



**Food and Drink Supply Chain All-Party Parliamentary Group
Oral Evidence Session**

***Second mini-inquiry session into the availability of HGV labour
Delivery of food and drink into foodservice and retail***

Meeting details

Date: Tuesday 22nd March 2022

Time: 11.15am – 12.15pm

Location: Zoom

Minutes were taken by: Shauna Dubler, DGA Interel

Members Present

- Matt Vickers MP – Chair
- Daniel Zeichner MP – Vice-Chair

External Speakers

- James Bielby – Chief Executive of the Federation of Wholesale Distributors
- Andrew Selley – Chief Executive Officer of Bidcorp UK
- James Russell – Managing Director of AF Blakemore
- Neil Lockyear – Operations Director of Harvest Fine Foods

External guests

- Rebecka Steven – British Soft Drink Association
- Adam Isaacs – DGA Interel
- Shauna Dubler – DGA Interel
- Sonia Kharaud – DGA Interel

Minutes of the meeting – 11.15-12.15

Matt Vickers MP opened up the APPG session and asked the witnesses to introduce themselves.

James Bielby introduced himself as the Chief Executive of the Federation of Wholesale Distributors (FWD), an organisation that represents the supply chain of retail and foodservice. He noted that FWD has approximately 600 members who deliver to each and every postcode every day and added that FWD also supports the provision of food into the public sector.

Andrew Selley introduced Bidcorp as one of the largest suppliers into the food and hospitality industry which operates under the Bidfood and Bidfresh brand names. He added that Bidcorp operates out of 35 sites across the UK, and employs approximately 5,500 people.

James Russell introduced himself as Managing Director of AF Blakemore, a privately owned family business with a turnover of approximately £1.2 billion. He added that Blakemore is the largest independently operated convenience store network in the UK, with over 250 Spar's across England and Wales while also servicing an additional 750 Spar shops across the same territories. James also noted that AF Blakemore serves around 1,000 pubs and restaurants, as well as 1,000 schools and care homes.



Neil Lockyear introduced Harvest Fine Foods, stating that they operate a mixed fleet of 36 vehicle ranging from lorries to vans, operating at both a part-time and full-time capacity. He added that being a driver is a physically demanding job which comes more challenging with the age demographic.

Matt Vickers MP asked James Bielby if he could provide an overview of labour shortages in the HGV sector and how this is impacting the wider food and drink supply chain.

James Bielby stated that labour shortages are currently the main issue still affecting the sector, compiled with the added pressure of externalities of the crisis occurring in Ukraine. James noted that the worst of the problem identified last late year has not gone away, the sector was merely been able to supply over the festive period due to Omicron suppressing the usual quantity of demand. He stated that it is normal for the sector to experience a drop in demand over the January and February months which meant that the pressures on the supply chain have been felt much less. James said that as demand increases towards Easter, and with the upcoming Jubilee celebrations, pressure on the supply chain will come to the fore once again. He added that at the height of the labour shortage, there was a shortage of 100,000 HGV drivers which has now decreased to approximate 80,000 with increased testing and qualifications. James stated that the labour shortage of HGV drivers is likely to be felt for several years still across a myriad of sectors.

Andrew Selley agreed with James had noted that there is a danger that we are being complacent on the issue. He argued that nothing had changed since last year and that there is a large pool of newly qualified drivers, all with less than a year of experience. He also noted that there are wider issues than a shortage of HGV drivers, but that Bidcorp were also experiencing massive delays for new vehicles and vehicles repairs. Andrew stated that he hadn't seen a massive increase in the speed of test accelerations. Although the easing of covid rate infections will allow more people to come into the workplace, the growing rates of infections is a cause for concern. He added that problems are in no way resolved.

James Russell echoed Andrew's sentiment saying that the industry was merely running to stand still. Without capabilities of growing driver fleets, the cost of CO2 rising by 1400% and with AdBlue at an all-time high having seen an increase in costs by 400%, the sector is struggling to grow. James stated that the situation has not been resolved and that we are merely witnessing the calm before the storm. He noted that as demand opens up in April and in the summer, the sector is likely to see significant challenges as well as in the upstream supply chain. James added that while he does not expect to see the same situation as last year, he does expect to see major disruptions during the summer months.

Matt Vickers MP asked what the industry is doing to try to solve the problem, and what more could it be doing.

Andrew Selley said that Bidfood has invested significantly in upskilling their fleet to train from the warehouse to the wheel however, this has been hampered by a lack of testing availabilities. He added that Bidfood has established a driver academy to upskill new drivers. He added that they have invested in good facilities, and do believe their drivers feel respected but the hard nature of the job and training required has been a barrier to increasing driver uptake.

James Russell agreed, saying that Blakemore has tried to increase the supply of labour by investing in street and warehouse to wheels programmes. He added that they have invested in great facilities so that the driver can have a good quality wait time when on-site. Additionally, Blakemore has introduced drivers mates to try reduce the pressures on the supply chain.

James Bielby noted that the industry is doing as much as it possibly can within the constraints of its capabilities. He added that 50% of people who are trained in HGV driving exit the market, therefore



making the issue not just about recruitment but also about retention. He said that poor rest stop facilities and how drivers are badly respected make retention incredibly difficult.

Neil Lockyear stated that Harvest Fine Foods encourage its drivers to take more online courses to get their CPCs. He added that they work with trying to lower the age demographic their driving fleet and use larger vehicle to help with the reduced labour capacity.

Matt Vickers MP asked what the forthcoming year looked like and which would be the pressure points?

James Russell noted that convenience stores see an increase in trade by 20% during Easter and summer, adding that hospitality often make changes to their menus during this pre-easter period. He added that at Easter last year, the sector began to feel the shortage of HGV labour and said that they are already starting to feel it now.

James Bielby added that the pressure point is likely to extend beyond summer this year with the World Cup in Qatar adding significant pressure all that way through to the end of January following the festive period.

Daniel Zeichner MP asked whether there existed a motivation to remove the competition law to help with sharing and ease the driver shortage.

Andrew Selley stated that this would not be applicable in the wholesale sector and is more beneficial for third party actors who they service. He added that in the sector there is no opportunity for sharing as no one currently has an excess of drivers.

James Russel stated that Blakemore did communicate with buying groups and members to try and find spare fleets and drivers. Ahead of hospitality opening up in 2021, there was the availability of drivers which was found through these conversations however, once hospitality opened up again there was no point in facilitating these conversations as there was simply not enough drivers.

Daniel Zeichner MP asked witnesses about the connection between the wholesale sector and supermarkets.

James Russell highlighted that the wholesale sector does not have a formal relationship with the supermarkets to be able to call on them for support.

Matt Vickers MP asked the witnesses what was the cost uplift as a result of the fuel crisis.

Andrew Selley said that diesel now accounts for 5% of Bidfood's total costs, having gone up by 40% last year. Additionally, there has been a huge jump in electricity with further costs on butter, baked beans and cooking oil. Andrew then noted that the allowance given by the Government for supplying free school meals has not increased since 2013 while the cost to supply food has increased enormously. As a result, it is becoming more and more difficult to supply hot meals to children.

James Bielby said that servicing the public sector can no longer really be done for a profit as it becomes increasingly difficult to supply. The increasing costs of energy, heating and lighting are making it less profitable. Therefore, servicing the public sector is extremely vital but becoming increasingly difficult to do.

Matt Vickers MP asked the witnesses what are the major challenges in the uptake of HGV labour.

James Bielby said that it is vital to allow foreign workers to come over and work as HGV drivers. He noted that the UK has introduced a number of schemes across the supply chain but the HGV scheme



that was introduced last year fell short of the mark by not offering long enough visas and as a result not being an attractive prospect for people to draw labour in.

Daniel Zeichner MP asked whether the main ask from the industry was to introduce a Covid recovery visa style approach?

James Bielby said that he would not call it a Covid Recovery Visa, but follow a similar principle as the visa for temporary workers. He reinforced the notion that the temporary visa for three months was no longer enough, as exemplified by the notion that there were 5000 visas made available and the number of worker that came over were only in the hundreds.

Andrew Selley said that, in the long term, the sector will need to focus on retention and not just recruitment. He noted it is a low productivity role on high wages.

James Russel stated that speeding up testing would significantly improve the situation. He added that there is a need to draw from the pool of ex-HGV drivers who could be enlisted on a part-time contract.

Matt Vickers MP asked about the impact of the IR35 tax regulation being removed.

James Bielby noted that it had had a huge impact when it was removed but the impacts were an immediate increase in cost to employers, there has been few long-term repercussions.

Andrew Selley noted that Bidfood were not impacted as all their drivers were employees. He recognised that the wider HGV community would be impacted but said he could not speak to it.

Matt Vickers MP asked if the industry could drive change and improve retention.

James Bielby said that the nature of the profession is not an attractive proposition in terms of working conditions. While there is more of a financial incentive, the social impacts have not been addressed such as the bad rest facilities, long hours and a lack of respect.

Andrew Selley noted that the social impacts are felt less when delivering to the hospitality sector as the hours are better with decent rest facilities. He noted that the challenge is finding the right people.

James Russell said that the work-life balance is not attractive to the younger demographics but the solutions for retention will not be found overnight.

Matt Vickers MP asked the witnesses what the Government can do to support the industry.

James Bielby stated that there is a need for more attractive temporary visas, and the need to ramp up testing and licenses and skills bootcamps. He added that the Government should be aiding the sector and supporting them with recruitment.

Matt Vickers MP asked the witnesses if the Government should look at supporting the sector through a prison leavers programme.

James Russell and **Andrew Selley** stated that they both actively engage in programmes like these.

James Russell noted that a prison leavers programme helps to boost capacity in the short-term, however, it is far easier to bring in trained labour from abroad. In the long term, the sector need to boost its attractiveness. He added that the Government should look at reducing the national insurance and decreasing the fuel duty for energy-intensive industries.



Neil Lockyear stated that he was in agreement with the statements made.

Andrew Selley agreed with the point made but added there needs to be more allocation of money to the sector for servicing the public sector. Additionally, Andrew called for the Government to extend support to the hospitality sector with cuts to VAT. He added that the rising costs in food inflation may reduce pressures on the supply chain.

Daniel Zeichner MP asked how dangerous is the rising food prices and how will this affect the public sector. He added that the pandemic proved that the Government can do what would previously have been unthinkable, as such, should the Government be treating food inflation more like a national emergency.

Andrew Selley stated that Bidfood provides food for schools, the MOD, and other areas of the public sector. He noted that the soaring prices are resulting in reduced choice or reduced portion sizes.

Daniel Zeichner MP noted his frustration at the inaction of the Government and asked whether the industry required a stronger response?

Andrew Selley said that there was definitely a need as food security has always been taken for granted. He stated that the National Food Strategy needs to address these issues

Matt Vickers MP closed the session.