



Arbenigwyr mewn Busnes  
Experts in Business

Senedd Cymru  
Pwyllgor yr Economi, Masnach a Materion Gwledig  
Diffyg gyrwyr cerbydau nwyddau trwm a phroblemau â'r  
gadwyn gyflenwi  
HGV - 08  
Ymateb gan: Ffederasiwn Busnesau Bach Cymru

Welsh Parliament  
Economy, Trade, and Rural Affairs Committee

HGV Driver Shortage and Supply Chain Issues

Evidence from: Federation of Small Businesses Wales

November 2021

Paul Davies MS

Chair - Economy, Trade and Rural Affairs Committee,

Welsh Parliament,

Cardiff

CF99 1SN

Dear Chair,

## HGV Driver Shortage and Supply Chain Issues

1. FSB Wales welcomes the opportunity to respond to this consultation. Given the timescales of the consultation, and indeed other competing issues at this particularly challenging time, it should be noted that limited engagement with membership has taken place on this topic and so the points raised are largely anecdotal.
2. Nonetheless, the accounts of SMEs illustrate a persuasive case that there is cause for concern in this area. They also align with the impacts we would logically expect to arise from this issue.
3. Small businesses, as well as contributing to community resilience and the provision of important services, are vital employers. Indeed, SMEs are 99.4% of businesses in Wales. Therefore, the HGV driver shortage crisis has palpable consequences for the viability of small businesses across all sectors and regions of Wales – particularly in relation to disruption caused by delays or increased costs.

## Multiple threats

4. Chaos caused by the pandemic in global trade means shipping costs are soaring, while some goods are stuck in ports because there are too few lorry drivers to move them to warehouses. Small firms trying to recover from the pandemic are facing a barrage of hits to this which is now very visible.
5. Many small businesses will have little choice but to pass on at least some of the increased costs they're facing to consumers as the festive season swiftly approaches, unless appropriate interventions

**Ff/T** 029 2074 7406  
**E** wales.policy@fsb.org.uk  
**W** fsb.wales

**C/A** 1 Cleeve House,  
Lambourne Crescent,  
Caerdydd, CF14 5GP

**Swyddfa Gofrestredig | Registered Office:**  
National Federation of Self Employed and Small Businesses Limited,  
Sir Frank Whittle Way, Blackpool Business Park, Blackpool, FY4 2FE

**Cofrestrwyd yn Lloegr Rhif | Registered in England:** 1263540



Arbenigwyr mewn Busnes  
Experts in Business

are taken. From higher energy prices, to spiralling shipping fees, to rising costs for raw materials and components, there is a limit as to how much more cost small businesses, already running on slim margins as we emerge from lockdowns, can shoulder themselves.

6. The late payment crisis, which has been exacerbated by recent disruption, is aggravating the problem, adding to the pressure on the bottom line. Compounded by staff shortages – and tax hikes in April – this begins to paint a bleak picture.

---

### *Case study – Manufacturer, south Wales*

As a consequence of documentation delays and HGV driver shortages, an SME which previously operated on a three-week lead time for some key ingredients has, in some cases, is now experiencing a six-month lead time. This has had a significant impact on operational capacity, production planning, and costs.

---

## **EU Withdrawal – Impact on supply chain issues**

7. The impact of the move to trading under the TCA has also been significant and particularly challenging for many smaller firms across Wales engaged in cross-border trade in goods with the EU. FSB UK have been surveying this quarterly throughout this year. The headline figure from our most recent of these surveys—in September—is that about a fifth of our members who export to the EU, or previously exported to the EU, have stopped that activity since the beginning of this year. Of that, 4% say that it is a permanent stop and 17% say that it is a temporary stop in their view. But there is a significant challenge for many of our small firms trading in goods, and the reasons behind that are numerous: VAT is a particular challenge, both for import and for export, as are rules of origin.
8. The cost of freight is also having a knock-on impact to supply chains, both to importers and exporters. Members who have stopped trading with the EU or who are finding it particularly challenging refer to



Arbenigwyr mewn Busnes  
Experts in Business

structural changes and issues such as the burden of VAT registration, the changes to the rules of origin, and naturally the volume of customs paperwork.

9. FSB UK asked a question about concerns in a survey conducted in this area in early September, and the results were worrying. Of those who think they will be affected by the introduction of import controls, only 20% think they are fully ready, and the remaining 80% sit on a scale from “still getting there” to “not aware”. There is a significant amount that still needs to be done to build on this ahead of upcoming changes. Making SMEs aware of the challenges on regulatory compliance is essential.

## Meeting the challenge of driver shortages

10. FSB remains committed to working with decision-makers at all levels on long-term solutions to attract more drivers into the industry. However, there is concern that the Welsh and UK Governments are not addressing the short-term severity of the crisis. Equally, efforts to attract drivers from rivals, temporary visas to persuade people back from the EU and tempting drivers from their retirement simply do not meet the scale of the long-term challenge. Indeed, the UK Government’s scheme to introduce temporary visas appears to fall short of the addressing both the immediate crisis and the longer-term trends.
11. There must be a renewed focus on attracting a new stream of drivers to the workforce. For example, it is an uncomfortable reality that the sector is dominated by men. Efforts must be dedicated to increase the appeal of the industry to a wider and more diverse workforce; this involves addressing any misconceptions, particularly around the perceived necessity of this being a physically intensive role. While technological advancements have taken place to relieve some of the physicality, it is undoubtable that stereotypes and assumptions remain and limit the potential wider market appeal of the work.
12. Equally, governments must incentivise the industry to increase the flexibility of the role to bolster the appeal among these demographics, and better align with modern lifestyles and career expectations.
13. Exporters, who are among some of the most innovative small firms, need more support, with delays at the border and soaring costs, or risk hampering their efforts to recover. Measures such as uprating the



Arbenigwyr mewn Busnes  
Experts in Business

Employment allowance to support firms struggling with recruitment costs would help to free up cashflow to spur recovery of local communities, and promote hiring.

14. Small firms are the backbone of our economy, and the economic impact upon them impacts upon all our communities.

15. It is important that we look at developing a clear strategy to widen the appeal of the HGV driver role, promotes its benefits to wider population, and that there are clear and rewarding upskilling opportunities and pathways toward this role. There is also a need to make a better appeal to potential workers everywhere to fill these gaps in the interim in the UK.

**Brett John**  
**Deputy Head of Policy**  
**Federation of Small Businesses Wales**

**Ff/T** 029 2074 7406  
**E** wales.policy@fsb.org.uk  
**W** fsb.wales

**C/A** 1 Cleeve House,  
Lambourne Crescent,  
Caerdydd, CF14 5GP

**Swyddfa Gofrestredig | Registered Office:**  
National Federation of Self Employed and Small Businesses Limited,  
Sir Frank Whittle Way, Blackpool Business Park, Blackpool, FY4 2FE

**Cofrestrwyd yn Lloegr Rhif | Registered in England:** 1263540