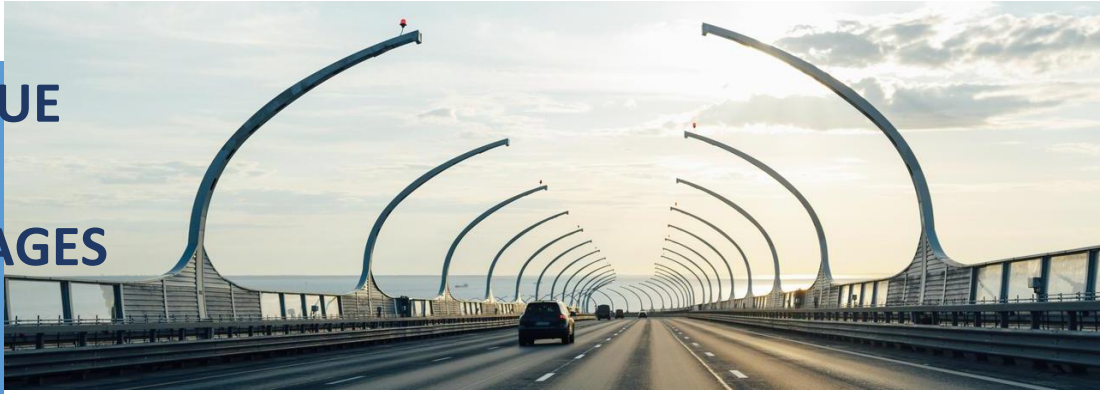


THE REAL ISSUE WITH FUEL SHORTAGES

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In the latest in our series of trade articles, Kieron Franks, Assistant Head of Risk Underwriting, explores the real cause of the UK's fuel shortages.

Despite concerns at the prospect of further fuel shortages, and longer queues at filling stations, the government and the fuel industry have been quick to reassure customers that there are no actual shortages of fuel at the refineries.

So, where do the real issues lie? If there is not an actual fuel shortage, what is the problem?

According to the Road Haulage Association (RHA), the core cause is a shortage of lorry drivers to transport the fuel from the refineries to the filling stations. It is estimated that we currently face a shortage of more than 100,000 drivers in the UK, out of a pre-pandemic total of around 600,000 drivers. To put it into perspective, the previous shortage of staff was 60,000 drivers before the first national lockdown.

It is easy to blame the employment problem on Covid-19, but the RHA says that more major issues are the drawbacks of the job of a driver itself - the wage rate is considered low by industry standards, working conditions are poor, the workforce is gradually ageing, and of course, the impact of Brexit has discouraged international drivers.

The government is relenting on plans to increase the domestic worker capacity through training, but the positive effects of this will only start bearing fruit further down the line. This means shortages of fuel and food in the short term.

To counteract this economic issue, the government agreed that 5,000 overseas fuel tanker and food lorry drivers could apply for temporary UK visas up until Christmas Eve. However, the RHA is sceptical on how effective this will be long term. It feels EU nationals are unlikely to give up full time jobs in exchange for a short-term position.

Additionally, there is plenty of evidence to show that HGV driver shortages are also happening all over Europe, leaving little human resources to spare.

When the UK was part of the single market, drivers were able to come and go as they wished, but with additional border bureaucracy putting extra pressure on HGV drivers, the job is becoming less palatable for some. This is particularly true when considering that a lot of HGV drivers are paid by the mile or kilometre, rather than by the hour, meaning time delays where vehicles are stationary during border checks result in less pay in drivers' pockets.

In addition, a steady decline in the value of the British Pound against the Euro will see less value in European drivers being paid in sterling, making the government's 'tantalising' offer to European drivers an increasingly unattractive notion.

With no long-term government plan to combat the driver shortage, the UK may need to brace itself for future issues with fuel shortages, that could last a lot longer and be more restrictive in terms of 'fuel priority'.

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