Response to Welsh Government's consultation on *Just Transition to Net Zero*

15 March 2023

Summary

- Decarbonisation of logistics transport will require the industry to work increasingly as a system. This integration will bring with it changes in roles and the opportunity for more fulfilling careers.
- The transition of the logistics sector towards net zero will generate business development opportunities within the automotive industry and other sectors. The transition will also increase opportunities in transport infrastructure, as the country's various transport systems require investment to become more integrated and greener.
- Provision of physical EV infrastructure will play a defining role in the transition and public chargepoint provision in Wales currently lags behind other areas of the UK.
- The logistics sector is experiencing a shortage of qualified vehicle technicians. While this includes technicians for traditional internal combustion engine (ICE) vehicles, it is increasingly applicable to alternatively-fuelled vehicles (AFVs) and EVs as well. As Wales transitions towards net zero, and vehicle fleets become increasingly electrified, it is vital that the supply of qualified technicians develops in step with the move away from ICE vehicles.
- In the recent Welsh road review, one of the suggestions for the future of freight in Wales was for roadbuilding appraisals to take greater consideration of the welfare of HGV and van drivers, a position which Logistics UK has consistently advocated for.

About Logistics UK

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

We represent a sector delivering an increasingly innovative, productive and sustainable system of essential national infrastructure. This system ensures the availability of the products that households, businesses and public services rely on every day, and is supporting the UK's transformation for the future. Our membership of over 20,000 includes global, national and regional businesses and SMEs spanning the road, rail, sea and air industries as well as the buyers of freight services, such as retailers and manufacturers.

Response to consultation

5. Do you have any evidence to show what the well-being benefits and challenges for each sector could be?

Decarbonisation of logistics transport will require logistics to work increasingly as a system, using the most appropriate transport modes and logistics facilities to get goods from A to B in the most cost effective and green way possible. This integration across the sector will bring with it changes in roles and the opportunity for more fulfilling careers, including the need for and opportunity for cross-skilling, with employees able to move upwards or sideways. To support this, the sector is moving away from the concept of people learning to operate a particular part of the operation for life, and instead to

consider clusters of skills, or job families, that reach across the supply chain. Initiatives like Generation Logistics are supporting this, by shining a light on the breadth and depth of the sector, and the continued professional development opportunities with industry-recognised standards therein.

The adoption of zero tailpipe emission vehicles can lead to well-being improvements for all road users. Electric vans, which have seen an increase in uptake by some logistics operators, tend to provide a better driving experience in general: when polled, our members were close to unanimous in saying that drivers preferred driving an electric van, as they were quieter and cleaner. Also, the automatic transmission in EVs removes the use of a clutch reducing leg and knee joint stress for drivers. Our members report that drivers' driving styles change in EVs, usually becoming more passive as they seek to conserve battery range. No reports of increased incidents have been seen, with some members noting a reduction when driving EVs. Operators say that drivers of all levels of experience enjoy driving EVs and with opt to use them in preference to petrol or diesel vehicles.

6. What evidence do you have on how the transition in one sector may either accentuate or diminish a risk or opportunity in another sector?

The transition of the logistics sector towards net zero will generate business development opportunities within the automotive industry and other sectors, as increased demand for low and zero tailpipe emission vehicles encourages greater innovation and investment in these new technologies. This transition will be partly driven by the phase-out dates for the sale of new non-zero tailpipe emission vehicles. From 2030, new petrol and diesel vans and cars will no longer be sold to the UK market, with 2035 ending the sale of new hybrid cars and vans, and non-zero emission at the tailpipe trucks 26 tonnes and under. By 2040, this will apply to all HGVs. While there are currently no plans to ban the sale of second-hand fossil fuel vehicles, it is to be expected that the supply of fossil fuels will diminish and that spare parts for fossil fuel vehicles will become less available as the natural vehicle replacement cycle progresses. By 2050, it is likely that fossil fuel vehicles will have been phased out. The transition overall will put huge demands on the energy sector – power supply for charging is already a challenge, and we expect this pressure to grow as demand for vehicle charging increases over time.

As commercial vehicle fleets electrify, a large number of job opportunities for vehicle technicians and engineers who have the skills required to service, maintain and repair electric vehicles and charging infrastructure will be generated. There is currently a shortage of technicians with these new vehicle technology skills, and we expect to see demand for experienced and qualified technicians continue to increase as fleets transition to electric and other zero tailpipe emission technologies.

The transition will also increase opportunities in transport infrastructure, as the country's various transport systems require investment to become more integrated, enabling transport to work as a green, efficient system. In addition, it will create demand for increased rail investment in particular. This is because a long-term programme of electrification is required to decarbonise rail transport, and additional rail capacity is required to support modal shift.

12. What evidence do you have that demonstrates the role of finance and/or social infrastructure in facilitating or delivering a just transition?

Provision of physical EV infrastructure will play a defining role as the electrification of cars, vans and lighter trucks progresses. Based on feedback from our members, the biggest challenge for fleet electrification, and thus for delivering a just transition, is the availability of an adequate power supply to charge EVs at depots and the public charging network. For operators who charge their vehicles at their depots, the main infrastructure challenge arises from inadequate energy supply to electrify their fleets at scale. Depending on their location and operating model, operators may need to install a substation. Members have reported quotes up to £1 million for increasing energy supply at their fleet depots leading to some operators to pushing back electrification plans.

Even if a fleet operator arranges for the main charging to take place at their depot, many will still need to rely on the public chargepoint network. And for those operators whose drivers take their vehicles home but who do not have off street parking, or operators whose business model cannot accommodate long overnight charging periods, they will need to rely on the public chargepoint network.

Public chargepoint provision in Wales currently lags behind other areas of the UK. According to Department for Transport figures[1], as at 1 October 2022, Wales had 39 public chargepoints per 100,000 head of population. This is below the UK average of 52 chargepoints per 100,000 head of population. Additionally, the spread of chargepoints is not evenly spread, with large parts of mid-Wales with low levels of provision. Even where public chargepoints exist, many spaces have been designed with cars in mind, making it harder for larger vans to access the public charging network. Spaces are often too small and narrow, without sufficient headroom to accommodate a large electric van and the charging leads are often too short. This makes it much harder for drivers undertaking long haul journeys, resulting in operators continuing to use petrol and diesel vehicles for longer than they would expect to, and even if they are keen to move to EVs.

Another crucial aspect of infrastructure which needs to be considered, and particularly re-considered in the context of the recent roads review, is roadbuilding and maintenance. Roads will remain central to freight in Wales, even if rail freight capacity is increased to help support modal shift. Therefore, the logistics industry should be given the opportunity to make the case for individual road schemes when it feels they are crucial to the efficient and effective movement of freight in the region.

14. What evidence is there to demonstrate the additional support and information needed to identify and develop required net zero skills?

At present, the logistics sector is experiencing a shortage of qualified vehicle technicians. While this includes technicians for traditional internal combustion engine (ICE) vehicles, it is increasingly applicable to alternatively-fuelled vehicles (AFVs) and EVs as well. The issue is especially pressing for AFVs and EVs because these vehicles require a different set of skills to service, maintain and repair. Operators are already having issues finding qualified EV technicians to service their vehicles, meaning that vehicles can be off the road for several weeks at a time – this is especially worrying for smaller operators with only a small number of vehicles in their fleet. While this can be considered an emerging skill, it is already having an impact on operators who have adopted EVs, and it is presenting challenges for meeting customer demand while they wait for an EV technician to be available.

As Wales transitions towards net zero, and vehicle fleets become increasingly electrified, it is vital that the supply of qualified technicians develops in step with the move away from ICE vehicles. Solving this will require a greater number of EV technician courses being offered in Wales – and ensuring that these courses are both well-publicised and accessible to those wishing to train. For example, even in Cardiff there are a limited number of apprenticeships available for vehicle technicians, and many of those that are available are not accessible without a car. The challenge for the Welsh Government, therefore, is to ensure that essential courses like these are being offered in a greater number of colleges, and in areas which are more accessible to the local population. Greater awareness of both the existence and benefits of these courses must also be a priority, in order to ensure that this skills gap does not significantly worsen in the coming years.

[1] https://www.gov.uk/government/statistics/electric-vehicle-charging-device-statistics-october-2022/electric-vehicle-charging-device-statistics-october-2022#regional-distribution-of-charging-devices

15. Are there any particular gaps in supporting a just transition?

Achieving a just transition for the logistics sector, and therefore the wider economy, requires the bringing together of multi-modal transport and energy policy – aiding the logistics sector to work as an efficient and green system.

The logistics sector wants to get goods from A to B in the most cost effective and green way possible. However, there are currently a range of barriers preventing this, all of which are barriers to a just transition – including a lack of visibility of long-term infrastructure plans meaning lost opportunity to unlock private investment; a lack of focus on integrating transport modes in generally-modal transport investment strategies; a need for greater focus on the role that innovation can play in integrating transport modes; issues with the planning system that inhibit the development of logistics infrastructure and facilities where it is needed; and a lack of focus on the low carbon fuels infrastructure and manufacture that will be needed for the transition for larger vehicles – from HGVs to ships and aviation.

In the recent Welsh road review, one of the suggestions for the future of freight in Wales was for roadbuilding appraisals to take greater consideration of the welfare of HGV and van drivers, a position which Logistics UK has consistently advocated for. It was suggested that roadside facilities be improved, so that they are more safe, secure, sanitary, and comfortable for the drivers that use them, and that a greater number of these facilities should be considered when planning future roadworks. As driving fleets become increasingly electrified, drivers will potentially need to make more stops at these facilities, given the variable range of EVs compared to traditional ICE vehicles. Therefore, it must be ensured that the future installation of public chargepoints at roadside facilities is undertaken in conjunction with these essential improvements to the facilities themselves.

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