

Skills and Employment Update

May 2022

Produced by Logistics UK Policy

Chronic driver shortage persistent but stable

The number of HGV drivers in employment is estimated to have fallen by 30,300 in the first quarter of 2022 compared with the same time in 2019, leaving the workforce 10% smaller than it was before the pandemic. This is less of a fall than in Q3 and Q4 2021 when there were reductions of 44,000 (14%) and 49,000 (16%), respectively compared to the same period in 2019.

Companies have increased pay in order to retain existing staff and attract new drivers. Average increase in HGV driver pay was reported as nearly 12% in the six months to April 2022¹ while advertised salaries increased by an average of 25% in Q1 2022 compared with a year ago².

The already very low number of HGV drivers claiming Jobseeker's Allowance fell 70% from an average of 237 in Q1 2019 to 70 in Q1 2022³. This number is so low, that it can be concluded that for the past couple of years, there are negligible numbers of HGV drivers available for work.

The concerning rise in economic inactivity points to a shrinking workforce and labour shortages, as those self-employed who left the industry during the pandemic or in advance of the introduction of IR35, do not appear to be returning. The number of self-employed HGV drivers plummeted by 34.2% in Q1 2021 compared with Q1 2019, in the run up to the implementation of IR35; by Q1 2022, the numbers were still 28.6% below pre-pandemic levels at 21,048.

26,388 practical HGV tests were conducted in Q1 2022, an increase of 43% compared with Q1 2019. In the month of March, a record 10,481 tests were undertaken with a 60% pass rate, a rise of 62% compared with the 6,444 tests taken in March 2019.

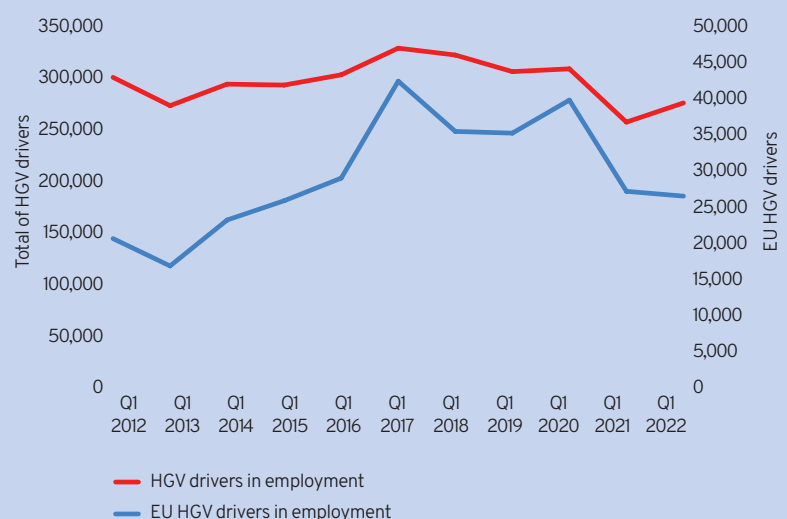
Logistics UK members, meeting in our recent Policy Councils, have confirmed that while there is still a shortage of HGV drivers the situation is currently better than in the last two quarters of 2021. This is welcome but there is caution about retaining drivers and how the labour market will respond to the sector's needs when firms begin to recruit for the Christmas peak. Members also report increasing concern about the availability of HGV mechanics to keep their vehicles on the road and recruiting for key warehouse roles.

Employment in logistics

The latest Labour Force Survey (LFS) estimates for January to March 2022, show that over the quarter there was a decrease in the unemployment rate, while employment and inactivity rates increased. The much-reported UK acute driver shortage of 2021, continued to stabilise and ease slightly in Q1 2022 compared with the previous two quarters. The chronic shortage originating from the recession of 2008, led to drivers leaving the industry and underlies current driver numbers.

According to the latest analysis from the ONS, Labour Force Survey for Q1 2022⁴. The number of drivers in employment fell 30,301 to 271,344 from Q1 2019 to Q1 2022, making the workforce 10% smaller than it was in Q1 2019 (fig 1). This is less of a fall than in Q3 and Q4 2021 when there were reductions of 44,000 (14%) and 49,000 (16%), respectively compared to the same period in 2019. UK drivers make up the majority

1 Number of HGV drivers and number of EU HGV drivers from Q1 2012 to Q1 2022



Source: Labour Force Survey, ONS

of the reduction, with the quarterly Labour Force Survey estimating 21,000 UK and 9,000 EU HGV drivers left the industry in Q1 2022 compared with Q1 2019.

Over the same period demand for logistics has soared. Some 28% of all retail sales took place online in Q1 2022, up from 19% Q1 2019, according to the ONS.

According to Logistics UK's Logistics Performance Tracker (LPT) for Q1 2022, the majority of respondents (81%) raised driver pay in the past six months and the average increase in pay was 11.9%, citing the main reasons for raising pay as driver retention and annual pay reviews. LPT Q1 2022 respondents, reported driver availability as the biggest impediment to business growth and recovery, however, access to vocational driver testing has exceeded pre-pandemic levels. The number of people undertaking practical HGV tests was 26,388 in Q1 2022, an increase of 43% compared with Q1 2019. In the month of March, a record 10,481 tests were undertaken with a 60% pass rate, a rise of 62% compared with the 6,444 tests taken in March 2019 (**fig 2**).

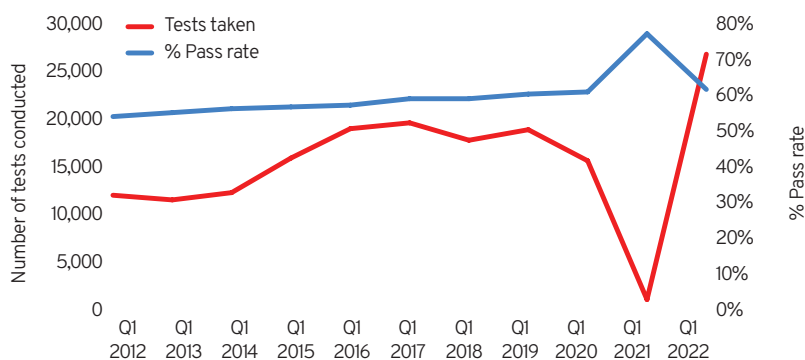
HGV drivers have a significantly older age profile than the general population, with an average age of 51 years. Older people are leaving the industry and fewer young people are training to become HGV drivers. In Q1 2022, the proportion of HGV drivers under the age of 45 was 35.6%, down from 39.4% in Q1 2019 (**fig 3**).

Furthermore, the ONS reported an increase in economic inactivity, driven by those aged 50 to 64 years. This may be related to self-employed workers not returning to the workforce after the pandemic and the private sector implementation of IR35 'off payroll' rules, in April 2021.

Self-employed HGV drivers plummeted 34.2% to 19,398 in Q1 2021 compared with Q1 2019 in the run up to the implementation of IR35 (**fig 4**). There was a rise of 8.5% in Q1 2022 compared with Q1 2021, however, this is still 28.6% below Q1 2019 when the self-employed HGV drivers numbered 29,491.

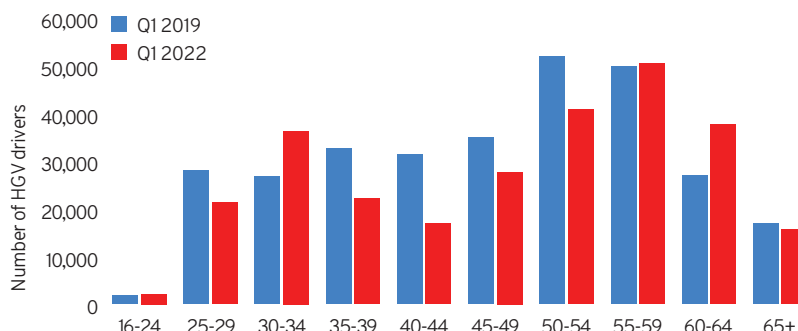
The already very low number of HGV drivers claiming Jobseeker's Allowance fell 70% from an average of 237 in Q1 2019 to 70 in Q1 2022⁵. This number is so low, that it can be concluded that for the past couple of years, there are negligible numbers of HGV drivers available for work. This, coupled with the growth in vacancies, continues to point to a driver shortage.

2 HGV tests taken and passed Q1 2012- Q1 2022



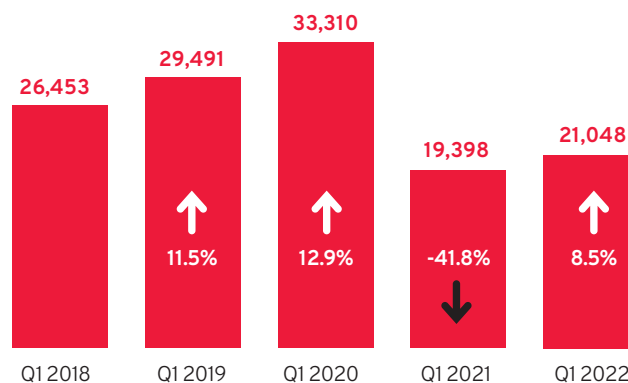
Source: Driver and Rider Testing Statistics, DfT

3 Changing age profile for HGV drivers Q1 2019 and Q1 2022



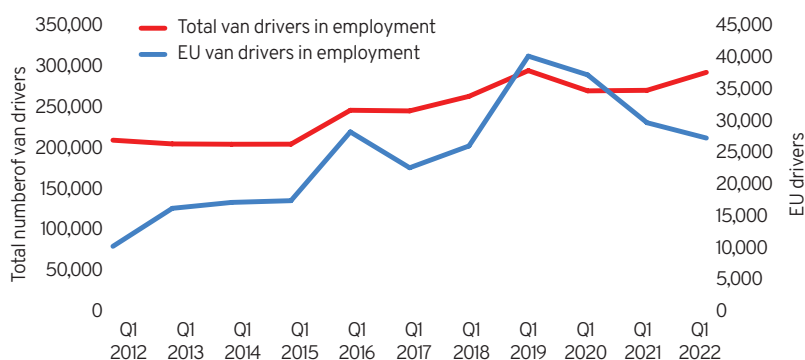
Source: Labour Force Survey, ONS

4 Number of self-employed HGV drivers



Source: Labour Force Survey, ONS

5 Number of van drivers and number of EU van drivers from Q1 2012 to Q1 2022



Source: Labour Force Survey, ONS

Other selected logistics occupations

Van drivers

There was no significant change in the number of van drivers in Q1 2022 compared with Q1 2019 (a net decrease of 0.7%) (fig 5). The number of UK van drivers was relatively unchanged (238,977) in Q1 2022 compared with Q1 2019 but EU van drivers fell by a third over the same period to 26,000 while van drivers from the rest of the world accounted for 11,500 new employments.

The number of van drivers claiming Jobseeker's Allowance fell by 62.5% to an average of 1,045 in Q1 2022 compared with Q1 2019⁶.

Warehouse workers

There are severe shortages of staff in warehousing, especially among forklift drivers. Comparing Q1 2019 with Q1 2022, there was a fall of 31.6% in forklift drivers similar to Q1 2021, while there was a 7.5% increase in elementary storage occupations, driven by a 12% rise in UK workers (fig 6).

The number of forklift drivers claiming Jobseeker's allowance fell by 64.7% to an average of 213 in Q1 2022 compared with Q1 2019⁷.

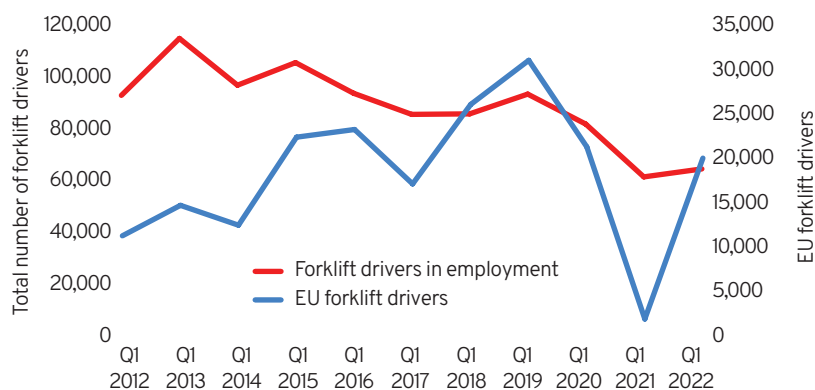
There was a sharp drop of 36.2% in EU forklift drivers while EU elementary storage occupations fell by 17.1%.

Salaries and vacancies

According to the Office for National Statistics (ONS), the number of job vacancies in the UK rose to a record 1,295,000 in February to April 2022, however the rate of growth in vacancies continued to slow down. Vacancies have surpassed the number of people who are unemployed, and this coupled with CPIH inflation at 7.8%, is expected to drive pay even higher. After taking inflation into account, average pay including bonuses rose 1.4% in the year to January to March 2022, while excluding bonuses it fell 1.2%⁸. Against this background, following the post-Christmas lull, the number of vacancies for Class 1 HGV drivers⁹ increased to 9,780 in April 2022 however, this is nearly 10% below the vacancy levels seen in April 2021; van driver vacancies rose by 44% over same period (fig 8).

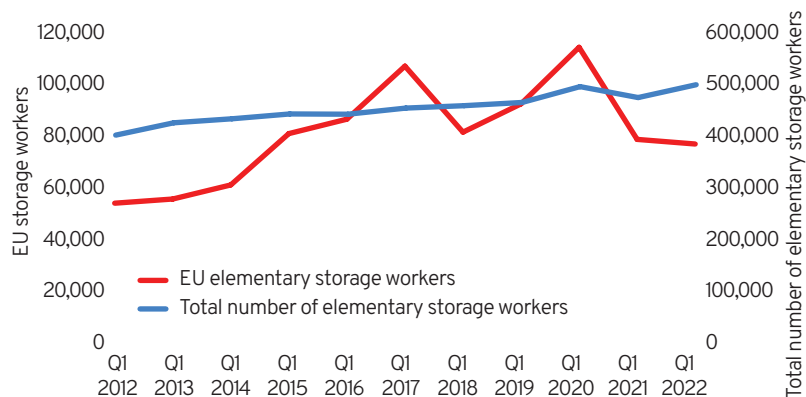
Logistics companies have increased pay in order to retain existing staff and attract new drivers and advertised salaries for Class 1 HGV drivers increased by 25% to an average of £38,000 in Q1 2022 compared with Q1 2021, falling to £36,00 in April 2022. Occupations that experience the most significant labour shortages typically bounce back, with pay increases driving high growth in worker

6 Number of forklift drivers and number of EU forklift drivers from Q1 2012 to Q1 2022



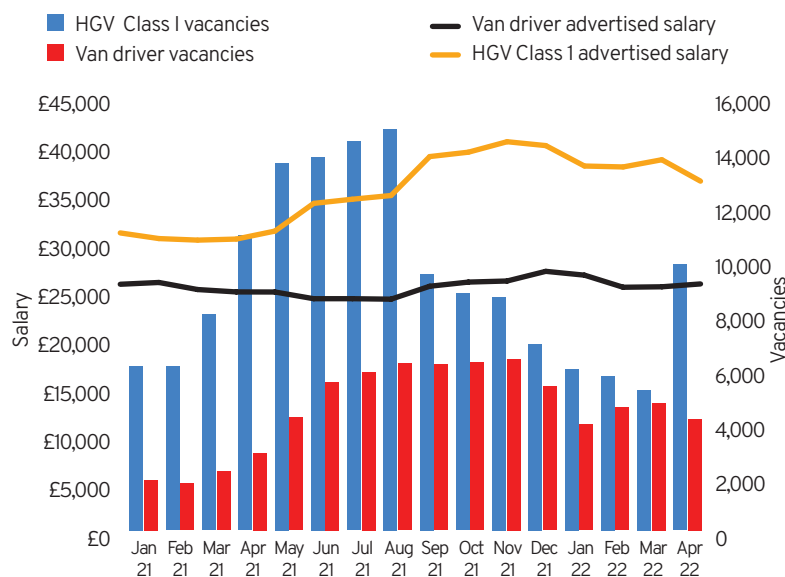
Source: Labour Force Survey, ONS

7 Number of elementary storage workers and number of EU storage workers from Q1 2012 to Q1 2022



Source: Labour Force Survey, ONS

8 HGV and van driver advertised salaries and vacancies



Source: Adzuna (adzuna.co.uk)

numbers accompanied by proportionate falls in the unemployed claimant count. In contrast, the bounce back in HGV driver numbers are not following classic supply-demand elasticity because of the qualification barrier, meaning that non-HGV drivers need to train which takes time and money.

According to Logistics UK's Logistics Performance Tracker (LPT) for Q1 2022, difficulties in filling HGV driver roles are easing slightly with 14% reporting a very severe problem in Q1 2022 compared with 40% in November 2021 (fig 9). As the acute driver shortage lessens, the underlying chronic shortage still remains, with only 12% having no problem in recruiting drivers. In addition, 64% of respondents had HGV driver vacancies, with rates of pay and unsociable hours cited as the top two reasons contributing to driver vacancies (fig 10). Just over half experienced issues with driver retention in the past six months, with rates of pay and legal responsibilities associated with driving an HGV, given as the two main grounds for drivers leaving their roles (fig 11).

Warehouse workers salaries and vacancies escalated in in 2021 and in April 2022 warehouse worker and forklift driver salaries had increased by 7.7% and 3.7% respectively, as vacancies rose (fig 12).

Notes

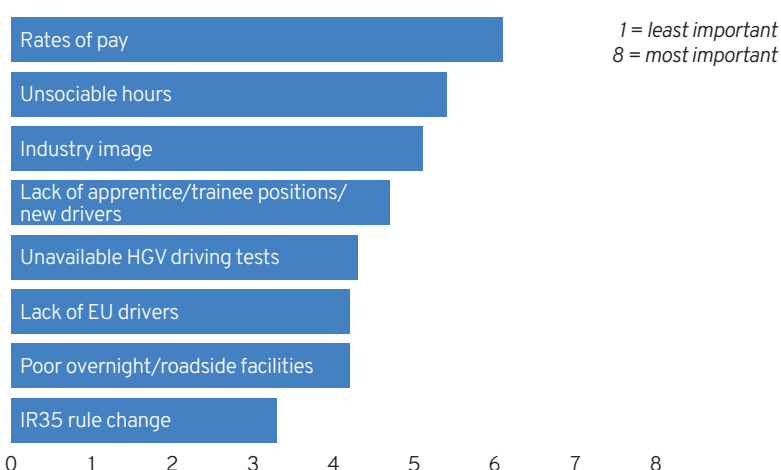
- 1 Logistics Performance Tracker, Q1 2022, Logistics UK, 2022
- 2 Adzuna.co.uk
- 3 Nomis, May 2022
- 4 Analysis by ONS, Labour Force Survey, 17 May 2022
- 5 Nomis, May 2022
- 6 Nomis, May 2022
- 7 Nomis, May 2022
- 8 Average weekly earnings in Great Britain, ONS, May 2022
- 9 A Class 1 HGV licence, also known as a category C + E licence, allows you to drive vehicles that are 7.5 tonnes and above, including articulated vehicles.

9 Current expectations for filling vacancies

	Fitters/mechanics/technicians	Warehouse staff	Transport managers	HGV drivers	Van drivers	Forklift drivers	Other staff
No problem	21.3%	28.6%	43.4%	12.3%	39.2%	38.4%	27.0%
Minor problem	17.3%	23.5%	16.2%	14.5%	17.6%	22.2%	26.0%
Moderate problem	25.3%	35.7%	21.2%	29.7%	32.4%	24.2%	39.0%
Severe problem	22.7%	12.2%	13.1%	29.7%	2.9%	9.1%	5.0%
Very severe problem	13.3%	0.0%	6.1%	13.8%	7.8%	6.1%	3.0%

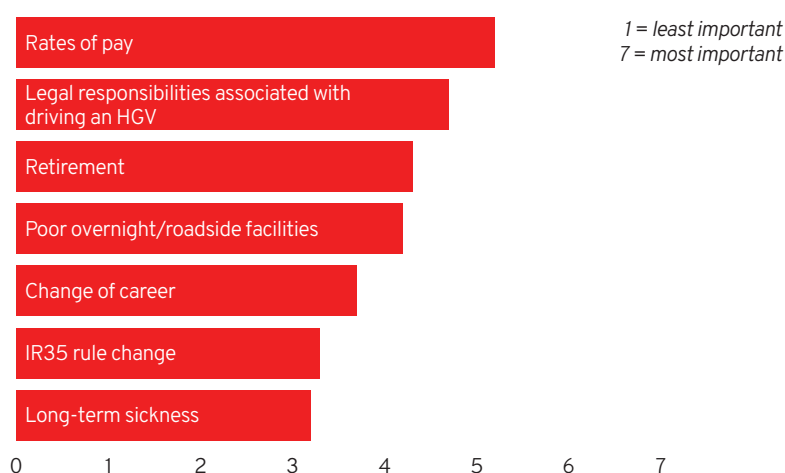
Source: Logistics Performance Tracker, Q1 2022, Logistics UK

10 Contributing factors to HGV driver vacancies



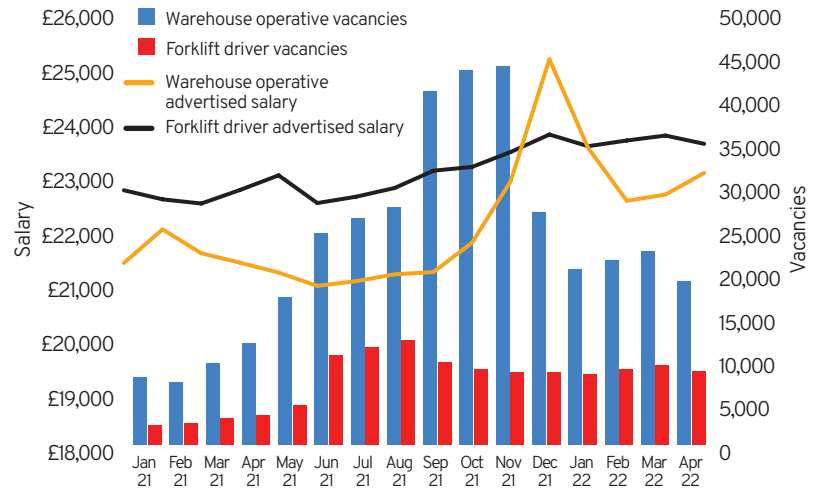
Source: Logistics Performance Tracker, Q1 2022, Logistics UK

11 Reasons HGV drivers are leaving their roles



Source: Logistics Performance Tracker, Q1 2022, Logistics UK

12 Warehouse operative and forklift driver advertised salaries and vacancies



Source: Adzuna (adzuna.co.uk)