



House of Commons
Transport Committee

**Road freight supply chain:
Government response
to the Committee's First
Report**

**Second Special Report of Session
2022–23**

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Transport Committee

The Transport Committee is appointed by the House of Commons to examine the expenditure of the Department for Transport and its associated public bodies.

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You can follow the Committee on Twitter using [@TransportCttee](https://twitter.com/TransportCttee).

Second Special Report

The Transport Committee published its First Report of Session 2021–22, [Road freight supply chain](#) (HC 162) on 1 June 2022. The Government response was received on 11 August 2022 and is appended below.

Appendix: Government Response

Introduction

In welcoming this Report, the Government would like to thank the Transport Select Committee for undertaking its inquiry into the road freight supply chain.

This Government has taken decisive action to put in place [33 measures](#) to date to help alleviate the HGV driver shortage. These wide-ranging interventions are delivering results: the Driver and Vehicle Standards Agency (DVSA) is currently providing over 2,700 vocational driving tests each week, compared to a pre-pandemic provision of 1,500 tests per week. DVSA conducted 29,384 HGV tests between March and May 2022, 54% more than the corresponding period in 2019 before the pandemic. Processing of HGV licence applications is happening quickly and the backlog has been cleared.

The Government has committed up to £34 million to deliver skills bootcamps to train up to 11,000 more people to become HGV drivers and new drivers will continue to complete training and become available for industry to employ throughout this year. Over 7,000 Bootcamp candidates had started their driver training by the end of May 2022.

The Government is also supporting lorry driver training through apprenticeships. Two new apprenticeship routes are now available: the Large Goods Vehicle Driver Apprenticeship Standard which will train drivers to Cat C+E standard and the Urban Driver Apprenticeship which will train drivers to Cat C standard. There are currently 2,599 lorry driver apprentices in training.

We are also investing a total of £52.5m in driver welfare facilities and lorry parking. This investment will benefit drivers in the longer term.

Our actions are supporting the industry and helping our supply chains deliver, with industry reporting that 'green shoots of recovery' are being seen across the sector and that HGV driver numbers are starting to stabilise.

This Government recognises the importance of the logistics sector to our economy and society. That is why on 15 June 2022, the Secretary of State for Transport announced the Generation Logistics campaign, led by Logistics UK, the Chartered Institute of Logistics and Transport, and backed by £345,000 of Government funding. This campaign will shine a light on the sector, bringing visibility to companies in the sector, highlighting opportunities in logistics and helping to attract new recruits. Activity will target the next generation of logistics workers, ensuring commercial longevity and the ongoing integrity of the supply chain, whilst aiming to improve diversity across the sector.

On the same day we published the 'Future of Freight' report, the first-ever cross-modal and cross-government plan for the UK freight transport sector which is a key step forward for the future of our haulage industry. Developed in partnership with industry, this plan sets out the Government's long-term vision for the UK freight sector. It identifies the main challenges, objectives and actions that need to be taken in the following 5 priority areas:

- National Freight Network (NFN)
- enabling the transition to net zero
- planning
- people and skills
- data and technology

Through the 33 interventions on the HGV driver shortage, backing of Generation Logistics and launch of the Future of Freight report the Government has put in place a wide-ranging package of support and policy interventions at a time when the logistics and road haulage sector have experienced unprecedented challenges across the globe. Our actions are and will continue to drive change and deliver improvements and for the first time are setting a future direction for the freight sector. Close working with industry has been central to this work and we will continue to work in partnership with industry in delivering on this important agenda.

We welcome the Committee's steer on the central role for industry in ensuring a resilient workforce in the road freight sector and putting in place the conditions and facilities that will support recruitment and retention. It is right that many of the key issues including pay, modernising working practices and investment in facilities are for industry to lead. The Government will continue to work with industry to make improvements for the long term and consider the need for short term mitigations.

The Committee made a number of specific recommendations, the Government's responses to which are set out below:

Recommendation 1

Driver Availability - One step the Government should take straightaway, as part of its review of the Driver Certificate of Professional Competence, is to ensure the logistics sector funds its own driver training, as is common practice in the bus and coach sector. It makes no sense that HGV drivers should have to pay their own training fees when we face continued shortages.

The Government notes this recommendation, and its historical nature, and recognises the difficulties created to supply chains, and the wider economy, as a result of HGV driver shortages. It is committed to ensuring this is tackled to support the vital work drivers in the sector undertake. This recommendation has already been partially addressed as part of the '33 measures' interventions.

Our review into the mandatory Driver Certificate of Professional Competence (DCPC) training is intended to ensure it does not act as barrier for drivers who want to join, remain in, or return to the sector. Ministers are actively working on how DCPC can be reformed following the concerns raised by industry and to increase supply chain resilience.

The review, lasted three months starting in November 2021 and ending in January 2022. It involved a wide range of stakeholders from the logistics sector, the Driver Vehicle Standards Agency and devolved administrations with a view to ensuring DCPC concerns from the sector were captured, whilst also balancing these against road safety standards and regional differences. In addition, it also covered the issue of payment for training, seeking to understand the proportion of drivers who currently have training paid for, who paid for this themselves and how payment should be handled in the future.

Surveys for the DCPC review found that 65% of drivers have their course fees either paid for by employers or attend courses run by their employers. For those employed by small companies this is 46%, and for employees of large companies it is 86%. The bus and road haulage industries are structured differently. Several large groups serve much of the market for local buses and have the volume to support their own training operations. Logistics as a sector, has a larger number of organisations, with a small number of large businesses employing many employees, and a long 'tail' of smaller businesses.

The review report will be published in due course and will outline a series of conclusions which are aimed at reducing barriers drivers face, whilst maintaining safety standards. The review was a means of assessing views around DCPC, and its conclusions will be taken forward to public consultation. Reform of DCPC will need to balance the proportionality of the requirements for drivers, road safety and burdens faced by haulage companies.

Recommendation 2

Retention - The Government, in consultation with the sector, should devise a binding code of conduct setting minimum standards for employers' and other businesses' treatment of HGV drivers. (Paragraph 29)

The Government notes this recommendation and the need for improved standards and safety for HGV drivers. All employers and businesses must ensure that they comply with employment law at all times, including any requirements specific to the sector for example in respect of HGV drivers' hours and rest periods.

We recognise that improving the working practices of HGV drivers will help in encouraging retention rates. Industry must lead the implementation of working practices and improving facilities for drivers that will make the sector attractive to new employees and help retain the existing workforce. The Government notes recent increases to remuneration in some logistics occupations including HGV drivers, and the steps some companies are taking to modernise working practices for example by increasing flexibility in shift patterns.

Government supports these changes, but they will need to be industry led.

Access to good facilities whilst on the road is a key factor in improving working conditions for drivers. That is why we are investing a total of £52.5M in improvements to roadside facilities and are working with the sector on proposals for standards for HGV Parking and facilities used by HGV drivers.

The Logistics sector is committed to working with Government to respond to and address the current workforce challenges facing the sector. This is evidenced through the recent launch of the 'Generation Logistics' campaign. The campaign is a 12-month programme of promotional activities which will be run by Logistics UK and the Chartered Institute of Logistics and Transport (CILT) in partnership with wider industry and Government which aims to:

- bring the freight and logistics industry together;
- shift perceptions of the industry; and
- encourage the next generation of logistics workers to engage with the opportunities available and keep the nation's supply chain protected.

Generation Logistics will shine a light on the sector, bringing unprecedented visibility to companies in the sector and addressing their recruitment gaps. Activity will target the next generation of logistics workers, ensuring commercial longevity and the ongoing integrity of the supply chain, whilst aiming to improve diversity across the sector.

The campaign aims to increase the number of people considering logistics as a career, and positive sentiment about logistics, with target groups including 16–24-year-olds, career switchers, and minority groups.

The campaign is being funded through industry sponsorship, with DfT also providing £345,000 of funding to support the campaign. The campaign aims are:

- Reach: over the next 12 months we will create 600 million opportunities to see the campaign.
- Engagement: from all of the people we reach with the campaign, we want to attract at least 600,000 visits to the central hub.
- Perception: we want our target groups to think differently about logistics. Therefore, we want to increase awareness by 25%, and positive sentiment by 40% in the first 12 months.

Recommendation 3

Retention - The Government should use the findings of its current lorry parking survey to set regional targets for building additional parking capacity. It should set up a joint Government-industry taskforce to ensure these targets are met. (Paragraph 36)

The Government recognises the need to ensure hauliers have access to appropriate services and facilities and believes that the private sector is best placed to deliver new capacity and high-quality facilities for drivers. The Government is gathering evidence on HGV parking and facilities in England and commissioned a 'National Lorry Parking Survey' early this year. The full survey will run for twelve months and enable us to understand what improvements are most needed and where they are most needed. The survey will be published early in 2023.

This evidence will assist industry in improving the quantity and quality of HGV parking and be used in the matched-funding grant we are launching later this year. The £32.5M scheme will invite applications from operators to fund improvements to HGV driver facilities such as improved shower and washroom facilities, catering areas, security lighting, barriers and perimeter fencing, or capacity improvements.

In addition, National Highways will be investing £20m of existing funds in improving roadside facilities for freight drivers on the strategic road network.

The Government does not at this stage intend to set up a Government-Industry taskforce. But we are working closely with Logistics UK, National Highways, the Chartered Institute of Logistics & Transport, Transport Focus (the transport users' independent watchdog) and other industry stakeholders on improvements to the lorry parking and driver welfare facilities.

Recommendation 4

Retention - The Government must build on its commitment in the Queen's Speech to reform the existing planning framework and ensure that decisions for new driver facilities are not left to individual planning authorities. The Government must reform national planning policy to ensure that more driver facilities, which are fit for purpose and industry leading, are delivered. The Government must make an assessment as to whether the demand for new facilities can be delivered with only light reform. If it cannot, the Government should seek to take this dilemma from local authorities and local plans and place the responsibility at a central level. This would rightly recognise these facilities as key national infrastructure assets. (Paragraph 38)

The Government recognises the need for modernisation and reform to the planning system. An integral part of reviewing any changes to the planning system is considering how they align with and support the Government's wider mission to level-up the country and regenerate left-behind places.

The Future of Freight Strategy set the strategic goal of a planning system which fully recognises the needs of the freight and logistics sector, now and in the future, and empowers the relevant planning authority to plan for those needs. To deliver this change the Government needs to fully understand what currently works and does not work for freight and logistics. This will allow us to put in place targeted interventions in the right places to realise the best outcomes. To ensure Government understands the practical issues of planning for and delivering the right infrastructure to best support the freight and logistics sector, Government is prioritising the development of the call for evidence. This will help us build a comprehensive picture of where the planning system can appropriately support the freight and logistics sector, including understanding what is working well, what could work better, and how Government can promote best practice.

As committed to in the Future of Freight Strategy, the programme of changes to the planning system will include options to ensure sufficient land is allocated to service the needs of freight and logistics. This includes ensuring we deliver a resilient network of lorry parking facilities and that planning authorities recognise the land use requirements to support each stage of the supply chain.

DfT is also working with stakeholders to finalise an update to the Strategic Road Network (SRN) Circular 02/2013 prior to public consultation as set out in the Lorry Parking Written Ministerial Statement of 8th November 2021. The Circular will strengthen the consideration that must be given to the development of HGV parking and driver welfare facilities on the SRN in the planning process.

Recommendation 5

Retention - The Government should set a minimum standard for driver facilities. This should cover:

- a) ***a Security to protect drivers and their vehicles;***
- b) ***b Availability and cleanliness of toilet and shower/changing facilities;***
- c) ***c Food options, including healthy choices; and***
- d) ***d Sufficient provision for female drivers.*** (Paragraph 43)

The Government is considering what role standards have to play in driving improvements to driver facilities and encouraging providers to properly maintain and improve their business offerings, including on the areas raised by the Committee. We are gathering evidence on the appropriate level for standards and working with industry on proposals for the most appropriate mechanisms that will help drive adoption and adherence by industry. Standards must be improved for all drivers both male and female.

Recommendation 6

Retention - The Department should inject more urgency and immediately escalate and prioritise negotiations to agree new leases with motorway service operators operating on Government-owned land. (Paragraph 46)

The Government notes this recommendation and can confirm that the DfT and National Highways are currently assessing future ownership options for sites where the Government holds the motorway service areas (MSA) freehold. This work is looking at how to maximise value for the taxpayer and ensure that privately operated MSAs will be responsive to the needs of future road users. In the meantime, the Government is investing £52.5 million in improvements in roadside facilities and lorry parking, including at MSAs.

Recommendation 7

Retention - The Government should give the logistics sector two years to deliver sufficient drivers and high-quality parking facilities. If industry does not deliver, the Government should implement the levy charging mechanism and cause the industry to pay sufficient sums for the Government to build these facilities and pay to train new drivers, so they do not have to pay the cost of their own training. Such a mechanism must be accompanied by Government planning reforms in order for the industry to be able to deliver and avoid paying the Supply Chain Levy. (Paragraph 58).

The Government notes this recommendation. We have put in place 33 Government-led interventions to target the HGV driver shortage. Our interventions range from introducing skills bootcamps for the sector with 11,000 funded training places, to using our newfound Brexit freedoms to allow regular drivers to tow a trailer without needing to take a separate test, and in doing so freeing up 50,000 driving test slots for HGV drivers. We now have many more HGV driving test slots available. Processing of HGV driving applications is happening quickly and the backlog has been cleared, and we are investing more than £52 million to improve lorry parking and welfare facilities for drivers.

The Government recognises the need for a modernised planning system and is taking steps to ensure that the needs of the freight sector, including HGV parking provisions, receive due consideration through, and at all levels of the planning system.

The Committee is right to highlight the pivotal role industry have in making long term improvements for drivers. Government will continue to engage with industry stakeholders, supporting them as they address necessary improvements in pay, and take steps to modernise working practices and working environments and conditions for all drivers.

We will continue to monitor and evaluate the impact of our measures and encourage industry to make positive change.

Recommendation 8

Retention - The Supply Chain Levy should be applied to those at the production and sales end of the supply chain, such as large retailers, oil companies and online service giants. These organisations currently make large profits which do not trickle further down the supply chain to the companies which transport the goods. As a result, hauliers and ferry operators are posting operating losses and therefore cannot afford to increase the pay and welfare standards of those they employ. The Supply Chain Levy would require the parts of the supply chain where margins are greatest to deliver improved standards and the resilience to the supply chain which they themselves require to ensure their shelves, warehouses and petrol pumps are full. (Paragraph 59)

The Government notes this recommendation. Regarding the suggested levy, taxes are a matter for HM Treasury and all taxes are kept under review. The Government has already taken extensive action to improve standards and resilience in the supply chain, most notably the 33 measures that have been implemented to tackle the HGV driver shortage.

Current international and domestic economic circumstances mean businesses up and down supply chains are facing a unique set of challenges. We acknowledge the Committee's particular concern about the ability of smaller enterprises to remain competitive.

Government will continue to work with industry across the length and breadth of logistics sector to ensure we are well positioned to respond to any further supply chain pressures in a cohesive and decisive manner.

Recommendation 9

Recruitment - We welcome the introduction of skills bootcamps as a faster, more flexible route to becoming an HGV driver. The Government should make the provision of skills bootcamps for HGV drivers permanent, with part of the scheme targeted at underrepresented groups in the current workforce. That policy could be funded from the sector's apprenticeship levy contribution. (Paragraph 70)

The Government notes this recommendation and agrees that our ground-breaking bootcamps and apprenticeship offers have started to make an impact. Good progress is being made with over 7,000 bootcamp candidates having started their driver training by the end of May 2022. The Department for Education (DfE) continue to monitor the progress and effectiveness of the bootcamps and will make any decision on further bootcamp provision based on this evidence, continuing industry labour shortages and the needs of the wider economy.

In addition to Bootcamps, Government has developed a wide range of other training routes to become an HGV driver and make financial support for training available. These include the Large Goods Vehicle Driver and Urban Driver Apprenticeships funded through the apprenticeship levy. There are currently 2,599 lorry driver apprentices in training.

DWP and the JobCentre Plus network provide access through the Sector-Based Work Academy Programme (SWAP). 8,716 jobseekers started a Logistics/Freight SWAP in 2021/22 with a further 467 so far in 2022/23. These figures include training for warehouse operatives, HGV drivers and other roles.

The Career Transition Partnership (CTP) is the official Ministry of Defence (MoD) scheme for those transitioning from the military into civilian life providing resettlement support, career transition advice and training opportunities for those leaving military service. The Government announced in November 2021 that the places available for HGV driver training under this scheme will increase from 100 to nearly 350 training places over the next 12 months.

The Department for Work and Pensions (DWP) have a network of Armed Forces Champions placed in 37 Jobcentre Plus districts nationally to assist jobseekers who have identified themselves as service leavers to access the support and training they need.

Grant funding has also been made available for the non-profit initiative Road to Logistics to train military service leavers, ex-offenders and the long term unemployed to move into jobs in the logistics sector, including lorry driving.

We recognise that the lack of diversity continues to present a barrier to solving the labour shortages in HGV driving and across the wider logistics sector. This will require the sector to make working in logistics more attractive and accessible to under-represented groups. We continue to support them in this endeavour and the industry-led Generation Logistics campaign that Government is supporting is highlighting sector opportunities including to under-represented groups.

Recommendation 10

Infrastructure – The Government, alongside the sector, must work together to set targets and deadlines to switch more freight from road to rail and water. This must happen alongside steps to decarbonise road freight itself. (Paragraph 79)

The Government agrees that more freight should be taken from the road and on to rail and water. The Government is supportive of modal shift of freight from road to rail wherever possible and is exploring the potential to increase rail freight capacity on the rail network to help reduce carbon emissions from the freight sector.

The Williams-Shapps Plan for Rail (WSPfR), included strong commitments to support growth in rail freight, recognising the role it plays in supporting our economic and environmental agenda. The WSPfR included: a commitment to a rail freight growth target (also in the TDP), which Government will consult on shortly; a recommendation for GB Railways to include a Strategic Freight Unit dedicated to improving efficiency across the network for Freight users; and the creation of a duty on GB railways to promote rail freight. To support rail freight growth in the near term, in particular to boost resilience throughout the pandemic, Network Rail have worked to increase the number of paths out of major container ports (in particular Felixstowe, Liverpool and Immingham), deliver new services (such as from Doncaster to Mossend) and deliver Freight Train Lengthening Schemes (Southampton).

The Government has committed £20m per year (2022/23 to 2024/25) through its mode shift freight grant schemes to support rail and water freight services on routes where they deliver environmental benefits over road haulage but are more expensive to operate.

The Department for Transport operates two freight revenue grant schemes to encourage modal shift from road to rail or water. These are Mode Shift Revenue Support (MSRS) for rail and inland waterways and Waterborne Freight Grant (WFG) for coastal and short sea shipping.

MSRS assists companies with the operating costs associated with running rail or inland water freight transport instead of road, where rail or inland waterway transport is more expensive.

WFG can assist a company with the operating costs associated with running waterborne freight transport instead of road, where transport by water is more expensive.

Conclusion

Haulage and logistics is a vital sector for the economy and essential to our supply chains. The Government continues to support this critical sector at a time of global challenge. This includes the 33 interventions to address the HGV driver shortage, Future of Freight report, and Generation Logistics campaign. These wide-ranging initiatives demonstrate our commitment to supporting the logistics industry in meeting those challenges.

Indeed, thanks to these measures, the pressure is abating, and leading industry groups are now reporting that the numbers of HGV drivers are starting to stabilise. Logistics UK's skills report states that significant steps have been taken to help address the recruitment issues which have plagued the sector for years, with Government and industry working together.

The Government agrees with the Committee that there is more for industry to do to attract and retain talent and make investments that will improve conditions for workers in the sectors.

We look forward to continuing our efforts across Government and working with industry and sector stakeholders to deliver a more diverse and sustainable workforce with improved working conditions to support the needs of the UK economy.