

2019 / 2020

TRANSPORT

# *The Parliamentary Review*

## ■ FOREWORDS

The Rt Hon Michael Gove MP  
Robert Keen

## ■ REPRESENTATIVES

Ringway	Driver Require
trentbarton	Gogar Services
North East Truck & Van	Kent Group
CTS Logistics	Walker & Son Hauliers
GBA Services	Prospect Coaches West
John Mackirdy	WMS Group
A.I.M Commercial Services Ltd	Transport Planning Associates

## ■ FEATURES

Letter from Lord Pickles & Lord Blunkett  
Commentary from Andrew Neil



## The Rt Hon Michael Gove MP

Chancellor of the Duchy of Lancaster

This year's *Parliamentary Review* comes at a momentous time for parliament, as we collectively determine the destiny of the United Kingdom.

On October 31, the UK will leave the European Union. The successful implementation of this process is this government's number-one priority.

Three years after a historic referendum vote, we will deliver on the decisive mandate from the British people. Trust in our democracy depends on it.

Until that final hour, we will work determinedly and diligently to negotiate a deal, one that abolishes the backstop and upholds the warm and close relationship we share with our friends, allies and neighbours in the EU. But in the event that the EU refuses to meet us at the table, we must be prepared to leave without a deal.

As the Chancellor of the Duchy of Lancaster, it is my job to lead on this government's approach, should that scenario happen. Preparing for Brexit is my department's driving mission. But while I am leading this turbocharged effort, the whole of government is committed to this endeavour.

Ministers across Whitehall are working together to ensure that every possibility is considered, every plan is scrutinised and every provision is made. A daily drumbeat of meetings means that we are holding departments accountable, so that preparations are completed on time.

The chancellor has confirmed that all necessary funding will be made available. And we have mobilised the civil service, assigning 15,000 of our most talented civil servants to manage our exit from the EU.

We will make sure that on November 1, there is as little disruption to national life as possible.

Our trade relationships will continue to thrive, thanks to agreements with countries around the world worth £70 billion. Our country will remain secure, thanks to nearly 1,000 new officers posted at our borders. And the 3.2 million EU nationals now living and working among us can remain confident, with absolute certainty, of their right to remain in the UK.

Above all, our goal is to be transparent. Soon, we will launch a public information campaign so that citizens, communities and businesses are ready and reassured about what will happen in the event of "no deal".

In my first few weeks in this role, I have travelled to ports and tarmacs, borders and bridges, all across the UK – from the seaside of Dover to the rolling green hills of County Armagh. I have heard from business owners and border officials, farmers and hauliers. They are ready to put an end to uncertainty. And they are ready to embrace the opportunities ahead.

Our departure from the EU will be a once in a lifetime chance to chart a new course for the United Kingdom. Preparing for that new course will be a herculean effort. But this country has made astounding efforts before. We can do it again.

“This year's *Parliamentary Review* comes at a momentous time for parliament, as we collectively determine the destiny of the United Kingdom”

# Foreword

## Robert Keen

Director General, British International Freight Association



The “Brexit saga” is just one of multiple issues currently impacting freight forwarding and logistics companies.

Among those many issues are driver shortages, ecommerce growth, rising costs of fuel and road tolls and incoming low-sulphur fuel regulations for the shipping sector. All of these pose a significant challenge to companies involved in the provision of freight and logistics services for international trade.

While issues surrounding the ongoing Brexit saga continue to be major talking points, there are plenty of other matters about which BIFA members are concerned on which the trade association is working hard.

Driver shortages are playing out in higher input costs and threats to the longer-term stability of the market. Ongoing ecommerce growth is leading to volatility for all operators in the last mile sector.

Fuel costs remain a continuing risk of doing business in the logistics industry, and the last year saw significant rises in the cost of fuel as well as tolls, which has squeezed margins for our members that are active in the European trailer services sector.

The shipping sector is considering how it will handle the low-sulphur fuel regulations which are due to be imposed on the shipping industry in 2020, and it would appear that their plans will lead to spikes in rates.

Another matter that is testing the freight and logistics sector is the issues involved in attracting, retaining and developing talent. Our involvement in recruitment and training is ever-increasing and the international freight forwarding specialist apprenticeship, which became available in 2018, as well as the recent launch of the BIFA Young Forwarder Network, are specific initiatives to address the problem.

So, what are the solutions for these challenges? Obviously, some of these problems need to be urgently addressed by government policy, while some are as a result of changing demand and supply-side dynamics. There is no doubt that some of the technologies being developed will have a very important role in addressing these risks.

Network planning, presently a labour-intensive function, can be improved by artificial intelligence. Digitisation can provide more visibility throughout the supply chain which will enable companies to be much more responsive to the changing and volatile market environment.

While the industry in ten years’ time may be unrecognisable, the standout logistics companies are using technologies available now to cope with – and thrive – in today’s complex market.

Time and again the freight forwarding industry has risen to meet whatever challenges it has faced and reinforced its position as the lifeblood of British international trade; the oil that lubricates the engine.

One thing is for certain; all of BIFA’s members who are involved with freight and logistics will as usual rise to the challenges, come up with the solutions, and keep the wheels turning. Pressure and the unexpected is what BIFA members deal with best.

“Time and again the freight forwarding industry has risen to meet whatever challenges it has faced and reinforced its position as the lifeblood of British international trade”

# *The Parliamentary Review*

## A message from Lord Pickles and Lord Blunkett

The ability to listen to and learn from one another has always been vital in parliament, in business and in most aspects of daily life. But at this particular moment in time, as national and global events continue to reiterate, it is uncommonly crucial that we forge new channels of communication and reinforce existing ones.

With ongoing fractures in Westminster, the reverberations of which are being felt across the country, it is essential that politicians have a firm understanding of the challenges with which British organisations must contend; and that leaders in both the public and private sectors are aware of the difficulties faced by those working in all levels of politics, from local government to the national arena.

This is why *The Parliamentary Review* combines political content with stories from a wide range of organisations – small and large; new and old; those at the peak of their powers and those who have peaks to surmount.

It is why these stories seek to inspire and challenge all who read them.

And it is why we, as former Labour and Conservative cabinet ministers and current members of the House of Lords, feel it is important to put aside our political differences and work together to ensure these stories are given the platform they deserve.

In this publication, you will find an insightful take on the past year in politics from the BBC's Andrew Neil and a concise rundown of key events in industry and parliament. Most importantly, you will be able to read in-depth accounts from the individuals and organisations who make *The Parliamentary Review* what it is.

It is our great honour and pleasure to have helped provide the platform for their insights to be aired. We hope that you find these articles – which begin on page 17 with a piece from Ringway – as thought-provoking and informative as we do.



Rt Hon The Lord Blunkett  
Co-Chairman, *The Parliamentary Review*



Rt Hon The Lord Pickles  
Co-Chairman, *The Parliamentary Review*

# Driver Require



Going beyond the extra mile



CEO Kieran Smith

**D**river Require is a multi-award winning specialist recruitment agency. Established in 2000, it follows a simple philosophy based on trust, professionalism and high-quality customer service. It owns an extensive branch network across the home counties and from the south coast to the Midlands and provides both temporary and permanent drivers to a range of industries, 24 hours a day, 365 days a year. CEO Kieran Smith tells *The Parliamentary Review* more.

Our tagline, “Beyond the Extra Mile”, captures our desire to deliver excellence to everyone we interact with. Many of our staff have a background in the transport and logistics industry and they are passionate about what they do. Our experience brings integrity and insight to the art of providing agency drivers within a tough, demanding sector.

## The road to success

Driver Require has been on a remarkable journey, going from a thriving business to one facing complete financial crisis when the recession hit, reducing sales by 50 per cent. This was a defining moment in our history and we took tough strategic decisions to stay in business, despite formidable debt repayment plans, and worked our way out of the recession. We drastically reduced our overheads, to the point that our CEO made himself redundant for a year and remortgaged his house to fund the company through this challenging period. In the process we gained HMRC’s permission to defer VAT, PAYE and NIC payments, while renegotiating bank loans, to stabilise the company’s short-term cash position, enabling us to survive the recession and rebuild the business.

## FACTS ABOUT DRIVER REQUIRE

- » CEO: Kieran Smith
- » Founded in 2000
- » Located in Stevenage, with 6 regional branches
- » Services: Specialist driver recruitment agency
- » No. of employees: 40
- » One of the top 30 fastest growing recruitment agencies in UK in 2019
- » [www.driverrequire.co.uk](http://www.driverrequire.co.uk)

“We emerged stronger, with our values and principles intact, retaining our loyal customers and drivers and are still growing at a rate of 25 per cent each year”

We emerged stronger, with our values and principles intact and retaining our loyal, core customers and drivers. By the end of 2010 we had returned to break-even point and by 2012, despite still being in the midst of the recession, we had exceeded pre-recession sales levels. We have since gone from strength to strength: revenues have grown rapidly from £2 million in 2012 to £13 million in 2018, with a target of £20 million by 2020, from one branch to seven; now, with a team of 40, we are still growing at a rate of over 25 per cent each year.

We are a purpose-driven organisation with a loyal team of employees whose collaboration creates something special. We focus on driver recruitment and we aim to be the best at it. Alongside our commitment to building long-term partnerships with our clients, we are committed to providing a personal service to our drivers. Above all, we ensure that our values of integrity, excellence and commitment are at the heart of everything we do, steering our behaviour and defining our standards.

### A perfect storm

We have overcome many hurdles and not least the last recession. We are

now facing more challenges with Brexit and planned regulatory changes, such as the new IR35 regulations due to be applied to the private sector in April 2020, which could drastically impact the agency sector and specifically the road haulage industry. These events will potentially bring to crisis level the shortage of LGV drivers that has been growing steadily over the past ten years. Demand is estimated at 370,000 drivers with only 320,000 currently working, leaving a shortage of 50,000. The UK has been able to avoid the shortage becoming critical due to a combination of recession and Eastern European immigration, which coincided with increased demand.

During this time the recession-struck hauliers cut back on costs, depressing agency charge rates and imposing insurance constraints on agencies that effectively prevented new British LGV drivers joining the sector. The result is a permanent workforce that is disproportionately skewed towards the older end of the age range. Hauliers are increasingly dependent on agency, and particularly foreign drivers, which goes beyond the level that is needed to cope with seasonal requirements and that is now necessary to sustain normal operations.

IR35 is likely to throw the haulage sector into crisis



For the first time since 2005 we have increased LGV driver requirements with no continental EU nationals to make up the deficit. Meanwhile, the UK has become a less attractive place to work for foreign LGV drivers due to a combination of Brexit, the associated drop in the exchange rate and the government's crackdown on limited company operators via the IR35 legislation, which comes into effect in April 2020.

The only way to avoid a short-term crisis will be for the haulage operators to accept increased agency charge rates so that agencies can pass the uplift on to the agency drivers to prevent them returning to continental Europe or quitting driving. This won't solve the systemic issue, however, of an overall shortage of LGV drivers that can only be addressed by a combination of improvements to remuneration and working conditions that are sufficient to attract qualified LGV drivers back onto the road.

The haulage sector is hugely competitive and margins are so thin that they won't increase costs until forced to do so. Our primary concern is that, as happened in the public sector, unscrupulous agencies and umbrella companies resort to tax avoidance schemes to avoid significant increases to agency driver costs and consequently client charge rates. If this is permitted, the ethical agencies will be put at a competitive disadvantage while agency rates will not rise quickly enough to prevent a potential exodus of drivers from the sector, possibly causing good agencies to go out of business. If the driver shortage worsens, pay rates will be inflated above the market rate until enough drivers return to the market to restore supply. The effect will be disruption to the supply of goods and over-inflated costs to hauliers, which will inevitably be passed on to the end consumer.



Improvements to drivers' pay, health and welfare must be made in order to attract qualified LGV drivers back to the road

We appeal to the government, HMRC and regulators to strictly enforce the IR35 legislation. If they were to make clear examples of end clients, agencies and umbrella companies who conspire to employ tax avoidance schemes, we might stand a chance of an effective implementation of the new regime in April 2020. It is important that all parties go into the new tax year convinced that they must comply quickly with the new regulations, especially the end clients who must absorb a significant increase in agency costs.

We believe the temporary recruitment sector provides a critical service to road haulage and logistics operators by enabling them to cost-effectively cope with substantial variations in demand throughout the year. The driver supply shortage, combined with Brexit and impending regulatory changes, represents a threat to the continued supply of temporary drivers and to the haulage sector. We will do our best to avert a driver shortage crisis but in reality, it is only the government and HMRC that can intervene and achieve a successful outcome.

“We appeal for concerted action by HMRC, the government and regulators to avert a driver shortage crisis”