TfL consultation on ULEZ expansion and future road user charging

July 2022

Summary

- Due to extended lead times for new vehicle orders, a whitelist should be created to enable businesses to continue operating a non-compliant vehicle in the expanded ULEZ whilst they wait for their replacement compliant vehicle to be delivered.
- Any London-specific road user charging scheme must be flexible and adapt to the possible introduction of any future national road charging system to avoid fragmentation of regulation.
- The essential value of freight needs to be taken into account in the charging structure and care must be taken to ensure the scheme's aims to deter private car use are not automatically applied to freight.
- Charges should support the uptake of alternatively fuelled/zero emission commercial vehicles to help build the investment case for businesses whilst recognising that some parts of the supply chain, such as HGVs are more difficult to decarbonise.
- A clear roadmap of new regulatory changes is required with sufficient lead time to fall into business planning/budgeting cycles.
- As well as the LEZ, ULEZ and Congestion Charge, it would also be helpful if the London Lorry Control Scheme (LLCS) could be considered within the framework. Whilst the LLCS is operated by London Councils rather than TfL, to the logistics industry would like to see the consolidation all London-wide schemes impacting on freight.

About Logistics UK

Logistics UK is one of Britain's largest business groups and the only one providing a voice for the entirety of the UK's logistics sector. Our role, on behalf of over 19,000 members, is to enhance the safety, efficiency and sustainability of freight movement throughout the supply chain, across all transport modes. Logistics UK members operate over 200,000 goods vehicles - almost half the UK fleet - and some one million liveried vans. In addition, they consign over 90 per cent of the freight moved by rail and over 70 per cent of sea and air freight.

We seek to ensure that our industry can continue to supply businesses and consumers with the goods they require every day whilst reducing any social impacts – including carbon dioxide emissions and air pollution. The logistics industry wishes to play a positive role in helping reduce emissions.

Logistics UK's policy positions are determined by the members of its Councils. Over 300 managers and leaders from across road freight attend Logistics UK's Freight Councils throughout the UK every quarter. These Policy Councils meet in 13 locations across the UK. Nominated members are then able to participate in the UK-level Road Council where our policy positions on road issues are ratified.

About the Logistics industry

The logistics industry plays an indispensable role servicing our towns and cities, supplying communities and supporting local economies. To enable the industry to operate as efficiently as possible, logistics must be considered part of the UK's essential infrastructure, with appropriate local and national policies and regulatory frameworks in place to support its crucial role.

The impact of logistics operations in urban areas can be minimised through careful consideration of road space reallocation, supportive urban planning and appropriate steps to support future vehicle and mobility technologies.

Response to consultation

Congestion

Congestion causes significant inefficiencies in the logistics sector in terms of delivery times and operating costs, but it also contributes to further CO_2 emissions through tailpipe emissions as vehicle engines idle whilst in traffic. According to INRIX 2021 Global Traffic Scorecard[1], London was the most congested city in the world. Drivers in Cambridge lost on average 148 hours per year due to congestion equating to £1,211 per driver with a total cost of congestion in the capital of £5.1 billion.

Congestion is predominantly caused by passenger cars: In 2021, 222.3 billion vehicle miles (bvm) were driven by cars, compared to 55 bvm for vans and 17.8 bvm for lorries.[2] Given the economic importance of road freight traffic, Transport for London should focus on keeping road freight moving.

Expanding the ULEZ

Logistics UK members are fully committed to supporting the Mayor of London's aims to improve air quality in the capital. Operators of goods vehicles over 3.5 tonnes have been meeting tougher emissions standards since the London-wide Low Emission Zone requirements were tightened in March 2021.

However, recent challenges such as the COVID-19 pandemic and the war in Ukraine have impacted on the automotive supply chain, including the supply of semi-conductors which are vital components in all vehicles. This has resulted in extended order lead times with many manufacturers already closing their order books to some vehicle types in 2023. Logistics UK asks TfL to consider mitigations to allow those who can demonstrate that they have ordered a new vehicle, or plan to order a new vehicle, in response to the ULEZ expansion, but due to circumstances outside of their control, will not have delivery in time for the proposed start date of 29 August 2023. A whitelist should be created to enable businesses to continue operating a non-compliant vehicle whilst they wait for their replacement compliant vehicle to be delivered.

Logistics UK also supports the removal of the Autopay registration fee.

Future Road user charging

Logistics UK welcomes the bringing together of various London schemes into a single road user charge. However, any London-specific road user charging scheme must be flexible and adapt to the possible introduction of any future national road charging system to avoid fragmentation of regulation. Logistics companies operate across the UK, therefore a joined-up approach with London's system fitting into this seamlessly is essential. This includes interoperability of systems and automated payments. It must also be ensured that there is no double taxation.

The essential value of freight needs to be taken into account in the charging structure and care must be taken to ensure the scheme's aims to deter private car use are not automatically applied to freight. Freight journeys taking place in peak hours should not be penalised as often this is driven by customer need. Whilst congestion reduction was expected to be a key aim for a future road user charging scheme, this should be targeted at non-essential journeys where alternatives are available, such as walking, cycling or public transport.

Charges should support the uptake of alternatively fuelled/zero emission commercial vehicles to help build the investment case for businesses. However, it should be recognised that some parts of the supply chain are more difficult to decarbonise. Whilst innovation is taking place to produce zero tailpipe emission HGVs, it will take some time for the market to fully develop and put in place the appropriate refuelling and recharging infrastructure. Consequently, the government has set later phase-out dates for the sale of new non-zero tailpipe emission HGVs, with vehicles between 3.5 tonnes and 26 tonnes having until 2035 and 2040 for HGVs over 26 tonnes. If TfL is to include emissions within the charging structure, there should be recognition of steppingstone technologies that provide greenhouse gas emissions savings, such as CNG, LNG and HVO.

There is an inherent transport cost in everything we buy. As the UK recovers from the global pandemic, we are now faced with a cost-of-living crisis. According to Logistics UK's Manager's Guide to Distribution Costs, total operating costs for a 44-tonne articulated truck increased by 13.4% in 2021, due to increased fuel prices (our members' biggest cost) and upward pressure from wages as the industry experienced an acute driver shortage. At the same time, there was a 5.9% increase in the Retail Prices Index (RPI) inflation rate in the year to December 2021, which raised most other input costs.

[1] https://inrix.com/scorecard

[2] Provisional road traffic estimates, Great Britain: October 2020 to September 2021

This is putting an unsustainable burden on logistics businesses, which traditionally operate on very low margins of around 1 or 2%. Smaller operators are likely to be disproportionally affected by the increase in driver salaries and fuel costs.

Supporting an efficient supply chain and minimising unnecessary regulatory barriers is essential in keeping the cost of goods and services as competitive as possible for London's residents, businesses and visitors.

As well as the LEZ, ULEZ and Congestion Charge, it would also be helpful if the London Lorry Control Scheme (LLCS) could be considered within the framework. Whilst the LLCS is operated by London Councils rather than TfL, to the logistics industry would like to see the consolidation all London-wide schemes impacting on freight.

Finally, it is important that there is a clear roadmap of new regulatory changes with sufficient lead time to fall into business planning/budgeting cycles.

Natalie Chapman
Head of Policy - South
Logistics UK
nchapman@logistics.org.uk