

# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT

Second Delegated Legislation Committee

DRAFT GOODS VEHICLES (LICENSING OF  
OPERATORS) (AMENDMENT) REGULATIONS 2022

*Monday 28 February 2022*

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**The Committee consisted of the following Members:**

*Chair:* ESTHER McVEY

- |   |   |
|---|---|
| Butler, Dawn ( <i>Brent Central</i> ) (Lab)                                       | † Levy, Ian ( <i>Blyth Valley</i> ) (Con)                                 |
| Drax, Richard ( <i>South Dorset</i> ) (Con)                                       | Lewell-Buck, Mrs Emma ( <i>South Shields</i> ) (Lab)                      |
| † Drummond, Mrs Flick ( <i>Meon Valley</i> ) (Con)                                | † Loder, Chris ( <i>West Dorset</i> ) (Con)                               |
| † Furniss, Gill ( <i>Sheffield, Brightside and Hillsborough</i> ) (Lab)           | † Merriman, Huw ( <i>Bexhill and Battle</i> ) (Con)                       |
| Gardiner, Barry ( <i>Brent North</i> ) (Lab)                                      | † Rees, Christina ( <i>Neath</i> ) (Lab/Co-op)                            |
| † Greenwood, Lilian ( <i>Nottingham South</i> ) (Lab)                             | † Solloway, Amanda ( <i>Lord Commissioner of Her Majesty's Treasury</i> ) |
| † Harrison, Trudy ( <i>Parliamentary Under-Secretary of State for Transport</i> ) | † Spellar, John ( <i>Warley</i> ) (Lab)                                   |
| † Hart, Sally-Ann ( <i>Hastings and Rye</i> ) (Con)                               | † Trott, Laura ( <i>Sevenoaks</i> ) (Con)                                 |
| † Henderson, Gordon ( <i>Sittingbourne and Sheppey</i> ) (Con)                    | Stella-Maria Gabriel, <i>Committee Clerk</i>                              |
|   | † <b>attended the Committee</b>   |

## Second Delegated Legislation Committee

Monday 28 February 2022

[ESTHER McVEY *in the Chair*]

### Draft Goods Vehicles (Licensing of Operators) (Amendment) Regulations 2022

6 pm

**The Parliamentary Under-Secretary of State for Transport (Trudy Harrison):** I beg to move,

That the Committee has considered the draft Goods Vehicles (Licensing of Operators) (Amendment) Regulations 2022.

The purpose of the draft statutory instrument is to make necessary changes to the legislation governing the goods vehicle operator licensing regimes in Great Britain and in Northern Ireland. The United Kingdom is obliged to implement the changes following commitments included in the UK-EU trade and co-operation agreement, the TCA.

Although the regulation of operator licensing is a devolved matter, the implementation date is at a similar time to the end of the current mandate of the Northern Ireland Assembly. For that and other reasons, with the consent of the Minister for Infrastructure in Northern Ireland, Nichola Mallon, the draft instrument includes provisions for Northern Ireland.

The aim of our goods vehicle operator licensing regime is to ensure that goods are transported in a fair and safe way. That is a vital aim, given the distances covered on UK roads by goods vehicles, as well as the potential risks to road safety posed by their use. Mandatory criteria are required for an operator's licence, which are that the operator be an effective and stable establishment, with appropriate financial standing, professional competence and good repute. Operators are required to have designated transport managers to oversee their operations.

Adherence to the criteria has been a long-standing requirement for all licensed heavy goods vehicle operators in the UK. The operator licensing regime plays a significant part in the sector's safety record. Maintaining high standards for UK operators is a key part of improving the standing and reputation of the logistics industry, which plays a vital role in the UK economy.

The principal change that the draft instrument will introduce is the extension of the goods vehicle operator licensing regimes in the UK to include light goods vehicles, which until now have not been within scope. Those are vehicles such as vans or pick-ups that weigh more than 2.5 tonnes and up to 3.5 tonnes in maximum laden weight, either alone or combined when used with a trailer. It should be noted that the instrument applies only where those vehicles operate internationally, for hire or reward.

The draft instrument also introduces other minor changes to the wider goods vehicle operator licensing regime, which will also affect operators of heavy goods vehicles. The HGV-related changes are principally associated with the good repute of operators. They include a requirement to be compliant with laws on taxation, such as VAT, and for the business to be registered with Companies House or Her Majesty's Revenue and Customs, as appropriate.

We expect that all well-run businesses already conform to those requirements and have therefore decided to apply the changes to all holders of operator licences, irrespective of whether they travel internationally. That is a deviation from the light-touch approach taken elsewhere, but we see that as a way to ensure that all holders of operator licences adhere to similar standards in this area.

The main purpose of the draft instrument is associated with operators of vehicles weighing more than 2.5 tonnes up to 3.5 tonnes, which will be newly in scope. This instrument will enable them to apply for a standard international licence, which will allow them to continue to operate legally in the EU from 21 May 2022. The provisions introduced for LGVs are analogous to those for HGVs, but differ in some details. For example, more limited financial cover will be required for the operation of an LGV.

I am aware that some colleagues will view additional regulation imposed on UK business with some trepidation. Although we are required by the TCA to introduce the changes, we have done so in such a way as to minimise the extra regulation imposed. We have used flexibilities within the TCA to allow people who have been managing LGV fleets for a continuous period of 10 years up to August 2020 to continue for up to three more years, to May 2025. That allows them to train to become transport managers. Also, we are not introducing environmental requirements for HGV operators that stem from UK law. Those are not required by the TCA. Major trade associations have supported the Department's proposed stance on allowing light goods vehicle fleets those additional flexibilities.

On why requirements for light goods vehicles are being brought in only for vehicles in international traffic rather than all those used domestically for hire and reward, to do so would go beyond the requirements of the TCA, which requires application only to international traffic. That would impose unnecessary regulation on UK businesses. Our approach to operator licensing is rooted in not just EU but UK decisions. The operator licensing system, overseen by the traffic commissioners, started in the 1930s. It continues to be vital to properly manage the use of large vehicles within the UK market. Following this instrument, the way forward for operator licensing for light goods vehicles domestically is a matter for the UK Government and the devolved Northern Ireland Government. The UK Government have no plans to regulate further, but they can do so if it is the right thing to do.

Finally, with regret, I must draw colleagues' attention to a technical problem in this draft statutory instrument that was identified between its laying and this debate being held. The issue is that of scope. The SI is intended to apply only to the operation of goods vehicles. However, as originally drafted, one provision also applies to the operation of passenger vehicles. In doing so, it disrupts some other legislation. Let me emphasise that our policy aim remains for this SI to apply only to goods vehicles. We have brought forward a further statutory instrument, the Goods Vehicles (Licensing of Operators) (Amendment) (No.2) Regulations 2022 to rectify the problem, with the intention that the problem is rectified before this instrument comes into force.

Making the changes set out in these draft regulations will ensure that the UK meets our obligations under the TCA. These changes are modest in scope, and we have,

in general, applied them to the minimum extent possible. There are some very limited changes where consistency between international and domestic licences is vital. Further information is set out in the explanatory memorandum. If the draft regulations were not implemented, EU member states could prevent road transport operations, particularly involving certain LGVs, from entering the EU on the basis that they do not comply with the requirements of the TCA. The draft regulations will ensure continued commercial access to EU markets for UK goods, road transport operators and for those EU operators who trade in the UK.

I commend the regulations to the Committee.

6.8 pm

**Gill Furniss** (Sheffield, Brightside and Hillsborough) (Lab): I look forward to serving under your chairpersonship, Ms McVey.

I hope the Minister will answer a few questions. I would like to pick up on the last few words she uttered. Frankly, in my time in this place I have never known an SI to be suddenly found to be technically legally correct. I wonder if the Minister could explain exactly what technically legally correct is when, clearly, the SI is not correct in any shape or form. We will be going against the Public Passenger Vehicle Act 1981. In the letter that the Minister sent out about the disruption, it seems that it may affect around one case a week. How will it affect that one case a week? The Minister indicated that she wished to see the updated SI completed before this SI comes into being, but, I have to say, with the devastation of the new highway code that was introduced and the fact that nothing was done to warn people until after it had become law, I do not have much confidence that this SI will go through as quickly as we would like. If it does not go through as quickly as the Minister has indicated, what exactly will happen to those who are going to be affected, and what compensation can people access to mitigate this complete mistake by the Government? I am happy for the Minister to address that at the end.

I want to pay tribute to HGV and LGV drivers nationwide. They ensure that our supermarket shelves remain stocked and that vital medicines reach our pharmacies. During the coronavirus pandemic, they have been unsung heroes and deserve our deepest thanks. Goods drivers have been working under considerable pressure of late due to significant problems in the supply chain. Delays in transporting goods in and out of the UK meant that the intricate timescales to which they work were disrupted anyway. The problem has not been helped by the fact that we have a shortage of more than 85,000 HGV drivers in the UK. The Government have failed to address both the short and long-term factors behind this shortage. That has caused immense destruction and been a hammer blow to our economy.

I have significant concerns about the impact of the proposed legislation on operators of light goods vehicles. Under the EU-UK TCA, the Government are obliged to implement these new rules to mirror the new EU regulations. It is for that reason that the Opposition will not oppose this SI. However, the Government must ensure that it is implemented in a way that is fair and that does not place extra regulatory burdens on businesses and disrupt our economy even further.

I must also highlight the sheer length of this statutory instrument. It contains 135 regulations. In all my time in Parliament, I have never come across a statutory

instrument that even comes close to that size. I understand the powers Ministers have given themselves under the EU withdrawal Acts to bring forward these changes, but I am concerned that these regulations are not being given the proper parliamentary scrutiny they require.

Turning to the content of the regulations, I am concerned that the Government are downplaying the impact they will have on business. In the explanatory memorandum accompanying this SI, the Government state that these requirements should

“not impose any particular burden on business.”

However, it is difficult to work out how exactly they have reached that conclusion. In the Government’s own consultation, 17 respondents objected to the changes on the grounds that they would increase regulatory burdens, while 18 were in favour. Some 12 organisations even said that it was likely that they would have to cease or reduce operations due to these regulations. That represents over 10% of total responses. Why then have the Government failed to complete a full impact assessment? Why have they blindly concluded that these regulations will not be a burden on businesses? What is the purpose of running a public consultation if the Government ignore the outcome?

For operators coming into scope for the first time, these new regulations will have a significant impact on their finances. They will cost them £658 each over the first five years and then £401 each for the subsequent five years. Firms operating LGVs are already working on razor-thin profit margins, and without the necessary Government support, they risk collapse. I urge the Minister to consider extra support to ease the transition, beyond the lacklustre support in this SI.

More widely, efforts must be galvanised to bring more people into the logistics sector. Long-term structural problems cannot be swept under the rug any longer. The workforce of drivers is ageing rapidly, with just 1% of HGV drivers under the age of 25. New regulations like these and the extra costs they bring risk alienating people from the industry even further.

The Government must improve working conditions in the sector. That includes investing in new, better-quality facilities for drivers so that they can rest, eat and sleep with dignity.

**John Spellar** (Warley) (Lab): Is there not also a problem that when younger drivers have qualified, the insurance premiums when they start work, before they have two or three years’ experience, are huge? Should there not, therefore, be a Government scheme to encourage people in to spread that load and encourage more young people into what should, essentially, be a younger person’s industry, but very much has an older workforce?

**Gill Furniss:** I absolutely agree with everything that my right hon. Friend said. If we are to get on the right path to our economy growing, we must do everything possible to encourage new people into the industry—and new start-up businesses, too. As I said earlier, it is just another example of a barrier put in the way of achieving what we would like. The extra £32.5 million announced to upgrade driver facilities is, of course, welcome, but it is just a drop in the ocean for fixing the problem.

Another area that the Government must get right, if these regulations are to be successful, is publicity. It is right that the new licences will be available to apply for

[Gill Furniss]

from tomorrow, but three months is a tight timescale for operators to become compliant. I therefore ask the Minister what steps she is taking to contact operators and firms impacted by the changes to ensure that they know exactly what they need to do. That also includes the earlier issues referred to by the Minister, which I have asked for answers on.

Unfortunately, raising awareness of important changes has not been a priority for the Minister's Department; when significant changes to the highway code were implemented earlier in the year, it waited until over two weeks after they were in force to launch a publicity campaign. The same mistakes cannot be repeated as these new rules come into force.

I will finish by once again paying tribute to HGV drivers, LGV drivers and everyone else in the logistics sector. Their work is vital but, all too often, they are under-appreciated. As operators adjust to the new regulations, the Government must work with the sector and trade unions to provide the tools they need to make the transition as smooth as possible. That is essential for the longevity of the sector, all the jobs it supports, and our wider economy.

**Trudy Harrison:** I will try to run through some of the shadow spokesperson's questions. To start, the "technically legal" phrase is because that is exactly what it is. It was perfectly legal, but this is about the policy aim of the actual SI. It became apparent, regrettably after the SI was laid, that the policy aim and intention of the SI would not be met, hence the requirement for resubmission.

The public service vehicle implications are really about an operator's ability, should there be a challenge to the transport manager's—not the driver's—way of working, to bring them in front of a hearing. The hon. Member asks about what will happen if that does not go to plan; it would be using case law, which is what is currently being used to set the precedent for doing just that. I hope that is clear. It is not about the technical legality of the SI, but purely its policy aim.

**Gill Furniss:** I am still not clear on what the Minister just said. Clearly, the SI that we are talking about now comes into force tomorrow. Organisations will be able to apply from tomorrow. As we said earlier, the Minister is hoping that the next SI will start before this one, so is she actually moving the date for the beginning of this one, or will she just go ahead tomorrow and wait for the next SI? Could the Minister clarify that for me?

**Trudy Harrison:** It actually comes into force on 15 March, but I am referring to the SI that we are re-laying because of the irregularity in the initial presentation, which was because of the matter that I referred to earlier. On who it will affect, the hon. Member referred to a number of instances around how it would affect heavy goods vehicle drivers. Just to be clear, a heavy goods vehicle is over 3.5 tonnes. The measure is specifically for vehicles—including their trailers, potentially—between 2.5 tonnes and 3.5 tonnes; it is for light goods vehicles.

On what we are doing for heavy goods vehicle improvements for drivers, we have put 32 interventions in place, which have been really successful. We have seen a fabulous pick-up of people coming into the sector.

Some £32 million has been invested in infrastructure, including in truck stops and other measures to improve the wellbeing and welfare of the freight and logistics industry, which is about more than just truck drivers, and I will talk more about that throughout the next year, when we will be promoting work, jobs and careers in the industry. I had the joy of meeting some apprentices working in the freight and logistics sector during the Department for Education's national apprenticeship week. The number of opportunities in the sector is vast, and we will be doing more to promote those opportunities over the coming months.

This measure falls below the de minimis level of £5 million, so an impact assessment was not required. The other aspect that is having an impact on our ability to recruit people into the sector is the boot camps, which we are working on with the Department for Education and which have been really successful.

I hope the shadow Minister will agree that we are taking tremendous steps forward to improve the recruitment and retention of people in the freight and logistics sector. This is a small, specific measure that will ensure that our relations with the EU can continue and UK drivers can continue to work in the EU without restrictions, which would be incredibly damaging to such a vital sector.

**Gill Furniss:** I am afraid that I cannot agree completely with the Minister. I agree to a degree about the things that the Government have put in place to recruit more drivers but, as I said earlier, £32 million is not a lot of money when we look at the infrastructure within which the drivers now have to work. There are other issues, about which I am sure the Minister is aware, including planning taking such a long time to get a better, newer way of ensuring that all the drivers have a dignified way of life while they are working and delivering things to our tables.

As my right hon. Friend the Member for Warley said earlier about the cost of insurance, I would like to see the Minister put forward a package of measures that will make a significant difference in the short term, not in the long term. We need proper action to do that. During the pandemic, these lorry drivers saved our bacon as well as delivering it. They were the unsung heroes who were out and about every day, travelling all over the continent and back to ensure our shelves were filled and that all things medical were delivered as well. Surely we owe them that thank-you to provide them with proper resources and Government support for them to do their jobs properly and with dignity.

**Trudy Harrison:** The shadow Minister and I agree on the value that is placed on the freight and logistics sector. That is exactly why we want to ensure that these regulations are in place to support this vital sector and the transport managers who will become an essential part of light goods vehicle transportation.

These changes are modest in scope and we have, in general, applied them to the minimum extent possible. With that in mind, I commend the regulations to the House.

*Question put and agreed to.*

6.23 pm

*Committee rose.*



