



The Association of  
Pallet Networks

1<sup>st</sup> June 2021  
The RT Hon Grant Shapps MP  
Secretary of State for Transport  
Department of Transport  
Great Minster House  
Horseferry Road  
London  
SW1P 4DR

Dear The Rt Hon Shapps MP

We request your assistance in securing urgent government help to address the crippling skills crisis in the UK logistics industry. The lack of HGV drivers in the marketplace now threatens not only the sustainability of haulage businesses but also of UK supply chains and the economic recovery of the UK as a whole.

Logistics has battled an acute driver shortage for several years. However, recent events have become a perfect storm in which the industry is floundering.

We believe urgent action is required to prevent the previous resilience of the logistics market from being overcome, and shelves, hospitals, businesses and consumers feeling the lack of commonplace items.

Furthermore the 50,000 driver shortage of two years ago has grown to almost 80,000, according to Logistics UK. Exacerbating factors include:

- IR35 rules removing many agency drivers from the market
- Brexit resulting in the loss of thousands of European drivers
- Border control slowing the process of inbound and outgoing freight, tying up previously available resource
- The attritional losses from an ageing driver workforce
- These losses being aggravated by the threat of COVID, particularly for older workers in public roles
- The lack of young or new drivers entering the industry being compounded by the unavailability of HGV tests in 2020

Despite this we currently face 15% year on year growth. In freight volumes.

Association of Pallet Networks, Westhill Road , Fradley Park , Lichfield , Staffordshire WS13 8NG.

[www.theapn.co.uk](http://www.theapn.co.uk)

email - [chairman@theapn.co.uk](mailto:chairman@theapn.co.uk)



The Association of  
Pallet Networks

According to the Logistics UK's *Logistics Report 2021*, 10% of logistics businesses say the recruitment of drivers is an 'extreme barrier' to the recovery of their business, 29% do not expect to be able to fill driving vacancies this year and a further 15% anticipate long delays in recruitment.

I write on behalf of the Association of Pallet Networks which represents the UK's eight pallet networks. They in turn represent 800 independent regional hauliers, 24,000 commercial vehicles and 30,000 employees

The pallet network sector is probably the most efficient form of logistics in the UK. Our model is based on collaborative working, and Hub-centric sortation, which minimises the distances and the journeys pallets must make. Furthermore the efficiency with which we use trailers is considerably better at 76% than the Department for Transport's average of 62%.

Yet even in our sector, we are struggling to maintain service levels due to a desperate shortage of available drivers.

This is not an issue the free market can solve alone.

This is not an issue which can be solved simply by raising wages, even if we disregard the inflationary effect of rising transport costs on the economy. All that happens is that drivers switch one local employer for another, and the shortage continues.

This is an issue which requires government understanding and government intervention, not just for the good of the logistics sector and thousands of regional employers but for the good of the UK economy.

#### **Recruitment issues**

1. The cost of training an HGV driver is approximately £5,000 which is a substantial cost for those wishing to enter the industry. It is also a substantial cost for a haulier who may train a driver only to lose them to another local employer.
2. HGV licence acquisition can be a matter of weeks for someone with a standard driving licence. However, through an apprenticeship, it is a prolonged process. As a result the logistics industry has accessed only a fraction of the money it has paid into the apprenticeship levy.

**Association of Pallet Networks, Westhill Road , Fradley Park , Lichfield , Staffordshire WS13 8NG.**

[www.theapn.co.uk](http://www.theapn.co.uk)

email - [chairman@theapn.co.uk](mailto:chairman@theapn.co.uk)



The Association of  
Pallet Networks

3. The fleet insurance market has contracted substantially in recent years. Those underwriters remaining are uncomfortable with insuring either young or inexperienced drivers and typically require extensive periods of double-manning, two years' experience and/or prohibitive premiums.

**Our proposed solutions are:**

- A government-backed fleet insurance scheme which would allow the industry to employ young drivers and new drivers without facing prohibitive insurance costs.
- The role of HGV driver should be immediately included on the UK Shortage Occupation List so that hauliers can attract EU nationals back into UK driving roles.
- A simple HGV licence acquisition fund, which will cover the costs of new HGV licence acquisition for newcomers to the industry. This could be funded by the Logistics Industry's unused contribution to the Apprenticeship Levy.
- Funding and appropriate, interested candidates to be channelled directly from local Job centres to enrolled regional hauliers.
- 

Unemployment stands at 5%. GDP is still 10% below 2019 levels. The logistics industry can provide sustainable employment *and* facilitate economic recovery but not without government support.

These solutions either cost the government nothing, or they can be funded from money the logistics industry has already paid into the Apprenticeship Levy.

Conversely, failure to solve this problem will cost our Industry.

We request you to work with us to solve the UK HGV driver shortage, and thereby facilitate recovery for the entire UK economy.

Yours Sincerely

Paul Sanders  
Founder & Chairman

Association of Pallet Networks, Westhill Road , Fradley Park , Lichfield , Staffordshire WS13 8NG.

[www.theapn.co.uk](http://www.theapn.co.uk)

email - [chairman@theapn.co.uk](mailto:chairman@theapn.co.uk)