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# FREIGHT BOSSES FEAR THE COST OF A BREXIT



Our panel of business leaders met for a round table discussion that covered perceptions of the global logistics industry, associated skills shortages and the potential fallout from Britain leaving the EU

## How big an impact would a Brexit have on the logistics sector?

**Peter Isler** One of my first jobs in 1980 was customs clearance of trailers coming in from Germany. It added a day to the transit of freight and we were adding a customs clearance charge to freight movement. You think about transporting 1,000 kilos to or from the Ruhr, which costs £130 to £160. You've got to add another £20 or £25 customs clearance charge, plus the cost in time and money of some of those trailers being pulled over and inspected by customs. So the cost can increase by 15 to 20 per cent and we can't soak that up; it's going to have to be paid by the customer. It makes us uncompetitive to even think about exiting the EU.

**Steve Barry** The Road Haulage Association (RHA) is staying neutral

on the issue: we want to advise our members with as much clarity as possible. We've done straw polls; there's an equal split between members who say 'yes', 'no' or 'don't know'.

**Simon Hobbs** No-one has come forward with a clear argument either way, it's so up in the air and vague. Oxford Economics did a poll in March: 45 per cent wanted to stay, 40 per cent wanted to leave. It's going to be a really close thing.

**Dave Price** If there is a Brexit no-one knows what will happen on a practical level. Are they going to continue to allow British lorries to drive freely through, but put on a charge at the other end? Or will they charge at every border?

**Mary Ravenscroft** One thing joining the EU did do was make people a bit lazy about exporting because

LEFT TO RIGHT

**SIMON HOBBS**  
vice-president,  
UK supply chain  
development,  
Ceva Logistics

**JULIAN STOTT**  
development  
manager,  
MAG Property

**JARED SMITH**  
operations  
manager, DHL

**DAVE PRICE**  
operations director,  
Fresh Logistics

**PETER ISLER**  
managing director,  
Baxter Freight

**JAMES WHYBROW**  
vice-principal,  
Northampton  
College

**MARY RAVENSCROFT**  
head of distribu-  
tion, Midlands,  
Atradius

**STEVE BARRY**  
director, Road  
Haulage  
Association

**JACK KELLY**  
head of external  
affairs, East  
Midlands Airport

they were forgetting there are places beyond Europe.

**Price** All an exit will do is to add uncertainty to business and the country. Nobody knows what will happen. No-one will benefit, neither consumers nor businesses.

**Jared Smith** The potential impact on the currency from a long and protracted debate over the next few months is a concern.

**Julian Stott** It's challenging. There are uncertainties but there's a compelling case to stay in the EU.

## How big a problem are skills shortages and how should it be tackled?

**Barry** There are estimated to be 60,000 foreign drivers supporting the industry in the UK. That's not good for the economy – quite often those foreign drivers are sending those wages home. It's not sustain-



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James Whybrow



Jack Kelly



Dave Price

able in terms of the future core skills that are needed. Driving a lorry is not something which attracts people as a career option. But it's not just about drivers – it's about vehicle technicians, transport managers and people who want to work in warehouses.

**Isler** It's interesting to talk about foreign drivers as a negative. If you didn't have foreign drivers in the UK you'd probably find that the costs of transport in and out of Europe would

"If you didn't have foreign drivers in the UK you'd find the costs of transport would rise dramatically."

**PETER ISLER**

increase dramatically. UK hauliers have found it more competitive to work with foreign hauliers. The market dictates where that labour comes from.

**Barry** It's not about it being preferential to have UK or foreign drivers: it's about the industry's reliance on foreign drivers. If the economic climate was to change in Poland, for example, and those drivers found it more economical to work from home then this country could face a skills shortage.

**Hobbs** We employ a lot of drivers, it's an issue, but it's not the biggest one. The worry for us is that 62 per cent of drivers in the industry are over 45 years old. It's about attracting people into the industry in the long term. The challenge is that a lot of the 16-17 year-olds don't understand logistics. It's about showing them that it's not just about drivers and warehouse staff; there's a whole host of different careers within the industry, including accountancy, design, IT, legal, project management and sales. We need to modernise the industry to show people what it's really about.

**Smith** Working nightshifts doesn't sound attractive, but what's going on then is exciting because it changes constantly. You have late aircraft, late trucks and overloads on aircraft to deal with. Logistics companies also have a wide-reaching area of operations, so you have great opportunities to work globally. I found that attractive and we can use that to market the industry to young people.

**Stott** Logistics is highly skilled and there's a real tech element. We should certainly be marketing the diversity of skills in the industry to young people.

**James Whybrow** We have launched an academy, led by local employers, which gave an introduction to logistics to 200 students. Of that 90 to 100 people said they wanted to find out more and went on a site tour. We're now down to a group of 30, which are being mentored by logistics businesses, with part of it being an employment placement on site. We want to expand this. There are a number of challenges in the



Jared Smith



Steve Barry



Julian Stott



industry but there are a number of solutions for them.

**Jack Kelly** While there are things you can do to make the managerial side of the industry seem sexy, making sure you fill those hundreds of mainly driving vacancies at the bottom of the organisations is difficult; this is a societal issue.

**Barry** People fall into being a lorry driver, warehouse operative or an admin assistant. But only eight per cent of our industry are women, so we need to make it more attractive. Working hours need to be flexible and the facilities more female-friendly. There are thousands of warehouse jobs in Daventry and more than 60 per cent of those are supplemented by EU workers. Local people don't see it has an attractive job with an attractive wage.

#### How long before we see driverless lorries and drones?

**Hobbs** It's not just blue-sky thinking. We've got a driverless vehicle operating in a Mercedes plant in Germany. There's also been talk of a trial on the M6 with driverless lorries; having one vehicle with a driver with nine other trucks behind it; it would literally be a road train. Cars have cruise control and brake and accelerate for you, so the technology is already there.

**Barry** Driverless lorries are only going to be applicable to a very small percentage of the haulage industry. Most of the haulage we do is multi-drop and requires a driver who can understand the intricacies of getting around busy towns and cities.

**Smith** Amazon is looking at drones and DHL has done so in Germany. There are some pretty big hurdles to get over in terms of legal frameworks; who's going to regulate the airspace drones operate in, for example? You look at how busy our airspace is at 31,000 to 37,000 ft. Can you imagine if all the logistics industry started using drones?

#### How big an impact are global events having on the sector?

**Mary Ravenscroft** As a credit insurer we're constantly reviewing what we do because of the way the world's changing, which changes the way



Peter Isler



Simon Hobbs



Mary Ravenscroft

people transport goods. China is one of the places which comes under the microscope. We make 22,000 credit decisions every day on goods being shipped across the world and mainly focus on exports into countries, but we don't just look at the political risks, but civil unrest and the economic conditions. The problems in the steel industry are a massive issue at the moment.

**Smith** One of the big ones for us is the rapidity at which the US changes its rulings. A couple of months ago the US government put out a ruling that exports from Egypt and Syria couldn't fly to the US on passenger airlines, but could only go on commercial flights. We use tonnes of belly freight on passenger aircraft, but suddenly, almost overnight, we're told we can't do that anymore. It's about scrambling around getting round the problem.

#### What is the future for the megasheds?

**Hobbs** There's a need for megasheds where there's consolidation of warehouses and economies of scale to be had. But that's going to plateau. In the retail market 25 per cent of sales are online and the consumer wants immediate response, so the supply chain has got to get much more agile and quicker. So what we're seeing is demand for metro hubs in conurbations which can deliver products on the same day. The market is changing, and click-and-collect services are huge.

**Barry** I was previously the general manager of a 1 million sq ft distribution centre which had 3,000 staff at peak times. You've got to develop a specific way of working in such a large environment. The other issue is how much resource it takes to run one. There's a real drain on local resources and staff and a major impact on road and rail infrastructure. The hub-and-spoke model is becoming more relevant. The lead time from click and collect has more and more focus on it and megasheds don't support that.

**Stott** Big sheds need a lot of power and infrastructure, and a lot of planning goes into them before a customer commits to one.