FTA Freight Transport Association

Matthew Taylor Review:
FTA Submission

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About FTA

1. The Freight Transport Association (FTA) is one of Britain's largest trade associations, and uniquely provides a voice for the entirety of the UK's logistics sector. Its role, on behalf of over 15,000 members, is to enhance the safety, efficiency and sustainability of freight movement across the supply chain, regardless of transport mode. FTA members operate over 200,000 goods vehicles - over half the UK fleet - and some 700,000 liveried vans. In addition, they consign over 90 per cent of the freight moved by rail and over 70 per cent of sea and air freight.

Logistics and Employment

2. The logistics sector is a massive employer in the UK and invest heavily in skills. Operators and users employ approximately 2.5 million people in logistics and this is growing each year. Within this there are 315,495 HGV drivers employed within the industry and 399,420 employed in a warehouse role, however during peak periods this will rise.

3. The industry has invested in training significantly over the past 5 years with Driver CPC and increased take up of apprenticeships. Skills development is a priority for the sector, as there are currently labour shortages of drivers and technicians. The sector is working with various bodies such as DWP, the MOD and schools to promote logistics careers. Skills shortages have helped increase pay where the average salary of a driver has gone up by 5% during 2015-16, which is nearly twice the national average.

4. The logistics sector is currently experiencing skills shortages, there is a shortage of 35,000 HGV drivers and many businesses are now highlighting problems recruiting HGV technicians and specialist office staff.

5. The logistics sector is the 5th largest employer of EU workers. Post Brexit it will be important that this workforce is retained. 13% of HGV Drivers, 18% of Forklift drivers and 25% of warehouse operatives are from the EU*. If restrictions to this workforce are introduced then the logistics sector will suffer severe skills shortages.

6. Self-employment has risen across the UK post recession and now represents 15% of the workforce and 4.77 million people. The logistics sector have followed this trend and has seen an increase of self-employed workers, 11% as of Q4 2016. 3% of logistics workers consider themselves agency workers*.

7. Due to the nature of logistics, it is crucial that we retain flexibility of the workforce. Many areas within logistics are seasonal and therefore will have significant fluctuations in workforce numbers. For others work load will fluctuate day to day as companies respond to client's needs – a flexible business model is essential for companies to be able to meet this requirement. being able to utilise self-employed contractors on an as needed basis is a vital part of this.

*ONS Labour force surveyQ4 2016

Security, pay and rights

8. Employee pay can be confusing in relation to minimum living wage and apprenticeship pay, with different minimum pay for differing age groups. As recent media coverage highlights, this has been a problem for large organisations with specialist HR departments. This is even more complicated for smaller businesses who don't have a separate HR department.

9. The use of agency workers is already tightly regulated. For example, the current regulations around the 12 week rule for agency workers means that they are entitled to the same basic conditions of employment as if they were directly employed, including pay and annual leave. This ensures that there is fairness and balances the rights of agency workers with employees.

10. There are some areas of logistics that make use of self-employed people. Most notably in construction whereby work will be sub contracted out to self-employed HGV drivers who have their own O Licence and are therefore already tightly regulated with regards to compliance and health and safety.

11. Self-employed drivers have the benefit of being able to work for different companies, set their own hours and have flexibility of work. This also enables businesses to react to varying levels of demand.

12. FTA believe that the rules around self-employment are unclear and can be misleading. There must be a simple test that businesses and individuals can complete that will clearly state whether the person is self-employed or classed as employed. This should be made available online.

13. For those smaller businesses that would like face to face assistance with regards to employment matters, Jobcentre Plus sites could be utilised to provide small businesses with this information. This would also create a relationship with these businesses who may not already be using the recruitment services that Jobcentres provide.

Progression and Training

14. With the launch of the Apprenticeship Levy, all training focus has moved to apprenticeships. However due to the 12 month minimum time for training, this shuts out agency and self-employed people. Recruitment agencies are required to pay the levy despite having limited opportunities to make use of their levy funds.

15. If the Apprenticeship Levy funds could be used for other vocational training then agency workers could access this funding for upskilling. For example, an agency worker currently working in a warehouse could access funding to gain their HGV licence. Many people who would like the opportunity to take their HGV licence list lack of funding as the reason for not progressing with this.

16. Self-employed people are locked out of any skills funding. With the growing number of self-employed people in the UK, there should be a mechanism that they can access funding for training. Making skills funding available for all will help increase the UKs productivity.

The Balance of Rights and Responsibilities

17. To assist FTA members in keeping to recruitment standards, FTA developed the Driver Agency Acreditation Scheme. As a member of the scheme, agencies have systems audits, commit to core business standards, driver recruitment standards and driver management standards. This is overseen by the governance group and the standards committee. The object of the accreditation scheme was to raise driver agency standards and raise compliance. There are currently 21 accredited companies.

18. HMRC need to work with businesses to ensure compliance and develop guidance. FTA would assist in publicising this to members.

Summary

19. FTA and its members do believe that greater clarity is needed on the definition and use of self-employed contractors. Operators wish and need to ensure they are complying with the law, and therefore some who use this option are seeking better advice and clarity on the correct use of this option. FTA is working to provide this directly as a service to members, but it would be beneficial if Government helped industry with clearer guidance in this area. Especially as it relates to professional drivers – given the family of regulation they are subject to.

20. Self-employed and agency workers are currently excluded from skills funding. There needs to be a mechanism for agencies to use Apprenticeship Levy funds for training and for self-employed people to access vocational training funding.