



North East England
Chamber of Commerce

Department for Transport
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The North East England Chamber of Commerce letter- urgent support needed for the logistics sector

The Chamber is the North East's leading business membership organisation and the only regional Chamber of Commerce in the country. We represent more than 3,000 businesses located in Northumberland, Tyne and Wear, Durham and Tees Valley, covering both local enterprise partnership areas in North East England. Our members are drawn from all sizes of business across all sectors and employ about 30% of the region's workforce.

We currently distribute 90% of our goods around the UK by road. The logistics sector is essential for the North East's economic recovery through ensuring that businesses can reach their customers. However, the sector is facing a driver shortage (76, 000 in 2021). With an increase in online ordering due to the pandemic we urgently need to address this national problem to ensure that businesses can continue to grow. We urgently need to tackle this issue and raise public awareness of the importance of this sector or face huge disruption in the future.

Brexit uncertainty and a pandemic that allowed online markets to grow very quickly have exacerbated pressures on the logistics industry. For example, in Q1 2021 there was a 46% increase in home deliveries. As well as pressures from online ordering the industry is also seeing a reduction in EU drivers, according to Logistics UK a 36.3% fall in EU HGV drivers in the UK compared to 2019, there was also a 1.5% drop in UK drivers. As well as facing driver shortages the industry is also facing an ageing workforce, 47% of UK drivers are over the age of 50 with only 1% currently under 25 which will cause major issues with increasing numbers of drivers retiring.

The logistics industry is trying to make the industry more attractive through improving working conditions investing in new vehicles and greater health and safety measures. The Government also needs to play a role in supporting the industry and overcoming driver shortages for the good of the UK's economy.

Measures to support the industry include with the high costs of driver qualifications through interest-free loans or grants to help people to cover the high costs of driver

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qualifications and enabling the industry to train HGV drivers themselves, reforms to the Apprenticeship Levy so businesses can unlock funding, and quickly working through the backlog of HGV tests due to the pandemic. If the skills shortage continues then having HGV drivers added to the Government's shortage occupation list will also help to attract drivers to the UK.

The Government and the logistics industry need to work together to overcome barriers to people becoming drivers. If we don't urgently tackle this issue driver shortages will hold back the North East's economy at a crucial stage in our economic recovery.

Yours sincerely,

James Ramsbotham CBE DL, CEO, North East England Chamber of Commerce