



Department
for Transport

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My Lords,

Thank you for your questions, submitted to me during and following the Question for Short Debate session on 4 March 2021. I have now reviewed your questions, which are answered below in full.

With regards to the **volumes of freight and the reported downturn in trade**, the Office of National Statistics recently published [statistics of UK trade in January 2021](#), which provides detailed information on UK trade. This reports that exports of goods, excluding non-monetary gold and other precious metals, fell by £5.3 billion (19.3%) in January 2021, because of a £5.6 billion (40.7%) fall in exports to the EU.

However, it should be noted that monthly data are erratic and small movements in these series should be treated with caution. The data in this bulletin for January 2021 are the first to include trade after the EU exit transition period ended on 31 December. In addition to the changes facing the UK after the transition period ended, the UK went into another national lockdown at the beginning of January 2021. November and December 2020 saw increasing imports and exports of goods, particularly in machinery and transport equipment and chemicals. These increases were consistent with potential stockpiling of goods from the EU in preparation for the end of the Transition Period. UK goods imports from the EU also peaked in the weeks approaching previous Brexit deadlines in March and October 2019.

Despite the slow start for trade in January 2021, data from the Business insights and impact on the UK economy suggests that importing and exporting began to increase towards the end of January. The proportion of businesses reporting that they were unable to export decreased by 5.4 percentage points between the reporting periods 11 January to 24 January and 25 January to 2 February. Similarly, the proportion of businesses reporting they were unable to import decreased by 3.0 percentage points between the same reporting periods.

Figures 1 and 2 in Annex A below show outbound and inbound Roll-on Roll-off vehicle flows respectively for January and February, compared to 2020 levels. The analysis is adjusted to compare equivalent days from 2020 and 2021, for example the week commencing 4 January 2021 is compared to the week commencing 6 January 2020. Although in January volumes were below those in the equivalent period in 2020, for the full month of February outbound and inbound flows across all GB ferry ports (excluding flows between GB and Northern Ireland and Eurotunnel) were at 101% and 104% of the equivalent period in 2020.

Lord Holmes requested further insight on **how data can be better used to facilitate frictionless trade, and how we are ensuring that that HMRC can cope with the increased volumes by building on the successful delivery and upscaling of systems for the end of the transition period.** The 2025 UK Border Strategy will make use of existing and emerging technology to transform how we use data, working across Government and with external partners from the private sector and academia, to ensure a comprehensive and holistic view of data at the border.

This work has already begun and the Reducing Friction in Trade (RFIT) proof-of-concept has shown the opportunities for technology such as Distributed Ledger Technology (DLT) to reduce burdens for traders by making better use of pre-existing data within commercial supply chains.

In addition to the RFIT project, the Border Innovation Hub will drive innovation and adoption of new technologies and the potential to transform our use of data in a coordinated way across Government, with a focus on providing benefits to traders and HMG.

To support the end of the transition period the CHIEF system was prioritised for GB Goods movement and the Customs Declaration Service (CDS) for NI Goods movement.

The CHIEF remains stable and working as expected, we continue to monitor and maintain performance. The system has been scaled to manage peaks of declarations at the ending of staged customs controls.

We have proven CHIEF to manage declaration peaks equivalent of 360m declarations per annum (111 messages per second) and stay within SLA for all transactions. We continue to performance test CHIEF to meet 400m declarations per annum (127 messages per second).

In addition to Northern Ireland traders, we expect those wider GB intra EU traders new to customs processes to move directly to the CDS platform. Existing users of CHIEF can continue to use this service for the foreseeable time.

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Next, I turn to Earl Attlee's point about the **French restriction on UK hauliers carrying abnormally large loads** and the possibility of amending the special types rules so that the special types general order is available only to operators with a UK operator's licence. The Department for Transport has now secured confirmation from the French Ministry of the Interior and the European Commission that the arrangements for issuing French roaming permits for abnormal loads carried by UK hauliers will return to the previous arrangements that were in place before the end of the Transition Period. UK Abnormal Loads Hauliers can continue to use category 1 and 2 permits for transporting abnormal loads to France,

and all permits that were issued before the end of 2020 will remain valid until their expiration date.

Regarding Lord Whitty's query relating to **how the Government is addressing the shortage of hauliers and plans for haulier recruitment**, the large goods vehicle (LGV) driver shortage is longstanding and has become more acute due to recent economic growth, higher demand and a reduction in the level of migrant labour.

We are working with the Department for Work and Pensions and Jobcentre Plus to ensure that those in the industry, including LGV drivers, who find themselves out of work can find employment as quickly as possible. We are helping the logistics sector make the most of the opportunities provided through the apprenticeship levy. We are aware that numbers so far have not been as high as hoped, but we will continue to work with the sector to help this improve. There are issues relating to the funding level for the new standard for which we are seeking a solution.

The Government provided a grant to Road to Logistics, a non-profit organisation, seeking to train ex-service personnel, the long term unemployed and ex-offenders to work in the sector. The first candidates have commenced their training and we expect further trainees to begin soon.

The government also provided support for Think Logistics. Think Logistics is working with Career Ready in changing the perceptions of the industry among young people. It is key that the sector needs to have a multi-faceted response to the long-term demographic imbalance in the sector which is fuelling the shortage. This includes action to:

- Improve the pay and conditions of those in the industry;
- Increase the number of women and BAME employees in the industry;
- Ensure the industry is attractive to younger workers and those with families or caring responsibilities.

Please see Annex B below for further background information on driver recruitment.

Finally, I would like to address Lord Snape's question asking **how the Government hopes to encourage more freight to travel by rail rather than road and whether HMG is confident of meeting its targets for carbon emissions**. The Government supports the growth of rail freight and the modal shift of freight from road to rail because it helps reduce carbon emissions from the freight sector and delivers economic benefits.

The Government incentivises modal shift through the Mode Shift Revenue Support scheme, which supports the carriage of freight by rail and water on routes where road haulage has a financial advantage. In 2020/21, the Department allocated up to £20m to these grants, a 28% increase in funding compared to 2019/20. These grants help to remove around 900,000 HGV journeys off the road each year.

The Government invests significantly in the rail network to improve its capability and capacity for freight. These investments support the growth of the rail freight sector and, in turn, modal shift of freight from road to rail. Between 2014-2019, the Government invested over £235m in the Strategic Freight Network and further infrastructure funding is being made available going forward through the Rail Network Enhancements Pipeline.

The Government supports the development of a network of Strategic Rail Freight Interchanges (SRFIs), which are large multi-purpose rail freight interchanges and distribution centres linked into both the rail and trunk road system. SRFIs are a key

element in reducing costs for the rail freight industry's customers, incentivising the modal shift of freight from road to rail.

In relation to **reducing carbon emissions**, over the last three decades, the UK has achieved record clean growth and has met its world-leading climate change commitments. Between 1990 and 2019, our economy has grown by 78% while our emissions have decreased by 44%, this is faster than any other G7 nation.

The UK over-achieved against the first (2008-12) and second (2013-17) carbon budgets, and the latest projections show that we are on track to meet the third (2018-22). We recognise the need for further action to meet the fourth (2023-27) and fifth (2028-32) carbon budgets. Our forthcoming sector decarbonisation strategies, and wider plans to deliver a green economic recovery following the COVID-19 pandemic, will contain further proposals to put us on track to meeting carbon budgets 4 and 5.

As you may be aware, the Prime Minister has set out his Ten Point Plan for the UK to lead the world into a new Green Industrial Revolution. This innovative programme sets out ambitious policies and significant new public investment to support green jobs, accelerate our path to reaching net zero by 2050 and laying the foundations for building back greener. It will support up to 250,000 green jobs, levelling up regions across the UK, and reinvigorate our industrial heartlands. The Plan will mobilise £12 billion of government investment to unlock three times as much private sector investment by 2030.

In addition, this November the UK will host COP26 in Glasgow bringing together world leaders, climate experts, business leaders and citizens to agree ambitious action to tackle climate change.

Through the Prime Minister's Ten Point Plan, the Energy White Paper and recently published Industrial Decarbonisation Strategy, we have set out concrete steps we will take to build back greener from the pandemic and reach net zero emissions by 2050.

Ahead of COP26, HM Government will bring forward further bold proposals, including a Net Zero Strategy, to cut emissions and create new jobs and industries across the whole country; going further and faster towards building a stronger, more resilient future and protecting our planet for this generation and those to come.

I hope the above has sufficiently addressed your questions.

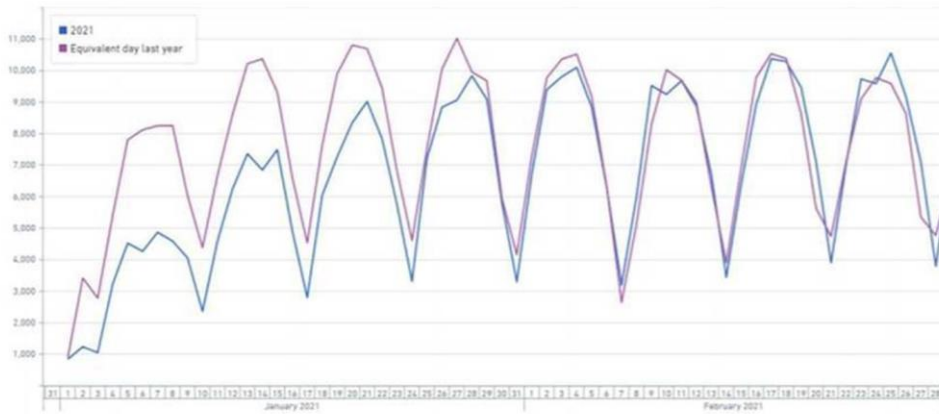
I will place a copy of this letter in the Library of the House.

Yours,
Charlotte

BARONESS VERE OF NORBITON

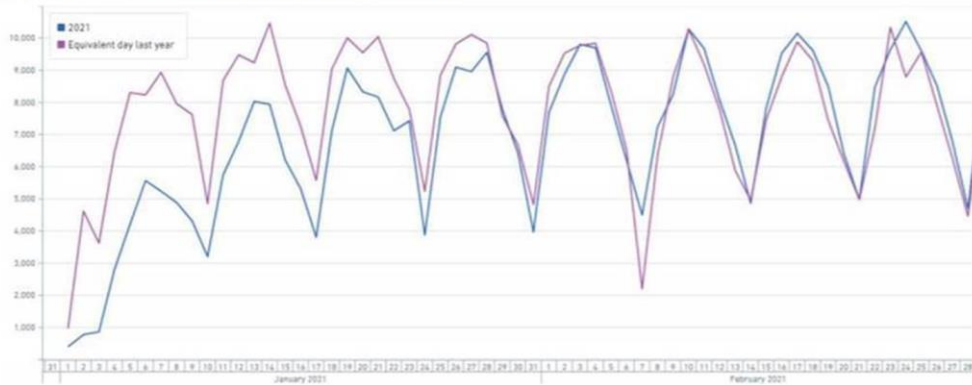
Annex A

Figure 1 - Total outbound RoRo freight



Source: Border Flow Service Analysis 08/03/21.
Data includes outbound RoRo freight movements from ferry ports. Data excludes freight volumes via Eurotunnel and between Great Britain and Northern Ireland.

Figure 2 - Total inbound RoRo Freight



Source: Border Flow Service Analysis 08/03/21.
Data includes inbound RoRo freight movements from ferry ports. Data excludes freight volumes via Eurotunnel and between Great Britain and Northern Ireland.

Annex B

Background

Key data

- Estimated to be circa 60,000 (an increase from 45,000 since 2016)
- 323,000 drivers in the industry
- A further 150,000 to 200,000 drive as part of their jobs
- 75,000 expected to retire in the next 10 years
- Foreign drivers 36,000 (down from 60,000 in 2016)
- In addition there are an estimated 90,000 EU workers in warehousing and 22,000 forklift truck drivers.
- The Trade Bodies have lobbied for a transitional arrangement to continue to allow EU drivers to work in the UK.
- Drivers with category C entitlement only was 342,458
- Drivers with category C and CE entitlement was 608,258 (Scan of records taken 29/6/19)

Reasons for the shortage

- The LGV driver shortage is longstanding and has become more acute due to recent economic growth and higher demand.
- From research the issues impacting on recruitment have been identified as:
 - The poor image of the sector
 - Pay
 - Low uptake of vocational training amongst SMEs
 - Poor facilities, including lack of toilet facilities available at destinations
- It is vital that the industry does not negatively impact on recruitment efforts by failing to address retention.

Diversity in Logistics

ONS Labour Market Statistics - EMP04: Employment by occupation Quarter 2: Apr-Jun 2018

	Total in employment	Employed			Self Employed		
		Full-time	Part-time	Total	Part-time	Full-time	Total
LGV drivers	323	282	10	294	25	*	28
Men	319	278	10	290	25	*	28
Women	*	*	*	*	*	*	*

Thousands (000's), not seasonally adjusted

* Sample size too small for reliable estimate.

Background

The labour shortages in the sector are longstanding and the impact has been cushioned by a readily available supply of migrant workers. As this supply slows the industry needs to

respond by making the role of HGV driver more attractive, especially to those who already hold a category C licence.

It is hoped that the industry can promote diversity in the sector to build some momentum and spread the best practice already in the sector, more widely. Tackling the “trucks and sheds” image of the industry is key to opening the sector to young people. Think Logistics and Career Ready are working with schools and colleges to offer paid internships within the industry. The Department for Transport has provided funding for the Think Logistics initiative, of which Career Ready is a member, which is working to raise the profile of the sector with young people.

Apprenticeships

The Department is currently lobbying the Department for Education to ensure that the new Large Goods Vehicle Driver (LGV) standard attracts the funding needed to be financially viable (£7,000). The Institute for Apprenticeships and Technical Education has allocated a funding level of £6,000 which is the same as the PSV (bus and coach) driver apprenticeship which only has one driving test rather than the LGV standard’s two tests (Category C and C+E).

The Secretary of State has asked the Education Secretary to personally intervene and use his powers to set the funding level at £7,000. We are awaiting a response.

Road to Logistics

The Secretary of State agreed £1 million in grant funding for the RHA/Microlise initiative Road to Logistics (RtL) to train military service leavers, ex-offenders and the long term unemployed to move into jobs in the logistics sector, including lorry driving. RtL have experienced delays in training candidates due to the lockdown and the suspension of driving tests but now have the first candidates in training for placement with Arrow XL, E V Cargo, IDR Logistics and Whistle.

The RHA are requesting some help to be able to draw on apprenticeship levy funds. We are continuing to work with DfE colleagues to find a solution.

Points based immigration system.

- The points based immigration system for skilled workers took effect from 1 January 2021.
- There is no general low-skilled or temporary work route.
- The Trade Bodies have lobbied for a transitional arrangement to allow EU drivers to work in the UK.
- While lorry drivers may meet the salary threshold, they do not meet the educational level required to be considered a “skilled worker” under the scheme.
- Many of the other logistics professions where there is a reliance on EU migrant labour, also fail to meet the criteria. (34% of forklift drivers, 20% of warehouse workers and 14% of van drivers)

Impact on Logistics

- 66% of jobs within logistics are L1/2, compared to national average 43%.
- 89% of EU logistics workers in UK are L1/2.
- Many will gain settled status, however current EU staff patterns is that they are of a rolling nature, and future supply will be cut off.

The Home Office has been lobbied for an exemption for LGV drivers under the migrant workers scheme. This has not been successful. While the average salary for LGV drivers (as recorded by ONS) meets the minimum of £26,000 pa, the educational level does.