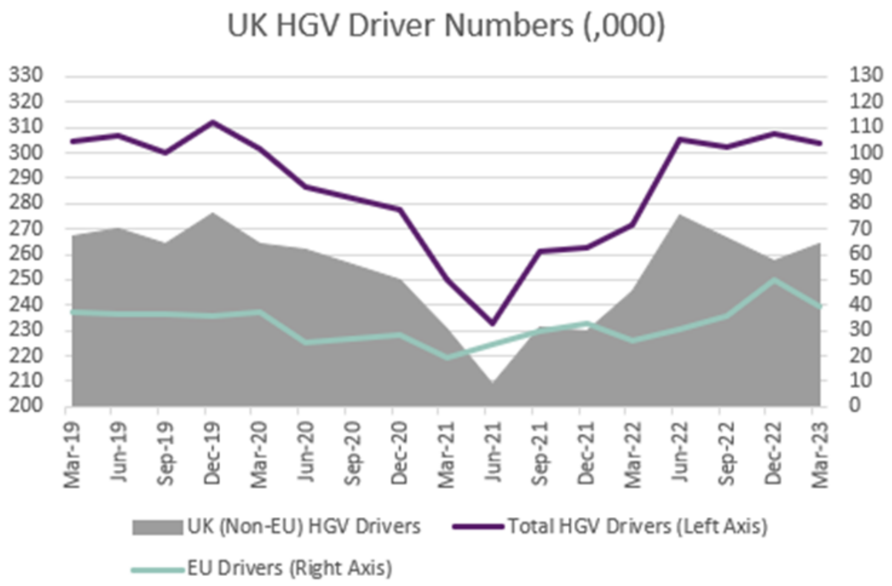
Q1 2023 Key Findings

The latest Office for National Statistics (**"ONS"**) Quarter Labour Force Survey (**"QLFS"**) statistics for the periods January to March (**"Q1"**) 2023 indicate that the overall UK HGV driver pool has shrunk slightly from 307,000 in Q4 2022 to 304,000 in Q1 2023. This variance is minor, if not insignificant, in comparison to the accuracy of the statistics.

It is worth noting that the overall driver pool has remained stable at approximately this level since Q2 2022, after it had recovered from the 2021 driver shortage crisis. A workforce numbering approximately 300,000 is equivalent to the steady state level pre-covid.

If demand has not significantly increased, we can conclude that it is unlikely that there will be another critical shortage of HGV drivers in the UK.



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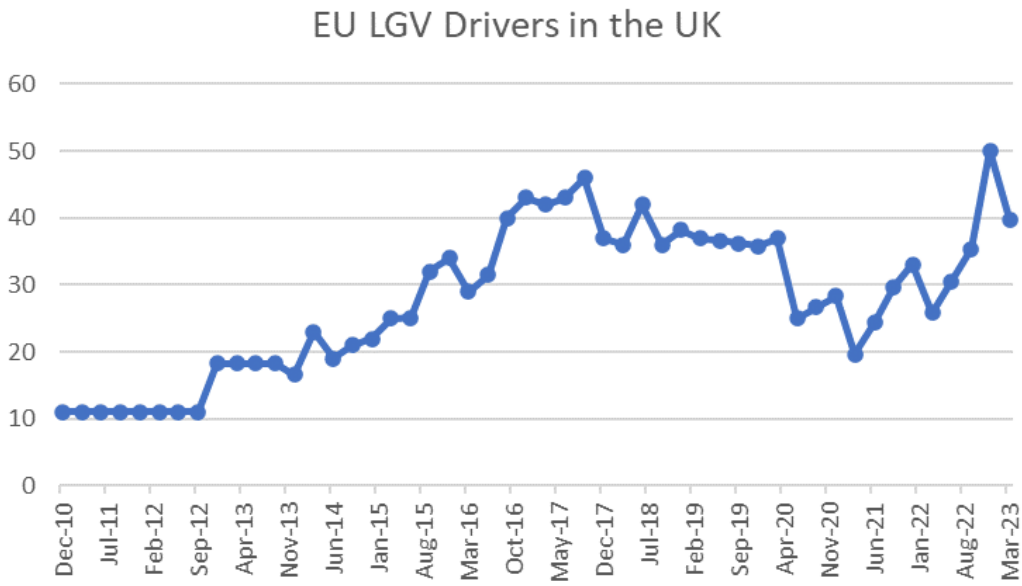
Analysis by Nationality



Looking at nationality, those drivers declaring their nationality to be EU (non-UK), remained stable through most of the pandemic at approximately 30,000. The average leading up to the pandemic, March 2020, was running at about 35,000 European nationality drivers in the UK. The effect of Brexit reduced the number of EU nationality drivers by about 10,000. However, this driver pool recovered towards the end of 2021 and returned to a total of over 30,000 and is now about 40,000, not far off the pre-pandemic average of 36,000.

Pre-pandemic the variability of the overall pool was +/- 15%. Once you take away the effect of the European contingent it dropped to around +/- 5%, indicating that the European drivers helped to buffer the larger fluctuations in demand.

What's interesting is that the number of EU nationality drivers peaked at 50,000 in December 2022 in line with the peak Christmas period, demonstrating that the European contingent is still providing elasticity of supply to match significant variances in demand.

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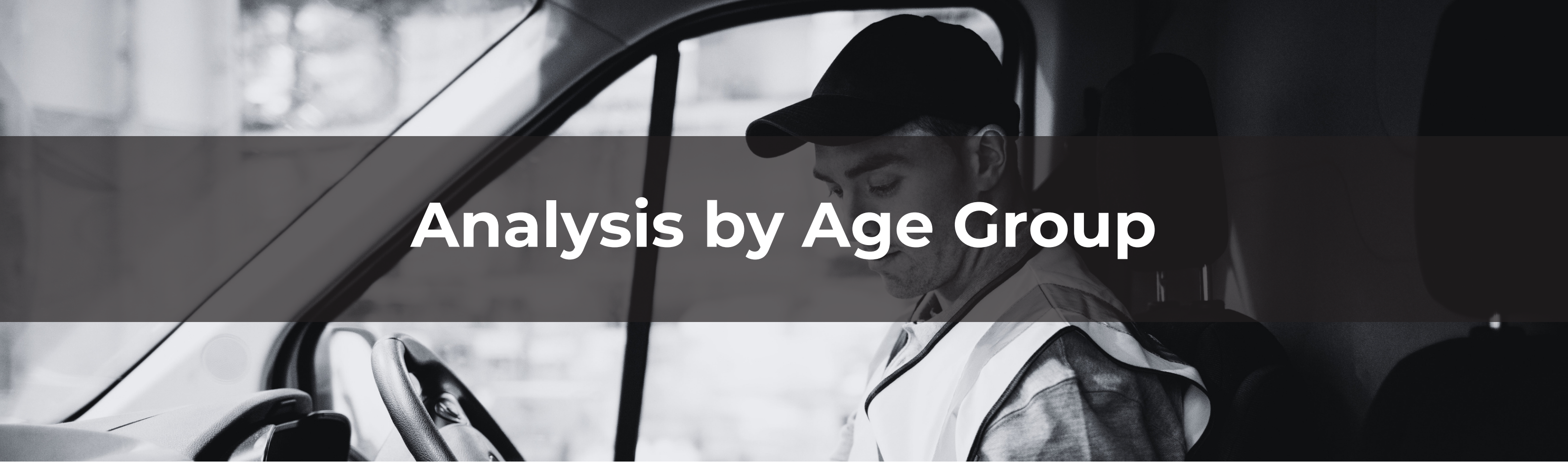
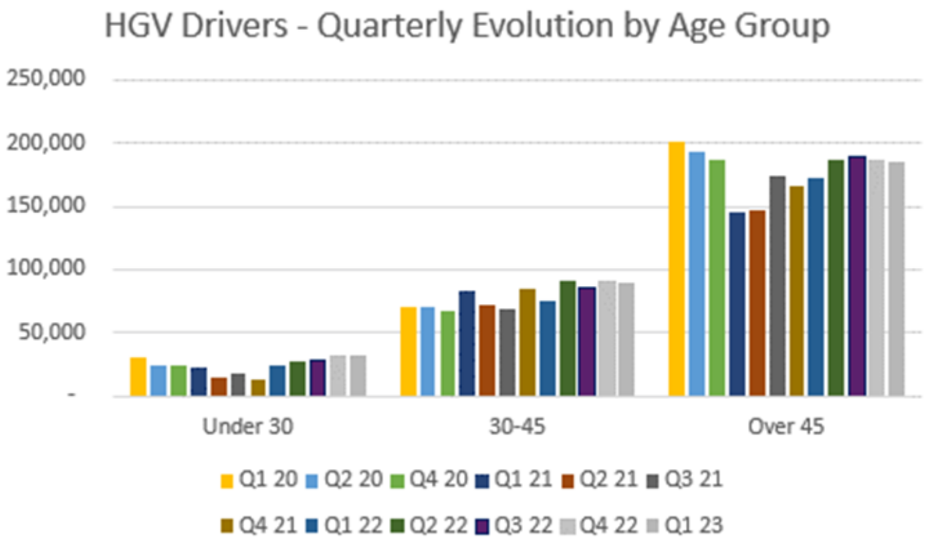


Analysis by Age Group



We analysed the statistics by aggregated age bands; our observation was that the under 30s declined during the pandemic period and then gently grew again as we came out of the pandemic lockdowns. The 30-45 age group remained very stable as a whole, increasing slightly into 2022. The over 45s, you can see declined slightly in 2020, but there was a significant drop in Q1/Q2 2021 which triggered the driver shortage crisis and panic at the pumps. This consequently increased wages for drivers which, in Q2 & Q3 2022, served to attract back a significant proportion of those who had left earlier in the year, then more drivers returned to driving, probably because of the improved remuneration throughout the rest of 2022, to reach the current level of approximately 180,000.

We observe that the number of drivers in each band has not shifted much at all throughout most of 2022 and into 2023. From Q2 2022 – Q1 2023 the driver pool has been stable for each of the different age bands. If anything, the under 30s band, which during the pandemic seemed to be significantly depleted, has recovered to above its pre-pandemic levels which is encouraging as this is an important group of drivers; they constitute the new blood who will replace the ageing contingents.

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Conclusion

The UK HGV driver workforce has remained stable for the fourth successive quarter, and we are observing the same conditions as we experienced in the pre-pandemic years, this being a chronic low-level shortage with seasonal fluctuations where we have a surplus of drivers in the first half of the year and a shortage in the second half.

We expect this scenario to continue for several years without a critical shortage event, unless we have another significant external shock event, such as another pandemic or a war.

Our primary concern is that the sector is still struggling to attract enough young blood to replace the number retiring and leaving the workforce. This churn will increase as inflation erodes the salary increases achieved in 2021 until eventually another shortage crisis will occur. The sector can avoid this by maintaining driver pay rates, improving working conditions and attracting more younger drivers into the workforce. This will be hard to achieve in the face of hostile economic forces, such as powerful consolidated buyers, rising fuel costs coupled with rising core inflation, and the need to invest in zero-carbon technologies and fleet. All in all, a bleak outlook, but we are encouraged to see increasing government support for and investment in improving roadside HGV services, and commitment to attracting new blood into the workforce through initiatives such as Generation Logistics.

We will continue to report on the evolving UK HGV driver workforce numbers and composition, to act as an early warning of any impending HGV driver shortage crisis. Meanwhile we will campaign for improved HGV driver facilities, working conditions and pay.

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Appendix

Age Group	Q1'20 Pre-Pan	Q2 '20	Q1 '21	Q2 '21	Q1 '22	Q2 '22	Q3 '22	Q4 '22	Q1'23	Diff v Q4 '22	Diff v Pre-Pan	Diff v Q1 '22
16-24	7,504	2,724	5,969	*	2,142	3,403	6,241	3,204	*	-3,204	-7,504	-2,142
25-29	23,021	20,920	16,429	13,822	21,302	23,592	21,064	28,066	32,170	4,104	9,149	10,868
30-34	23,791	27,124	31,167	24,116	36,369	36,610	25,784	27,718	22,462	-5,256	-1,329	-13,907
35-39	24,730	23,207	23,360	24,149	22,188	32,142	33,917	38,958	27,143	-11,815	2,413	4,955
40-44	21,041	19,915	27,897	23,895	16,857	22,452	26,092	23,313	24,800	1,487	3,759	7,943
45-49	46,545	40,269	31,215	24,054	27,754	38,547	40,289	29,314	42,757	13,443	-3,788	15,003
50-54	54,329	48,655	30,607	39,872	40,864	44,607	44,005	46,258	37,714	-8,544	-16,615	-3,150
55-59	52,045	61,324	42,875	42,506	50,471	49,759	53,688	56,831	56,657	-174	4,612	6,186
60-64	35,940	29,115	26,941	24,675	37,766	35,747	34,122	34,119	40,174	6,055	4,234	2,408
65+	12,551	13,703	13,564	15,858	15,631	18,741	16,861	19,378	14,137	-5,241	1,586	-1,494
EU	37,000	25,000	19,604	24,350	25,880	30,530	35,384	50,050	39,781	-10,269	2,781	13,901
UK	264,497	261,956	230,420	208,597	240,633	269,274	263,193	256,140	258,951	2,811	-5,546	18,318
Total	301,497	286,956	250,024	232,947	271,344	305,600	302,063	307,159	303,885	-3,274	2,388	32,541

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