

JANUARY 2024

Logistics UK manifesto

Unleashing the power of logistics to drive growth across the whole economy

UPDATED JUNE 2024



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Foreword



Welcome to Logistics UK's 2024 manifesto. With a general election approaching, this is a document to support policymakers to unleash the power of logistics to drive growth across the whole economy.

There is widespread consensus that UK productivity and growth is too low. Whichever party forms

the next UK government, they will need to tackle the cost of living crisis, get growth going, and seize the opportunities and confront the challenges facing this country for the long-term, from climate change to the development of AI. Our sector has a crucial role to play in addressing all these agendas.

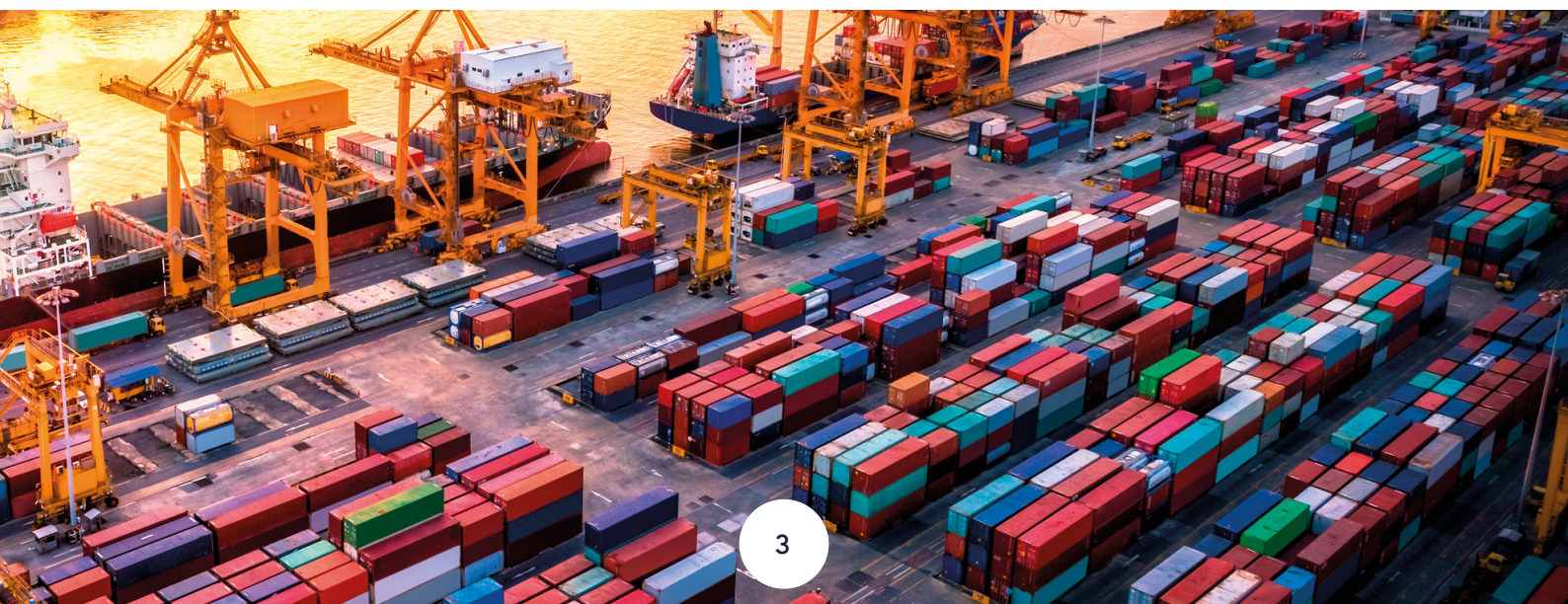
Logistics is one of the UK's largest economic sectors, playing a key role in driving growth across England, Scotland, Wales and Northern Ireland (NI). It creates good jobs using highly technical skills and underpins all other economic sectors. Where it is supported to thrive, it is investing in new, state-of-the-art vehicles, facilities and logistics hubs. However, its potential is too often held back by capacity constraints on the transport network, planning barriers, skills shortages, border friction and more. Maximising the benefit that logistics can deliver to the economy cannot be achieved by any single government department and will require concerted effort across Whitehall. This is why we are calling for the establishment of a cross-Whitehall Logistics Productivity Forum, led by a dedicated minister for logistics and supply chain with cross-departmental responsibilities.

All goods and products delivered to UK households, businesses and public services, and imported and exported, are moved by logistics operators – meaning we all pay for logistics services. It is incumbent upon our sector to strive continually for efficiency, avoiding adding pressure to the cost of living while maximising safety and reducing emissions. We are calling on policymakers to work with us to do the same, by optimising the tax system, regulations and transport investment to make logistics a priority and thereby support the economy for everyone.

Our sector is crucial to addressing the strategic opportunities and challenges facing the country. It is connecting the UK to new markets, investing in automation to optimise supply chains, acting as a testbed for innovation, and is embracing the decarbonisation agenda. Delivering these transformations while supporting economic productivity and growth will require a close, trusted partnership between our sector and the government – and we want to see that partnership strengthened in the months and years to come.

In short, if the UK is to control costs, get growth going and embrace the future, policymakers need to put logistics first. This manifesto sets out how.

David Wells OBE
Chief Executive
Logistics UK



To unleash the power of logistics to drive growth across the whole economy, the next UK government must deliver:

- **A public-private partnership** to unlock investment and enable logistics to maximise the benefit it can deliver to the economy. This must be backed by a cross-Whitehall Logistics Productivity Forum, led by a dedicated minister for logistics and supply chain, with cross-departmental responsibilities.
- **Innovative and integrated infrastructure** backed by investment in a national logistics network, planning reforms and innovation funding, enabling goods to be moved in the most productive, strategic and green way.
- **A fair transition to a green economy** backed by an agreed logistics roadmap to net zero and the phase-out of fossil fuels, based on the availability of technology, infrastructure investment, regulatory reform and tax incentives.
- **Skills partnerships to support a thriving sector**, with careers in logistics backed by reform to skills funding and a sustained commitment to attracting people, ensuring businesses have a strong pipeline of talent to draw from and nurture.
- **Trade growth as a driver of innovation and productivity**, with reduced friction at our borders through an evolved and expanded relationship with Europe, and through Trade Facilitation Agreements and Free Trade Agreements to unlock new market access.

In the first 100 days of a new government, the logistics sector needs:

- A cross-Whitehall Logistics Productivity Forum, led by a dedicated minister for logistics and supply chain, with cross-departmental responsibilities.
- A commitment to reform planning for infrastructure projects including identifying the national logistics network and the energy needs of that network, to inform investment decisions.
- Continued funding and support for the Generation Logistics campaign, a detailed plan for reform of the Apprenticeship Levy and a review of funding for technical skills courses.
- Enhanced dialogue between the logistics sector and government on the introduction, and cumulative impact, of changes to trade, customs and border regimes, ensuring businesses have sufficient time to prepare and adapt.
- A dynamic mechanism for Fuel Duty introduced with tax incentives for the use and production of low carbon fuels, to keep costs down and stable.
- An emergency uplift in funding for local roads maintenance, to tackle the repair backlog.
- A commitment to supporting business investment through the tax system and to continuity of funding for freight innovation programmes beyond the current spending review period.



A public-private partnership to boost productivity and growth

There is widespread consensus that UK needs to radically improve its productivity and growth. To deliver this, the UK needs a public-private partnership to unlock investment and enable logistics to maximise the benefit it can deliver, which is a task bigger than any single government department. To address this, the government must establish a cross-Whitehall Logistics Productivity Forum, led by a dedicated minister for logistics and supply chain with cross-departmental responsibilities.

- Spanning land, water and air, logistics delivers for everyone, everywhere, every day – on small margins.**

This activity contributes £185 billion in GVA per year, 12% of the country’s non-financial economy, and the sector pays an annual £5 billion in Vehicle Excise Duty and Fuel Duty, in addition to other taxes.

- Logistics underpins the economy.** Improvements to its efficiency strengthen connections between businesses and with customers, facilitate market expansion, boost competition, and encourage innovation. However, in recent years, the efficiency

of goods movement within the UK and across its borders has declined, harming UK productivity. The UK has dropped from 4th in the World Bank Logistics Performance Index in 2014 to joint-19th in 2023, largely as a result of deteriorating infrastructure quality and increased border friction.

- Research by Oxford Economics** found that reversing this decline and becoming a world leader in logistics would deliver an annual £3.9 billion to £7.9 billion boost to the economy by 2030 through productivity gains.

Logistics creates opportunities across the UK and underpins the whole economy

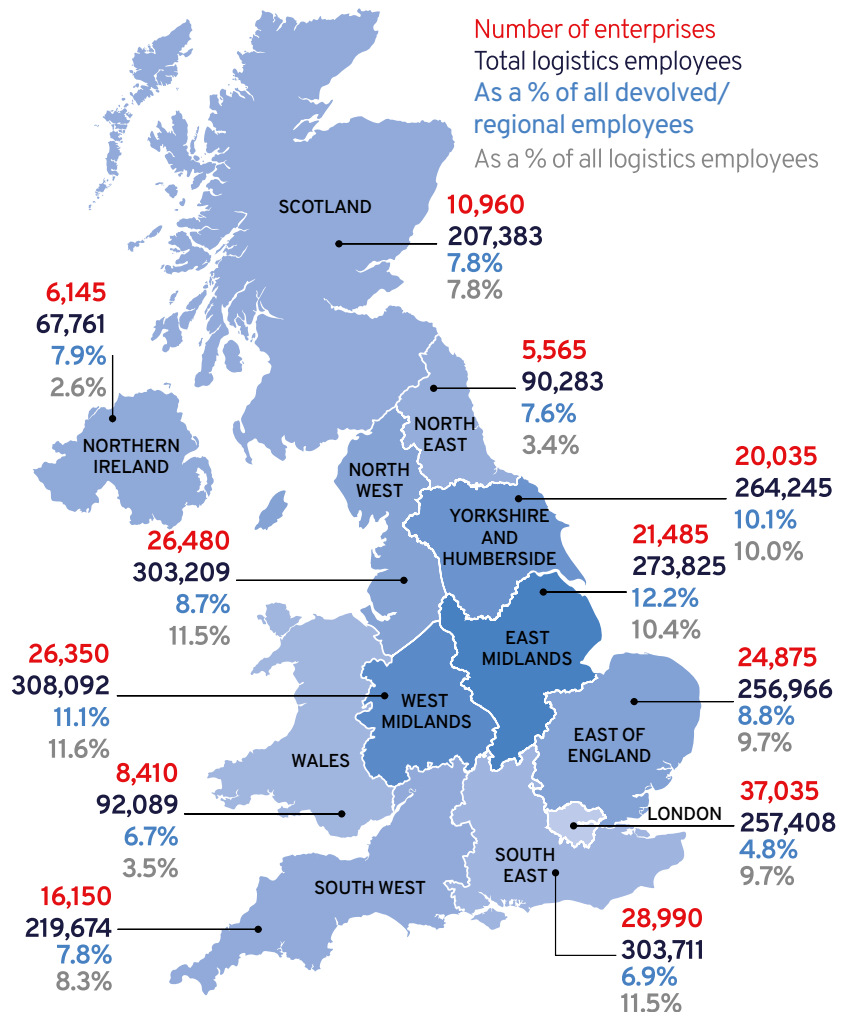
2.7 million people are employed in logistics roles (8% of the UK workforce) and there are 230,000 logistics businesses across the UK, making, selling and moving goods.

Every nation and region of the UK has tens of thousands, if not hundreds of thousands, of people employed in logistics roles.

By partnering with the sector, policymakers can boost growth and jobs in every part of the country, supercharging the economy by up to £7.9 billion per year by 2030 through productivity gains.

Sources:
 Logistics Report 2024.
 Repgraph analysis for Logistics UK.
 Labour Force Survey, Office of National Statistics Q3 2022 and Q1 2023.
 Logistics: delivering a solution to the UK’s productivity puzzle, Oxford Economics, 2023.

Note that a small proportion of the total number of logistics employees are not captured on this regional/national breakdown due to the way in which Labour Force Survey data is recorded.



Innovative and integrated infrastructure

The UK needs investment in a national logistics network, planning reforms and innovation funding to enable goods to be moved in the most productive, strategic and green way. The UK's logistics sector is becoming ever smarter and more integrated, within businesses and between logistics sites and transport modes – and the infrastructure it relies on needs to become more integrated and multimodal too.

A national logistics network

The government's 2022 Future of Freight Plan commits it to working with the freight sector to develop a National Freight Network (NFN). Together with reforms to planning, this must be taken forward, expanded to cover all of logistics and succeed in focusing investment on connecting the UK's key road, rail, water and air connections with its logistics hubs. This will enable goods to be moved in the most productive, strategic and green way, reducing congestion and carbon emissions, boosting trade through better connections with ports and airports, and adding resilience to the overall logistics system and economy.

The UK is being held back by transport congestion and a lack of maintenance

UK transport infrastructure is increasingly constrained, adding further cost to the logistics sector and hampering the economy. Congestion cost the UK economy £9.5 billion in 2022 alone¹. Poor transport conditions, overrunning works, capacity constraints and a lack of network capacity optimisation are all combining to make journey planning highly unpredictable, increasing business costs such as through missed deliveries, unnecessary overtime, increased fuel consumption, inefficient fleet utilisation and damaged vehicles.

Driving logistics efficiency through innovation

Innovation plays a key role in enabling logistics to work as an efficient system. Logistics businesses are leading

the way on the use of robotics and AI, implementing new measures to support modal shift, adopting green technologies to reduce carbon emissions and are training people in new data-based skills. In fact, logistics is at the centre of introducing cutting-edge technologies into the workplace, such as autonomous and remotely-controlled vehicles, robotics and AI. The logistics sector, SME innovators, investors and government must continue to collaborate to create opportunities to develop new solutions, while working together to mitigate the risks and maximise the opportunities that new technologies will bring to society.

Industry-informed and evidence-based standards and regulations

Regulations have a significant impact on the logistics sector, and there is scope for reform to reduce cost, enhance safety and efficiency, and enable transport modes to work more effectively together. Furthermore, regulations will need to change at pace as new innovations are developed. Logistics businesses are encumbered by a patchwork of rules across local areas; a lack of digitalisation in government agencies means operators must still use paper logbooks; insufficient freedom for accredited operators means they cannot take on more responsibility for vehicle testing; there is a risk of the requirements for HGV driver training being reduced; and the lack of an official definition and inconsistent recording of freight crime is resulting in police not prioritising this threat to individuals and businesses.

¹ Source: INRIX 2022 Global Traffic Scorecard





To deliver the innovative and integrated infrastructure that the UK needs to thrive, we are calling for:

- A national logistics network, backed by reforms to planning and alignment between national, regional and local plans, 30-year infrastructure strategies and five-year delivery plans.
- The slow and inflexible nature of the planning system to be addressed to support the delivery of new logistics sites, and enable current sites to be adapted efficiently.
- Investment and planning decisions focused on enabling efficient logistics and tackling the UK's top congestion hotspots on road and rail, and at ports and airports, while adding night flight capacity at airports without curfews to support the UK's trade ambitions.
- Investment in better maintenance of existing strategic and local infrastructure to improve reliability and safety.
- Industry-informed and evidence-based standards and regulations, to deliver a safe and efficient logistics system, and keep up with new technologies being developed and coming into use.
- Government to champion innovation that is delivering an increasingly productive, green and strategic logistics system, continue to provide funding to support SMEs to develop logistics solutions, and work with the sector to maximise the benefits of and mitigate the risks that technology transformation brings.
- Changes to Office of National Statistics data and definitions to better capture logistics activity and inform policy-making.

Fair transition to a green economy

The decarbonisation of the logistics sector must be underpinned by an agreed roadmap to net zero and the phase-out of fossil fuels, based on the availability of technology, infrastructure investment, regulatory reform and tax incentives. The logistics sector is embracing the decarbonisation agenda and is committed to playing its part to help the UK achieve net zero. However, it needs a greater say on plans to deliver a fair transition and unlock private investment.

Achieving net zero while protecting supply chains

Logistics businesses are focused on decarbonising, investing in zero-tailpipe-emission road vehicles; introducing low carbon fuels, including Sustainable Aviation Fuel; and developing plans and calling for investment in rail electrification and clean maritime, including shore power at ports, to enable vessels to switch off their engines and plug into the grid whilst berthed.

The sector is doing this while operating on small margins so must invest carefully to cut emissions while avoiding inflationary impacts for households, businesses and public services. It is also responsible for maintaining UK supply chains, meaning the technologies it adopts must get goods from A to B.

With net zero deadlines approaching, there is a growing risk that the energy infrastructure needed will not be delivered at the pace the sector requires, while zero tailpipe emission HGVs remain unproven for long-distance operations. There is also no agreed plan for the role low carbon fuels will play in the transition, despite them being able to reduce emissions from internal combustion engines by up to 80%². Such fuels can provide a bridging technology for decarbonising heavy vehicles, which is vital as many internal combustion engine HGVs will remain in use into the 2050s.

Managing the costs of decarbonisation through public-private partnership

Unlocking private sector investment in decarbonisation requires the government to work in partnership with industry and be committed to developing clear plans and policies.

It is vital that the logistics industry has a seat at the table to ensure that strategic decisions about energy and fuel move from a 'first come first served' approach to prioritisation by industry and community needs, and based on realistic timescales and available technologies.

2 Source: Zemo Partnership, Market opportunities to decarbonise heavy duty vehicles using high blend renewable fuels, 2021

Such an approach will enable the sector to invest wisely and in a way that keeps costs down for households, businesses and public services.

Transport planning and charging

Improving the UK's transport infrastructure planning and delivery, across modes, is key to enabling goods to be moved in the most productive, strategic and green way.

Pricing and charges also have a significant impact on the efficiency of logistics and its ability to support the transition to a green economy.

The logistics sector is a major contributor to Vehicle Excise Duty and Fuel Duty. At a time when the sector is seeking to invest in decarbonisation, tax rises can stifle progress.

Local patchworks of rules and charging mechanisms increase costs for everyone and can inhibit investment in decarbonisation, especially when they do not align with any overall fuels strategy or where there are no viable alternatives to the vehicles being targeted.

With the transition towards zero tailpipe emission vehicles, we understand the need to review the future of road taxation and pricing. Any reforms should relate to other transport modes too, to encourage the green and efficient movement of goods.





To deliver a fair transition to a green economy, we are calling for:

- An agreed and co-created logistics roadmap to net zero and the phase-out of fossil fuels, based on the availability of technology, infrastructure investment, regulatory reform and tax incentives. This emission reduction plan should include the role of zero tailpipe emission technology for road vehicles and charging, rail electrification and shore power at ports, as well as the role of low carbon and sustainable fuels across transport modes.
- Business investment, including in decarbonisation, to be backed in the tax system by extending full expensing for capital investment to cover leased and hired vehicles, and fees paid to energy network operators to deliver the asset upgrades necessary for vehicle charging.
- Urban logistics supported as an essential part of our communities, backed by reforms to planning and an end to the patchwork of local charges on and regulation of logistics, enabling decarbonisation and emissions reduction rather than simply adding cost and inefficiency.
- A dynamic mechanism for Fuel Duty that, in periods of inflation, enables the Treasury to keep Fuel Duty down by taking into account its tax receipts from VAT.
- The government to work with our sector on plans for road pricing.

Skills partnerships to support a thriving sector

Careers in logistics must be backed by reform to skills funding and a sustained commitment to attracting people, ensuring businesses have a strong pipeline of talent to draw from and nurture. With roles in logistics unlocking opportunities from driving to robotics, delivering strong potential for social mobility, and being essential for maintaining supply chains, it is vital that government and educators work in partnership with our sector.

The sector is working together to attract the next generation

The logistics sector is changing. It is at the centre of the introduction of cutting-edge technologies which are set to reshape the workplace, while also managing the pressures that come with an ageing population. It will need to work closely with government and others to maximise the opportunities that change brings while mitigating the risks.

To challenge perceptions and attract new entrants to logistics, the sector is leading the Generation Logistics campaign – a collaboration between government, Logistics UK, CILT (UK) and over 50 businesses across the sector.

The logistics sector is seeking continued government support and funding for the Generation Logistics campaign for its third year, which begins in October 2024. It is also looking to build a strengthened partnership with government to support the skills needed for growth across the whole economy, and to manage acute shortages, such as vehicle technicians.

Reforming skills funding to ensure businesses support the UK's long-term needs

The Apprenticeship Levy needs urgent reform as it is inhibiting the training the UK needs. Since the Levy was introduced in 2017, transport and logistics businesses have paid £825 million in levy funds. However, due to the constraints of the Levy and structural issues in the skills system, the total estimated amount of funding possible for the sector to have recovered in the same period was just £250 million³. There are a lack of colleges offering the apprenticeships the sector needs, and more flexibility is required to support training for roles that do not necessitate a year-long apprenticeship. The lifetime skills guarantee is also inflexible and barriers to entry are too high.

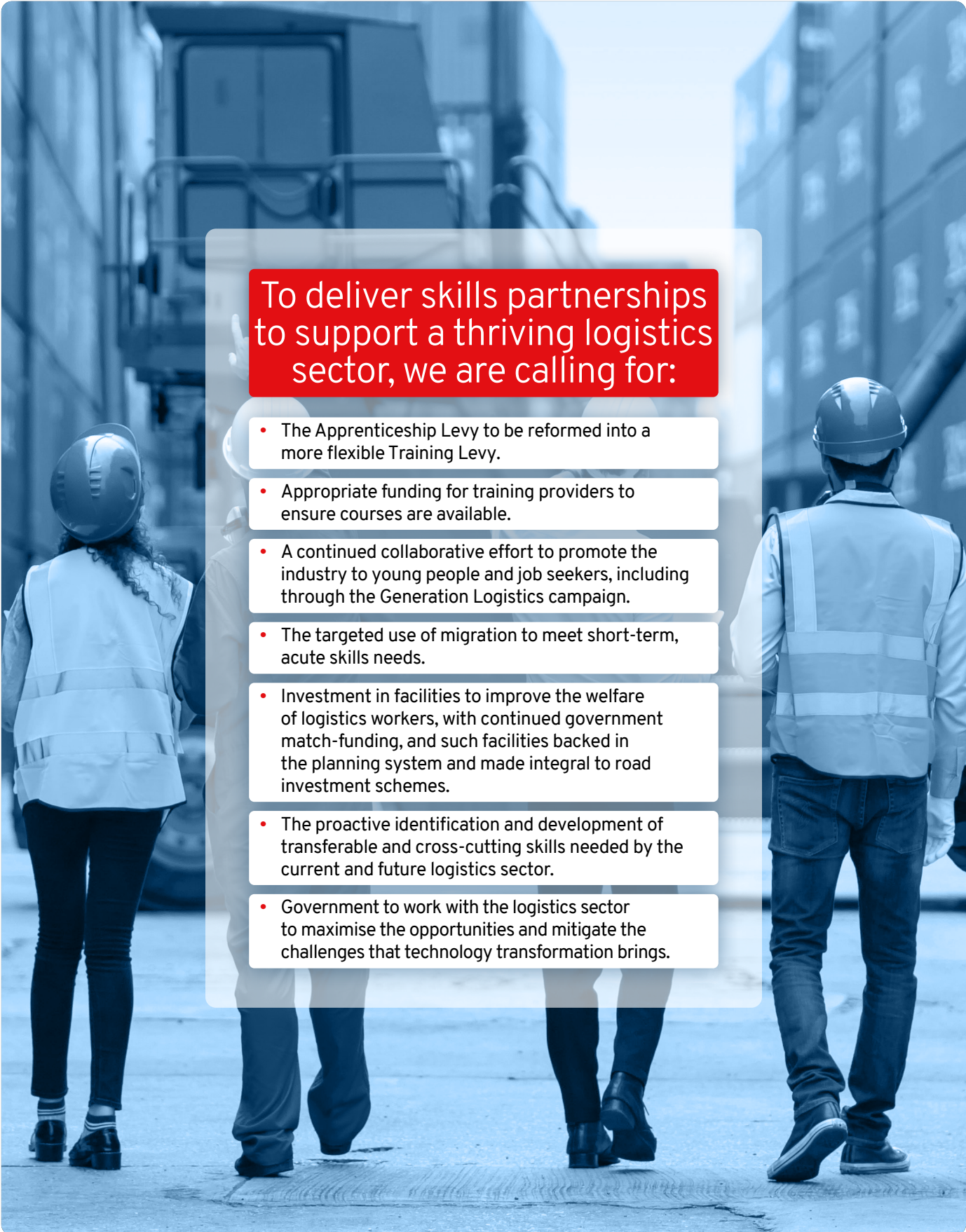


Boosting access and appeal

Too few people fully understand the breadth of the sector and the job opportunities this brings. Research for Generation Logistics undertaken in September 2022 showed that only 10% of 18-to-24-year-olds and career switchers would consider logistics careers, underlining the often-hidden nature of the industry. The sector is addressing this challenge through the Generation Logistics campaign and, by October 2023, had already increased awareness of the sector by 11% and sentiment towards a career in logistics by 170% amongst the above group. However, it cannot do this alone, and needs the support of education providers and skills funders.

To support the welfare of logistics workers, and attract new and more diverse talent, the UK also needs improvements to facilities for logistics drivers. Transport Focus data published in August 2023 shows that most vehicle managers regard current rest stops as being of poor quality, lacking availability, and security, and the latest Lorry Parking Survey shows the utilisation of lorry parking facilities in the England at night is above critical level, at 87%.

³ Source: Analysis for Logistics UK by Jim French MBE, Road to Logistics, Co-Chair Trailblazer Group Transport and Logistics



To deliver skills partnerships to support a thriving logistics sector, we are calling for:

- The Apprenticeship Levy to be reformed into a more flexible Training Levy.
- Appropriate funding for training providers to ensure courses are available.
- A continued collaborative effort to promote the industry to young people and job seekers, including through the Generation Logistics campaign.
- The targeted use of migration to meet short-term, acute skills needs.
- Investment in facilities to improve the welfare of logistics workers, with continued government match-funding, and such facilities backed in the planning system and made integral to road investment schemes.
- The proactive identification and development of transferable and cross-cutting skills needed by the current and future logistics sector.
- Government to work with the logistics sector to maximise the opportunities and mitigate the challenges that technology transformation brings.

Trade backed as a driver of innovation and productivity

To grow trade, we are calling for reduced friction at our borders through an evolved and expanded relationship with Europe, and through Trade Facilitation Agreements and Free Trade Agreements to unlock new market access, as well as the better alignment of transport and trade policy. Logistics enables international trade, importing and exporting goods to the value of over £1 trillion a year⁴. However, barriers to trade, transport capacity constraints and declining international connections are impacting the UK economy, and this must be addressed.

Reducing border friction

Trade thrives when borders and customs procedures are as frictionless as possible, processes are industry-friendly, and transport connectivity is efficient, including through the mutual recognition of standards and qualifications. The cumulative impact of changes to trade and border policies is adding significant cost and inefficiency to the sector. It is crucial that the ambition, vision, transformations and strategic objectives of the 2025 Border Strategy are fully resourced and realised as quickly as possible, that delays, and the number of successive customs and border changes, are minimised and there is clear and timely communication with industry.

The UK and EU's vital trading relationship

Europe is an essential trading partner for the UK. By volume, 68% of our goods trade is with Europe and, by value, 57% is⁵. However, our balance of trade with the EU is deteriorating, with the UK remaining reliant on imports from Europe but failing to grow the value of our exports to Europe compared to our peers. To support UK businesses, this challenge must be addressed at the upcoming review of the EU-UK Trade and Cooperation Agreement.

Keeping GB and NI Trading and exporting

Logistics and haulage businesses have a unique and complex role in the GB-NI supply chain with the Windsor Framework playing a key role in this. Efficient implementation of the Windsor Framework is best achieved when government and the logistics sector work closely together with timely road-testing of proposals, which is particularly important ahead of phase two changes due to come into effect in October 2024. Regulatory divergence remains an inevitable challenge under the framework and, with EU standards on animal and plant health continuing to apply in NI, clear, early

and robust mechanisms need to be put in place to assess and manage this. NI stakeholder engagement at a UK government and joint UK-EU level is vital to address any emerging issues. The UK government must also work to unlock and maximise the economic opportunities and potential for NI from its unique dual-market access including through the use of Free Port flexibilities.

Boosting the UK's global trade

For a trading nation, Free Trade Agreements can play an essential role in boosting the economy by unlocking market access, supporting mutual recognition of qualifications, facilitating efficient trade systems for UK logistics companies, and involving UK businesses – including logistics – in research and development opportunities.



⁴ Source: MDST analysis for Logistics UK based on HMRC trade data for 2022

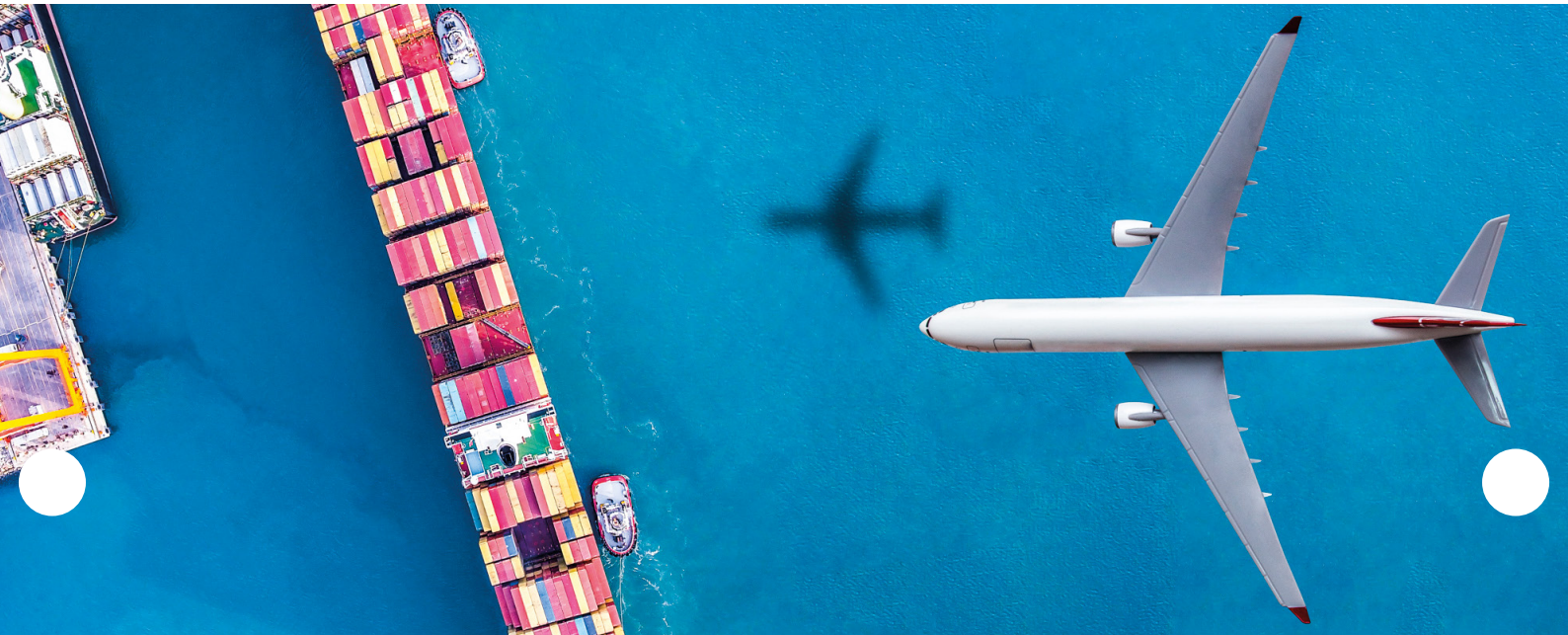
⁵ Source: MDST analysis for Logistics UK based on HMRC trade data for 2022



To grow trade as a driver of innovation and productivity, we are calling for:

- Trade policy to be developed between government and the logistics sector, to minimise changes and ensure there are workable solutions to any challenges that arise.
- Efficient delivery of the 2025 UK Border Strategy, and within that, the Single Trade Window and Border Target Operating Model, in close coordination with the logistics sector.
- The government to work with the EU on customs and border policies to find pragmatic solutions to assist the smooth flow of trade. This includes the introduction of the EU Entry and Exit System in 2024 and finding a bespoke, digital, upstream solution for juxtaposed border areas.
- Efficient implementation of the Windsor Framework, road-testing proposals with the logistics sector (including parcel carriers), ensuring businesses have the time they need to prepare and adapt, and maximising NI's economic potential given its unique dual-market access.
- Evolution and expansion of our trading relationship with Europe, including a new Veterinary Agreement, focussed on making trade as frictionless as possible.
- Free Trade Facilitation Agreements and Free Trade Agreements to unlock market access and enable efficient trade systems for UK logistics companies, to grow UK-world trade.
- An extension to current trading arrangements with Canada and Turkey beyond 2024, to provide continuity and prevent trade cliff-edges, while new Free Trade Agreements continue to be negotiated.

The next general election is approaching. Whichever party forms the next government, they must **unleash the power of logistics, to drive growth across the whole economy.**



To achieve this, the next UK government must deliver:

- **A public-private partnership** to unlock investment and enable logistics to maximise the benefit it can deliver to the economy. This must be backed by a cross-Whitehall Logistics Productivity Forum, led by a dedicated minister for logistics and supply chain, with cross-departmental responsibilities.
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- **Trade growth as a driver of innovation and productivity**, with reduced friction at our borders through an evolved and expanded relationship with Europe, and through Trade Facilitation Agreements and Free Trade Agreements to unlock new market access.

LOGISTICS IS INVESTING IN THE FUTURE OF THE UK'S SKILLS

The logistics sector is challenging perceptions and attracting new entrants to the logistics workforce, through the Generation Logistics campaign – a collaboration between government, Logistics UK, CILT(UK) and over 50 businesses across the sector.

In its **first year**, August 2022 to September 2023, Generation Logistics:



Delivered a comprehensive and innovative **campaign** highlighting the varied and stimulating careers that exist in the sector and promoting it as a profession of choice.



Created over **820 million** opportunities to see its campaign messages, attracted over 780,000 visits to the Generation Logistics Hub, as well as over 3.5 million engagements with social media campaigns.



Enrolled over **330** ambassadors, a collective of talented employees who help to inspire the next generation across schools, colleges and more.

Now in its second year, Generation Logistics is raising awareness of logistics as a career among educators in schools and colleges, as well as with 13-24 year olds across social media.

The campaign is creating and distributing logistics-themed and curriculum-mapped resources for educators across the UK to use in subjects including maths, business studies and geography, and producing a careers guide for every school and college in the UK.



Logistics UK is one of the country's largest business groups, representing the entire logistics industry and supporting, shaping and standing up for safe and efficient logistics.

Our membership of over 20,000 includes global, national and regional businesses and SMEs spanning the road, rail, maritime and air industries as well as the buyers of freight services, such as retailers and manufacturers.

As an organisation, we deliver services, representation and thought leadership, helping members and policymakers to seize new opportunities for the sector and the economy as a whole, right across the country.

To discuss how to unleash the power of logistics to drive growth across the whole economy, contact:
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Logistics UK is a trading name of Freight Transport Association Limited
Registered office: Hermes House, St John's Road, Tunbridge Wells, Kent TN4 9UZ
Registered in England Number 391957

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12.06.24/BG 000947