Logistics UK representation to HM Treasury ahead of the 2025 Autumn Budget

October 2025

Logistics UK is one of the country's largest business groups and the only trade association which represents all of logistics. Our mission is to support, shape and stand up for a safe, sustainable and efficient logistics sector.

Our membership of more than 22,000 includes global, national and regional businesses and SMEs spanning road, rail, inland waterways, sea and air as well as the customers of freight services, such as retailers and manufacturers. 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.

Logistics is a vital driver of economic growth, and a pillar of the UK's infrastructure and supply chains. The sector contributes £170 billion in GVA each year and employs 8% of the UK workforce. It is essential to the success of the Industrial Strategy, enabling the movement of goods and services that power every sector of the economy. In an increasingly unstable and volatile global environment, logistics also plays a vital role in supporting expanded defence activities, ensuring national resilience and strategic readiness. Oxford Economics found in 2023 that, working with government, logistics could unlock up to £8 billion a year in productivity-led growth.[1]

This document includes our priorities for the 2025 Autumn Budget. Should you like any further detail about these priorities, please email bgarratt@logistics.org.uk.

Our top fiscal priority: avoid further increases in the tax burden on logistics

Our top priority for the Autumn Budget is to avoid any further tax rises on the logistics sector, as these would stifle growth and fuel inflation across the economy. Logistics costs are embedded in everything we buy, from food and medicines to construction materials and consumer goods, so rising taxes on our sector, whether through Fuel Duty, employer National Insurance Contributions (NICs) or Business Rates directly translate into higher prices for households and businesses.

The recent rise in employer NICs will cost the logistics sector an estimated £1.7 billion this year, as it employs 2.7 million people, 8% of the UK workforce. Any further increases in employment costs would be a direct tax on jobs, damaging competitiveness and investment in skills.

Fuel Duty is another major pressure, and we are calling for the 5 pence per litre (ppl) cut to remain in place beyond March 2026. The logistics industry already pays more than £5 billion each year, over 20% of all Fuel Duty collected by HMRC, with fuel accounting for around a third of the cost of operating a 44-tonne HGV. A rise in Fuel Duty would risk driving up inflation and harming the health and competitiveness of the sector, hitting smaller operators hardest which often lack contracts to enable them to pass the costs of fuel to their customers. In the Logistics Industry Survey, conducted in 2024, we asked businesses for their priorities, and 61.4% of respondents said cutting Fuel Duty is the most important action the government could take.[2]

We also urge the government to work with our sector on a long-term fiscal roadmap for road pricing and vehicle taxation. Any new approach must consider that logistics works as a system – with logistics operators needing to make rational decisions over transport modes, to move goods in the most safe, sustainable and efficient way.

Business Rates are also a significant fixed cost for logistics. Warehouses, distribution centres and logistics hubs across the country face rising bills, with proposals for a higher multiplier on properties

[1] Logistics: a solution to the UK's productivity puzzle, Oxford Economics, 2023
[2] Logistics Report 2025, Logistics UK

with a rateable value (RV) above £500,000 set to disproportionately affect our sector. This will add millions to operators' costs, which will ultimately be passed on through supply chains to retailers and consumers. We therefore urge the Treasury to ensure reforms to the Business Rates system protect investment in logistics infrastructure and do not create additional inflationary pressures.

See our other critical priorities for the Budget throughout this document, covering infrastructure, decarbonisation, innovation, skills and trade.

Why the logistics sector matters

Logistics underpins our economy and is fundamental to our way of life. As the Modern Industrial Strategy states, it "makes a vital contribution to the UK economy and the competitiveness of the IS-8, ensuring that the right goods are in the right place at the right time." It supplies our hospitals, schools, factories, construction sites, shops and homes with everything they need, everywhere, every day – nothing moves without it.

The costs of logistics are borne by everyone, and efficiency of logistics and the growth potential of the economy are completely intertwined. Oxford Economics found in 2023 that getting the policy and infrastructure environment right for logistics would unlock up to £8 billion a year in productivity-led growth by 2030.[3]

However, we are not currently going in the right direction. The direct and indirect costs of doing business are increasing, driving up inflation. The UK fell from 4th to 19th place in the World Bank Logistics Performance index in the decade to 2023, largely as a result of border friction and underinvestment in transport corridors.

Key statistics about the UK logistics sector:

- Contributes £170 billion GVA to the UK economy each year, which is 12% of UK non-financial GVA.
- 2.7 million people in the UK are employed by logistics businesses or perform logistics roles in other business – 8% of the UK workforce.
- The transportation and storage sector attracted £17.7 billion of investment in 2023.
- Paid £5.43 billion in Fuel Duty in 2022, more than 20% of all Fuel Duty paid to HMRC.
- Paying an estimated £1.7 billion more in employer National Insurance Contributions in 2025/26 than in the previous year.
- The industrial sector, a large portion of which is the logistics sector, also paid over £7.5 billion in business rates in England and Wales in 2023. [4] [5] [6]

The health of the logistics sector

The latest data from the Logistics UK Business Performance Index shows a mixed picture of trends in the UK logistics sector, however, the industry is positioning itself well to cope with future expansion and growth.

Measured with >50 representing an improvement and <50 representing a deterioration, overall business confidence dipped back into negative territory, to 48.6 in January 2025 (53.4 in January 2024), reflecting some uncertainty in the industry.

In the 12 months to June 2025, 425 UK haulage businesses collapsed.[7] While investment remains relatively stable at 61.0, indicating continued efforts towards growth and development, we are hearing

[3] Logistics: a solution to the UK's productivity puzzle, Oxford Economics, 2023
[4] Logistics Report, Logistics UK, 2024
[5] Logistics: a solution to the UK's productivity puzzle, Oxford Economics, 2023
[6] Analysis for Logistics UK by Savills, 2024
[7] https://www.gov.uk/government/statistics/company-insolvencies-july-2025

from members that smaller logistics businesses are under particular pressure, impacting their ability to invest in vehicles.

Competitiveness has held steady at 60.8, while revenue has seen a decline to 51.1, suggesting some challenges in generating income. Despite this, there are positive signs in the adoption of new technology, with a score of 76.0, indicating a strong focus on innovation.

Recruitment of skilled staff and perception towards trading arrangements with the EU show moderate improvements, suggesting efforts to address workforce needs and navigate post-EU Exit trade dynamics are starting to work.

Warehouse capacity has also grown (by 4.3%), which underscores the continuing expansion of the sector and highlights its readiness for future growth. However, challenges persist in areas such as the impact of inflationary pressures and fuel prices, which continue to fluctuate, requiring careful management and strategic planning within the industry.

To drive growth and productivity, and reduce inflationary pressures, Logistics UK wants to work with the government to deliver the following fiscal goals and measures:

Strategic goals	Budget and other HM Treasury measures
A pro-business policy environment to support the logistics sector to drive economic growth and productivity.	Extend the 5 pence per litre (ppl) cut in Fuel Duty beyond March 2026. Do not introduce any further taxes on employment, following the 2025/26 rise in employer National Insurance Contributions. Reform outdated regulations on logistics operators to support efficiency and productivity. Business Rates: • Introduce a tapered transitional relief for properties between £500,000 and £1 million to smooth the cost burden and reduce unintended consequences. • Expand Improvement Relief to cover a broader range of investments, extend its duration beyond 12 months, and remove the occupation condition to include landlords, aligning with decarbonisation objectives. • Extend Empty Property Relief for industrial property to 12 months to reflect real-world refit and redevelopment timescales. • Index thresholds for higher rates to CPI to maintain fairness and predictability. • Commit to longer-term reform of the business rates system to provide a fair, transparent and sustainable framework that supports investment. Reconsider changes to Business Property Relief to safeguard family businesses and support long-term investment. Continue funding the Freight Innovation Fund beyond April 2026 and adopt its “testbed not match-funder” model across other innovation programmes aimed at the logistics sector. Reform ONS classifications to create a distinct logistics category, separating freight and logistics data from general passenger transport to better capture economic contribution.
Safe, sustainable and efficient logistics enabled by long-term infrastructure improvements.	Provide an additional £5 billion over 10 years for road maintenance, prioritising freight-critical routes serving ports, distribution parks and intermodal hubs. Adopt the UK Logistics Network as the reference framework for the infrastructure investment pipeline, and prioritise key projects on that network. Commit at least £52.5m of match-funding to improve HGV driver welfare facilities, while expanding eligibility to new providers and making facilities integral to road investment schemes. Ensure planning teams are properly resourced to deliver well-located logistics sites and transport & energy infrastructure, embedding logistics into the National Planning Policy Framework and local plans.
A fair transition to a green economy that keeps the costs of decarbonisation down	Low carbon fuels: • Extend the Gas Fuel Duty Differential to renewable liquid fuels (e.g. HVO) and introduce fiscal incentives for low carbon fuels across all transport modes, to accelerate decarbonisation where battery and hydrogen are not yet viable.

and ensures resilient supply chains.	• Deliver a Sustainable Aviation Fuel Revenue Certainty Mechanism at pace, in collaboration with industry, to give investors and producers long-term confidence to scale UK production. Deliver a package to support with the high costs of energy upgrades for vehicle charging, shore power and on-site generation, including by expanding full capital expensing to cover connection costs and by introducing a dedicated logistics electricity tariff. Maintain the Plug-in Van and Truck Grants throughout the spending review period. Extend full expensing for capital investment to cover leased and hired vans and HGVs, unlocking over £1.1 billion in investment and accelerating fleet decarbonisation. Fund a nationwide rollout of rapid/ultra-rapid public chargepoints suitable for vans and HGVs, coordinated with logistics operators and local authorities. Maintain and expand Mode Shift Revenue Support and Water Freight Grants, simplify application processes, and reintroduce Freight Facilities Grants. Fund 60 miles of infill rail electrification linking ports and terminals, and introduce fiscal measures to close the cost gap between diesel and electric traction. Provide long-term funding for ZEHID, the Advanced Fuels Fund, Clean Maritime Demonstration Competition and other logistics decarbonisation demonstrators.
A reformed national skills system that supports a thriving logistics sector and breaks down barriers to opportunity.	Ensure the new Growth and Skills Levy explicitly covers logistics, allowing funds to support modular, non-apprenticeship training and careers awareness campaigns such as Generation Logistics. Expand eligibility for the Lifetime Skills Guarantee to those with existing Level 3 qualifications and include in-demand Level 2 courses critical to logistics. Review and increase the funding band for Heavy Vehicle Service and Maintenance Technician apprenticeships to secure provider capacity and regional access.
Trade growth, to support economic growth and resilience.	Provide funding to accelerate the digitalisation of trade documents, as committed to in the UK Trade Strategy. Work with the logistics sector to design and develop a Single Trade Window to reduce bureaucratic burden on businesses. Ensure any reform of the treatment of international sales of low-value goods supports smooth, cost-efficient cross-border flows. Publish an assessment of the economic impact of border friction with the EU, to inform an expansive review of the EU-UK Trade and Cooperation Agreement. Monitor the functioning and business impacts of the post-EU Exit border regimes, between GB, NI and the EU.
The remainder of this document provides detail on these priorities.	

Consultation and data

This representation is based upon thorough and ongoing consultation with our members, including senior leaders of the logistics sector. This achieved through our Policy Councils which meet three times per year in every region of the UK, as well as meeting nationally to discuss opportunities and challenges for road, rail, air and water logistics businesses, and for the customers of freight services. In addition, we convene dedicated, regular forums for senior executives in the UK logistics sector, through our Executive Membership programme and our President's Council, which provides strategic insight and leadership across the industry. Finally, our industry engagement is strengthened by a wide range of member working groups, covering key topics such as the environment, employment, infrastructure, innovation, customs, and trade.

This is further strengthened by engagement with a wide range of member working groups, covering key topics such as the environment, employment, infrastructure, innovation, customs, and trade. We also convene dedicated, regular forums for senior executives in the UK logistics sector, including through our Executive Membership programme and the President's Council, which provide strategic insight and leadership across the industry. Our representation is also informed by our data gathering and analysis, including the annual Logistics Industry Survey, which represents the views of over 500 respondents from the sector, as well as our quarterly Logistics Performance Tracker survey and insights from industry experts.

The logistics sector seeks a pro-business policy environment to support it to drive economic growth and productivity.

According to Oxford Economics, by establishing the right partnerships, regulations and investment for logistics, government can deliver productivity gains that will boost the UK economy by up to £8 billion per year by 2030, raising enough in taxes to fund up to 40,000 additional nurses or teachers.

The logistics sector's priorities for HM Treasury to support this are:

Extend the 5 pence per litre (ppl) cut in Fuel Duty beyond March 2026

Our top fiscal priority is for the government to extend the 5ppl cut in Fuel Duty beyond March 2026. Fuel Duty is one of the logistics sector's most significant costs, and any increase would be a major inflationary risk for the entire economy. According to Logistics UK's 2025 Logistics Industry Survey, 61.4% of respondents identified cutting Fuel Duty as the single most important action the government could take for the sector.[8] Fuel accounts for around a third of the cost of operating a 44-tonne HGV, and logistics businesses paid HMRC £5.43 billion in Fuel Duty in 2022, more than 20% of all Fuel Duty paid to HMRC.

We have calculated that a 1p rise in Fuel Duty would cost a haulage business operating seven trucks an additional £3,000 per year. Given the sector's typical profit margin of just 2.5%, this would make it significantly harder for firms to manage costs without passing them on to customers, which in turn fuels consumer price inflation. Furthermore, the added burden would hit smaller logistics operators hardest, as they often lack the ability to hedge fuel costs or pass on price increases to customers.

Fuel Duty also interacts with long-term decarbonisation. Logistics UK fully supports the transition to net zero, but the technology and charging infrastructure for zero-emission HGVs remain immature, expensive and unevenly distributed across the country. Sudden increases in Fuel Duty could reduce businesses' ability to invest in fleet renewal and green infrastructure.

Looking to the medium-term, we propose that HM Treasury explores a dynamic Fuel Duty mechanism, where revenues from VAT on fuel are factored into decisions on duty rates, especially to mitigate the duty element during periods of high inflation. This would help to moderate the economic impact of price volatility and maintain business confidence.

In the longer term, we recognise that the current Fuel Duty regime will become obsolete as more vehicles transition to electric power. We therefore want to work with HM Treasury to design a fair and effective replacement. Any new transport tax system must reflect logistics' multimodal nature and enable businesses to make rational, cost-effective decisions about how goods move. It must also be communicated well in advance, to inform long-term investment strategies. As such, we urge the government to work with our sector to develop a 10-year fiscal roadmap for vehicle tax, road pricing, and incentives to give long-term certainty.

Do not introduce any further taxes on employment, following the 2025 rise in employer National Insurance Contributions

Logistics UK urges HM Treasury not to introduce any further increases in taxation on employment, including employer NICs. Assuming an average wage across all of logistics, the cost to the logistics industry of the rise in NICs announced in the 2024 is estimated at £1.7 billion. This is based on people employed in logistics businesses as well as those in logistics roles in non-logistics businesses, all in

[8] Logistics Report 2025, Logistics UK

the private sector. If we only look at logistics businesses, the cost is £1.2 billion. These are equivalent to between 41,000 and 29,000 jobs respectively.

The logistics sector is a high-employment, low-margin industry with limited capacity to absorb additional costs without passing them on. As a result, the rise has acted as a direct tax on job creation and retention, placing additional strain on a sector already facing acute skills shortages and inflationary pressures. Ideally, we want to see it reversed.

Logistics UK's quarterly member surveys have found that logistics companies were more likely to take measures to protect their business in Q2 2025 than at the end of 2024. The largest increase in likelihood was for making redundancies, which increased by 11.3 points to 56.5. This was the first time redundancies have been more likely to occur than not since Q4 2023. When asked which measures they expected to make to offset the cost increases, over half of businesses said they will either freeze pay increases, freeze recruitment or simply pass the extra costs on to their customers.

8.4% of companies are being hit particularly hard by these cost increases, as they will be making redundancies. 5.6% of businesses intend to counter these cost increases by investing more and utilising technological solutions to improve efficiencies in the processes. Outsourcing and shifting towards more flexible staffing options were relatively unfavoured, with 5.1% and 1.4%, respectively.

Further tax rises on business would also risk undermining the UK's international competitiveness. With global supply chain pressures intensifying and EU competitors offering generous subsidies or incentives for logistics investment, increasing fixed employment costs weakens the UK's ability to attract and retain supply chain capacity. This has particularly acute implications for the UK's trade performance, given logistics' critical role in exporting goods, managing import flows, and servicing just-in-time manufacturing and retail systems.

We recognise the government's need to raise revenue sustainably. However, we strongly urge that this is done in a way that supports business investment, training, productivity and wage growth – and does not drive inflation.

Reform outdated regulations on logistics operators to support efficiency and productivity

Outdated and inconsistent regulations are undermining logistics sector efficiency, weakening UK productivity and limiting investment. We therefore support the Chancellor of the Exchequer's measures to encourage regulators to have a growth mindset, and ask that that focus is also turned towards Whitehall departments that undertake regulatory functions.

While logistics is a highly regulated sector for valid safety and compliance reasons, several current rules are no longer fit for purpose and impose costs without corresponding benefits. Reforming these regulations would unlock immediate economic gains at minimal cost to government, helping to reduce inflation and boost competitiveness.

For example, the regulations on zero tailpipe emission 4.25 tonne vans are more burdensome than those on 3.5 tonne diesel vans, inhibiting their take-up. Despite the vehicles being identical in size, the weight of the battery in zero tailpipe emission vans pushes them into a higher vehicle weight category, which bringing additional regulations. Although the 2025 amendment to driving licence regulations and training removed some barriers, many regulatory distinctions between 3.5 tonne diesel vans and 4.25 tonne electric vans remain, including on tachograph use and MOTs. Full alignment is urgently needed to enable clean vehicle uptake without additional operational burdens.

Regulations on HGV weights and dimensions are another drag on productivity. Zero tailpipe emission HGVs suffer from the "payload penalty" due to their battery weight taking up more of their overall allowable weight, which reduces their commercial viability – and this must be addressed. A national trial of longer, heavier vehicles, already common in other European countries, found that reforming HGV weights and dimensions could begin to cut road miles, reduce emissions, and improve supply

chain efficiency.[9] We acknowledge that, to improve efficiency in this way, there must be sufficient investment in our aging road infrastructure to support such vehicles.

Other regulatory barriers include analogue requirements within operator licensing, such as mandatory newspaper adverts and paper windscreen discs, which persist despite the availability of fully digital systems. Drivers' hours regulations also impose inflexible rules, such as requiring 28 days of historical records for occasional drivers, and paper-only logs for those under domestic hours, both of which hamper responsiveness to peaks in demand.

The movement of abnormal loads, critical to delivering major infrastructure and energy projects, is another area where inconsistent national rules and opaque local permissions are undermining reliability, by creating a patchwork system of inconsistent regulation. Logistics UK supports the new guidance issued by the National Police Chiefs Council in 2025 and urges further progress to deliver a harmonised approach across the UK's road and inland waterway networks.

Business rates:

- **Introduce a tapered transitional relief for properties between £500,000 and £1 million to smooth the cost burden and reduce unintended consequences.**
- **Expand Improvement Relief to cover a broader range of investments, extend its duration beyond 12 months, and remove the occupation condition to include landlords, aligning with decarbonisation objectives.**
- **Extend Empty Property Relief for industrial property to 12 months to reflect real-world refit and redevelopment timescales.**
- **Index thresholds for higher rates to CPI to maintain fairness and predictability.**
- **Commit to longer-term reform of the business rates system to provide a fair, transparent and sustainable framework that supports investment.**

Business rates represent a significant fixed cost for logistics businesses, particularly those operating warehousing, distribution centres and logistics hubs. In 2023, the industrial sector, including logistics and warehousing, contributed over £7.5 billion in business rates in England and Wales alone. Proposals to introduce a higher multiplier for properties with an RV above £500,000 risk exacerbating this burden. One major logistics operator has estimated that this reform could add £15 million to their annual costs, a figure that would ultimately be passed on through the supply chain, fuelling inflation – as all parts of the economy rely on logistics.

Members tell us the impact will be immediate and severe, and that it will have knock-on effects for retailers in particular, because of the interdependency between retail and logistics. Government has stated its objective is to rebalance the playing field between high street retail and online giants, but the proposals would hit both, as well as the logistics companies that transport their goods. Warehousing demand has risen post-Covid, reflecting modern retail habits, and this has inflated RVs. However, government has not offered a clear explanation for the >£500,000 threshold or how this will genuinely support the high street. We are concerned that the result will be less investment, slower wage growth and fewer new jobs in logistics.

It is also vital that investment is not penalised. Under existing rules, property improvements, including those that enhance energy efficiency, increase automation or support digitalisation, can lead to increased RVs and therefore higher rates bills. This acts as a direct disincentive to modernisation and undermines the government's net zero and innovation objectives. HM Treasury has itself acknowledged these concerns in its Business Rates Interim Report, sharing that stakeholders across sectors have consistently reported that business rates discourage investment, that the 12-month Improvement Relief is too short compared to 3-5 year investment cycles, and that the "occupation condition" excluding landlords limits uptake across much of the commercial property estate. Logistics UK supports expanding Improvement Relief now to cover a broader range of investments, to remove the occupation condition, and to align it with decarbonisation objectives.

[9] LHV Trial Feasibility Study (Phase 2), Final Report, WSP and Department for Transport

Logistics UK is also concerned that the proposed £500,000 RV threshold creates a 'cliff edge', distorting the property market and incentivising behaviour such as artificial subdivision or under-investment to remain below the limit. To address this, we recommend introducing a tapered transitional relief for properties between £500,000 and £1 million, smoothing the cost burden and reducing unintended consequences. We also encourage the Treasury to index any thresholds for higher rates to CPI to maintain fairness and predictability. In addition, we urge the government to extend Empty Property Relief (EPR) to 12 months to reflect real-world refit and redevelopment timescales. Treasury's Business Rates Interim Report confirms that government is exploring reforms to EPR, following widespread concern that the current 6-month relief is insufficient for refit or reletting large premises.

Finally, alongside immediate changes, businesses need long-term certainty on business rates to underpin financial planning and investment. Transitional relief, while welcome, does not address the root cause: the system itself is outdated and unpredictable. Longer-term reform is essential to provide a fair, equitable and sustainable framework that supports business investment and avoids sudden shocks that deter capital expenditure.

Reconsider changes to Business Property Relief to safeguard family businesses and support long-term investment

Logistics UK urges HM Treasury to reconsider proposed changes to Business Property Relief (BPR), which risk undermining the viability of many family-owned businesses in logistics and related sectors such as plant hire. These businesses are the backbone of regional economies, supporting local jobs, investment and supply chains.

The government's own figures suggest that reforms to BPR would raise an average of £520 million per year by 2029/30 – equivalent to just 0.02% of UK GDP in 2023. Against this limited fiscal return, the potential cost to business confidence, investment and growth is far higher. Family Business UK has warned that removing relief could force firms to close or downsize to meet increased tax liabilities, reducing the tax base rather than growing it.

We therefore urge HM Treasury to pause and consult further with business on the full implications of the proposed changes. Greater transparency is needed on how revenue estimates have been calculated and how the government intends to balance short-term tax receipts with its wider ambition for sustainable growth. A stable and supportive fiscal environment is essential if family businesses are to invest, grow and create jobs.

Continue funding the Freight Innovation Fund beyond April 2026 and adopt its "testbed not match-funder" model across other innovation programmes aimed at the logistics sector

Innovation is central to the long-term competitiveness, resilience and decarbonisation of the UK's logistics sector. Programmes such as the Freight Innovation Fund (FIF) have played a vital role in enabling the development and trial of new technologies, supporting both start-ups and established logistics businesses to tackle key challenges around emissions, congestion, and supply chain efficiency. We are therefore urging HM Treasury and the DfT to continue funding the FIF beyond April 2026.

We also want to see the model the FIF has developed, which sees logistics businesses act as test beds rather than match funders, adopted by other innovation programmes relevant to the logistics sector, such as programmes to support autonomous vehicle trials. This model is much more suitable for a sector that operates on low margins and where the more immediate financial benefits of innovation are felt by the technology suppliers, with logistics businesses experiencing the benefits over time, largely as efficiency gains.

Reform ONS classifications to create a distinct logistics category, separating freight and logistics data from general passenger transport to better capture economic contribution

Robust, disaggregated data is essential for effective policymaking, infrastructure planning, and investment in the logistics sector. However, current official data frameworks, including those used by the Office for National Statistics (ONS), often conflate logistics with broader transport activity. Freight

transport and logistics services are regularly grouped with public passenger transport modes such as buses, trains, and trams, despite their fundamentally different purposes, operational models, and economic contributions. This under-represents the sector's contribution to the economy and hampers the development of evidence-based policy.

The UK needs investment in a national logistics network and planning reforms to enable goods to be moved in the most safe, sustainable and efficient 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.

Bottlenecks in the UK's logistics infrastructure, the slow pace of planning and delivery and lack of long-term plans create inefficiencies and inhibit private investment. In the short-term, this means rectifying the congestion hotspots that are harming the UK's productivity. For the longer term, the UK requires a national logistics transport network, to guide the investment needed to deliver goods in the optimum productive, strategic and green way.

The logistics sector's priorities for HM Treasury to support this are:

Provide an additional £5 billion over 10 years for road maintenance, prioritising freight-critical routes serving ports, distribution parks and intermodal hubs

Well-maintained infrastructure is the foundation of a productive and resilient logistics network. It ensures goods can move reliably, safely and efficiently, lowering operating costs and reducing disruption across supply chains. However, decades of underinvestment have created a growing backlog that now drags on economic growth and contributes to inflationary pressures through increased journey times and vehicle damage. Poor surfaces, weight-restricted bridges, unreliable rural roads and deteriorating access to ports and terminals all contribute to delays, safety risks and higher emissions. This is a significant drag on logistics efficiency as most freight journeys begin and end on road, and over 80% of domestic freight journeys are delivered entirely by road.

Logistics UK has welcomed the publication of the government's third Road Investment Strategy (RIS3), released on 26 August, which commits £25 billion to the Strategic Road Network (SRN) between 2026 and 2031. In light of the fiscal situation and deteriorating road conditions, it is right that 43% of this investment is focused on maintenance and renewals, making the network more reliable for all users, including logistics operators. Importantly, the draft RIS3 also recognises the specific needs of our sector, including commitments to address weight and height restrictions and to improve driver facilities. We have also welcomed progress by National Highways and the Department for Transport (DfT) to improve how freight is valued in road investment decisions.

However, the scale of the challenge remains stark. According to the 2025 ALARM (Annual Local Authority Road Maintenance) survey of local highways departments in England and Wales, an estimated £16.3 billion is needed to tackle the backlog of carriageway repairs – the highest in the 29-year history of the survey – and it would take 11 years to clear even if full funding were provided. Local maintenance budgets remain inconsistent, with many authorities lacking the tools or incentives to prioritise the freight corridors that underpin national productivity.

It is vital that RIS3 leaves the SRN in a better condition at the end of the five-year period, and that local authorities receive the resources they need to improve the quality of local roads. To ensure maintenance supports wider economic objectives, Logistics UK recommends that HM Treasury prioritises funding for freight-critical routes, including those serving ports, distribution parks and intermodal hubs – roads both on and off the SRN. We want to see an additional £5 billion dedicated to this over the next decade, on top of current budgets.

Adopt the UK Logistics Network as the reference framework for the infrastructure investment pipeline and prioritise key projects on that network

Logistics UK welcomes the Ten-Year Infrastructure Strategy and publication of the National Infrastructure and Service Transformation Authority (Nista) pipeline. We also support the government's backing of the Lower Thames Crossing and confirmation on 8 July that over 50 road

and rail schemes will be taken forward, backed by £92 billion in funding. Many of these schemes, including the M54–M6 link road, Simister Island interchange, A66 Northern Trans-Pennine upgrade, Midlands Rail Hub, and Transpennine Route Upgrade, have long been supported by the logistics industry. They have strong potential to improve journey times, increase network resilience, and enable more efficient use of road and rail capacity across key freight corridors. The Chancellor's announcement on 25 July of an additional £3.45 million to explore an upgrade of the A75, a vital route linking the UK and Northern Ireland via the port at Cairnryan, was also strongly welcomed by the sector.

Delivering these schemes will strengthen UK Logistics Network, which Logistics UK and MDS Transmodal mapped in 2024. The purpose of this mapping is to support government in prioritising funding, coordinating multimodal delivery, and guiding the work of institutions such as Nista, National Highways, Network Rail, sub-national transport bodies, and local authorities to support long-term logistics efficiency and resilience. It is critical that the UK Logistics Network is adopted as the government's reference framework and is given a formal role in investment planning, as this would align the logistics sector's needs with the broader national infrastructure pipeline, helping to ensure that logistics is not treated as an afterthought in investment planning.

Optimising the logistics system would deliver significant benefits, including tackling road congestion and improving road and rail journey times. Between 2015 and 2024, the annual cost of congestion for HGVs on the Strategic Road Network increased by more than £930 million. In addition, mean traffic speeds on the highway network fell from 59 mph in April 2016 to 56 mph in December 2024. The slow-down in road traffic between 2021 and 2024 alone will have increased annual logistics costs by around £1.83 billion. Rail freight speeds deteriorated by 3% between 2017 and 2024, which will have added around £80 to the estimated cost per rail freight journey. However, if rail freight speeds could be improved to 140 mph, this would save £760 per train journey.[10]

Optimising the logistics system would also enable the UK to make more use of rail and water freight where it is efficient to do so, which would reduce carbon emissions, with each freight train able to remove up to 129 HGVs from our roads, and rail freight producing 76% less CO_2 per tonne than road transport.[11] Improving rail journey times and encouraging modal shift are essential to achieving the government's rail freight growth target of 75% by 2050 – a goal that Logistics UK fully supports, not only for its environmental benefits but also as it would attract private investment into rail-connected logistics sites.

If the government is to seek to optimise the UK's logistics network, the following projects should be prioritised for investment and strategic backing:

Ely Junction Area Capacity Enhancement: this would unlock capacity for the movement of freight by rail to and from Felixstowe and London Gateway, the UK's busiest and third busiest container ports. The capacity enhancements would allow for 2,900 extra freight services to operate to and from Felixstowe every year.

Improvements to Smart Motorways: rapid delivery of the remaining emergency refuge improvements and continued monitoring of the effectiveness of Smart Motorways is vital to ensure they deliver against both traffic flow and safety targets.

Improvements to A2/M2 corridor: This route is of both critical importance to the economy of Kent and the wider South East, and as an alternative means of accessing the Channel ports, yet it frequently struggles with congestion. The current scheme to improve Junction 5 access is welcome and must be delivered swiftly, while further plans to address issues on the rest of the route must be developed.

Infill rail electrification between ports and key mainline rail interchanges: 60 miles of infill rail electrification between ports and key mainline rail interchanges would progress the decarbonisation of rail and improve its operational efficiency. This is estimated to cost circa £50 million per annum.

[10] Analysis by MDS Transmodal in the 2025 Logistics Report, Logistics UK
[11] Freight Expectations, Rail Partners, 2023

Increased capacity on the West Coast Main Line (WCML): The WCML is a vital artery for rail freight and its currently one of the busiest and most congested stretches of the rail network. Earlier iterations of HS2 would have helped to alleviate this by separating inter-city passenger services onto their own line. However, the decision by the previous government to cancel HS2 north of Birmingham has the potential to significantly worsen congestion due to an increased volume of passenger services joining the WCML at one of its busiest junctions. If the government wants to achieve the target for rail freight growth, plans must be urgently developed to improve capacity along this route, as well as accelerating plans for improved capacity across the North.

The A303 at Stonehenge project, which should be reprioritised and funded: The government's decision not to proceed with planned improvements to the A303 around Stonehenge was a significant blow to logistics operators that rely on this route. With the A303 such a crucial corridor for both the tourism and logistics industries, it must be fit for purpose and able to handle significant volumes of traffic. There is need for these improvements to be reconsidered, built into the government's infrastructure priorities and fully funded in order to support growth in the South West.

Airport expansion: Logistics UK backs a third runway at Heathrow Airport. It is the UK's largest port by value, handling air cargo worth over £200 billion a year. Heathrow facilitates 70% of all UK air cargo by value[12], playing a particularly essential role for high value, time-sensitive shipments. Heathrow's key role in the UK's logistics network results from it being a hub airport, with direct flights to hundreds of destinations worldwide. Heathrow is constrained, and this is constraining the UK's logistics network, imports and exports, so we want to see a Development Consent Order approved by the end of this Parliament.

Commit at least £52.5m of match-funding to improve HGV driver welfare facilities, while expanding eligibility to new providers and making facilities integral to road investment schemes

Improving welfare facilities for HGV drivers is essential to the sector's productivity, safety, and ability to attract and retain staff. Yet provision across the UK remains poor and uneven, with many drivers lacking access to clean toilets, showers, secure parking, and rest areas that meet basic standards. This not only undermines working conditions but contributes to fatigue, stress, and safety risks on the road network.

Transport Focus data published in August 2023 shows that most vehicle managers regard current rest stops of being of poor quality and lacking availability.[13] The latest Lorry Parking Survey published in 2023 shows the utilisation of lorry parking facilities in the England at night is above critical level, at 87%.[14] In 2018, the previous study found there was an urgent need for 1,411 overnight lorry parking spaces in England, which the then government committed to deliver.[15]

Logistics UK welcomes the steps already taken by government to address this issue, including the match-funding provided by the Department for Transport and National Highways. We want to see this continue, with at least to the same level as announced by the government and National Highways in 2022 of £52.5m, to enable joint public and industry investment of over £100m. It would be beneficial for this funding to be made available to new providers, as currently it is only available to existing providers. Driver facilities should also be made integral to any road investment scheme as part of the planning process and in terms of the local road network, as part of local plans.

If the government was to adopt the UK Logistics Network, as mapped by Logistics UK and MDS Transmodal, it would enable the Department for Transport, National Highways and other relevant bodies to prioritise where driver facilities should be improved and delivered.

[12] https://www.heathrow.com/company/cargo
[13] Logistics and Coach Survey: Strategic Roads, Transport Focus, 2023
[14] National survey of lorry parking (2022): part 2, Department for Transport, 2023
[15] National survey of lorry parking, Department for Transport, 2018

Ensure planning teams are properly resourced to deliver well-located logistics sites and transport & energy infrastructure, embedding logistics into the National Planning Policy Framework and local plans

To accelerate growth and attract private investment, Logistics UK urges the Treasury to ensure that planning and consenting authorities are properly resourced to process applications efficiently and deliver timely decisions. Planning delays are among the biggest barriers to logistics and infrastructure delivery, adding cost, uncertainty and risk to projects. Providing greater specialist capacity within local planning departments would help unlock investment, reduce inflationary pressures in construction, and support the government's wider productivity and housing ambitions.

While not directly related to the Budget, we also want to highlight our continued support for planning reform to enable delivery of the public and private infrastructure our sector needs to operate safely, sustainably and efficiently. We welcome the government's recent reforms to the National Planning Policy Framework (NPPF), which have strengthened the recognition of logistics as critical to economic growth and supply chain resilience. The revised NPPF's increased emphasis on freight and logistics infrastructure is a positive step forward. However, further action and resources are needed at both national and local levels to ensure that the planning system fully supports the development of well-located logistics sites, enables investment in transport and energy infrastructure, and integrates logistics into strategic planning decisions. The government must also monitor the implementation of planning reforms locally, ensuring they deliver the more supportive planning environment the logistics sector requires.

The logistics sector needs a fair transition to a green economy that keeps the costs of decarbonisation down and ensures resilient supply chains.

The logistics sector is embracing the decarbonisation agenda and is committed to playing its part to help the UK achieve its targets. However, to get there a joint logistics-government decarbonisation roadmap is required, with measures covering technology and fuels, infrastructure, regulatory reform and modal shift. These measures must align with government targets and address the high costs to businesses of making the transition.

The logistics sector's priorities for HM Treasury to support this are:

Low carbon fuels:

- **Extend the Gas Fuel Duty Differential to renewable liquid fuels (e.g. HVO) and introduce fiscal incentives for low carbon fuels across all transport modes, to accelerate decarbonisation where battery and hydrogen are not yet viable.**
- **Deliver a Sustainable Aviation Fuel Revenue Certainty Mechanism at pace, in collaboration with industry, to give investors and producers long-term confidence to scale UK production.**

Low carbon fuels (LCFs) are a critical transitional solution to reduce carbon emissions from logistics operations, particularly for heavy-duty and long-haul road freight, where battery-electric and hydrogen alternatives are not yet commercially viable at scale and barriers exist around charging infrastructure. They could play an interim solution in rail freight too and are also the long-term solution for aviation (in the form of Sustainable Aviation Fuel – SAF) and maritime. LCFs can reduce emissions compared to traditional fuels by up to 80% on average[16] and in some instances, such as heavy-duty vehicles, renewable diesels offer greater life cycle GHG emissions savings compared to battery electric using grid electricity.[17] In addition, many are drop in fuels which can be used in existing engines, without the need to replace capital assets.

Logistics UK strongly supports the government's recognition of SAF as a key to aviation decarbonisation, including through the Advanced Fuels Fund and the SAF mandate. However, similar fiscal support for LCFs in other forms of transport remains lacking, beyond the Renewable Transport Fuel Obligation. For example, despite increasing interest among road operators of using Hydrotreated Vegetable Oil (HVO), it currently receives no Fuel Duty incentive or differential, which is supressing both demand and supply.

We support the Gas Fuel Duty Differential and want to see it extended to include renewable liquid fuel for use in road vehicles, which would send a clear signal that government is serious about supporting all credible pathways to net zero. It would also take into account that upgrading the electricity grid to support the electrification of road freight will likely take many years, and that approaches are needed to bring down carbon emissions now. A Logistics UK report, published in June 2025, for the Department for Transport's Freight Energy Forum found that electrifying the UK's road freight sector will require an estimated 32 terawatt hours of electricity per year[18], which is over 85% of the UK's nuclear output.[19]

In aviation, progress has been made with the SAF Bill, which has helped de-risk the domestic market. To build on this, we urge government to design and implement a SAF Revenue Certainty Mechanism at pace, and in close collaboration with industry, to give investors and fuel producers the long-term confidence needed to scale production.

[16] High Blend Biofuels, Zemo Partnership, 2020
[17] Total life cycle GHG emissions for articulated truck (30-44 tonnes). The Zemo Partnership, January 2024
[18] Exploring current and future energy demand from road freight, Logistics UK on behalf of the Department for Transport's Freight Energy Forum, July 2025
[19] World Nuclear Association, Nuclear Reactors in United Kingdom

Deliver a package to support with the high costs of energy upgrades for vehicle charging, shore power and on-site generation, including by expanding full capital expensing to cover connection costs and by introducing a dedicated logistics electricity tariff

Logistics operators investing in electric road and maritime vehicles face high upfront charges from Distribution Network Operators (DNOs) for energy infrastructure upgrades for vehicle charging and shore power, as do logistics businesses seeking to install energy generation such as solar. These asset extension fees can run into the hundreds of thousands or even millions of pounds, with some members having received grid upgrade quotes of over £100 million along with 10-15 year long wait times to obtain the grid upgrades they need. The costs are particularly burdensome for operators who lease their premises, as infrastructure upgrades do not transfer with them if they relocate, making investment riskier and less economically viable.

Some businesses, especially those located in strategically important areas such as ports and airports, require substantial grid upgrades to support vehicle charging, significantly increasing the overall cost of implementation.

In addition to installation expenses, businesses face the ongoing high cost of electricity for charging vehicles. Members operating across borders have raised concerns about the competitiveness of the UK electricity market, noting that electricity prices are significantly lower in many EU countries, which may disadvantage UK-based operations.

Logistics UK has cautiously welcomed the Department for Transport's £30 million Depot Charging Scheme, launched on 16 July to support HGV and van fleet operators with the cost of installing vehicle chargers. However, it has a limited budget, scope and short timescale so, to have a long-term successful impact, the scheme will need to be continued beyond 31 March 2026.

A far more comprehensive and coordinated approach is needed, one that is backed by capital investment, planning reform, and a more effective strategy for grid connections. This should include support for grid upgrades to enable road and maritime vehicle charging, as well as the electrification of equipment used at ports and airports.

To make large grid connections for depots and ports more viable, reforms are needed to network and standing charges, alongside a review of green levies and policy costs on electricity bills. Operators should be exempt from policy-related costs, and a dedicated logistics tariff, similar to reliefs available to energy-intensive industries, should be introduced.

Expanding access to renewable Power Purchase Agreements (PPAs) would also be transformative – making long-term, fixed-price renewable electricity deals more accessible to logistics operators and helping to reduce ongoing energy costs.

With regards to maritime, vessels account for 60% of emissions at ports, so the energy upgrades to enable shore power could play a major role in reducing emissions. DfT has acknowledged shore power "has a role to play in immediately reducing emissions from vessels visiting ports" and is likely to be "low/no regrets".[20] However, the sector requires support with the high costs of delivering it. Without this support, UK businesses are likely to struggle to remain competitive for use by deep-sea shipping lines, cargo owners/exporters, and cruise lines alike versus EU rivals where electricity costs are less, and shore power connectivity is mandatory from 2030 which means EU port infrastructure will be in place before UK port infrastructure.

As part of this package, we want full capital expensing to be extended to payments made by logistics operators to energy network operators for grid capacity upgrades at commercial premises, ensuring that firms funding these improvements can benefit directly from the tax relief. Currently, it is the energy network operator that can claim the relief, while the logistics businesses paying for the upgrades have no visibility over whether its full value is passed on to them. This change would support the government's goal of accelerating business investment in green infrastructure.

[20] Transport Decarbonisation Plan, UK Government, 2021

Maintain the Plug-in Van and Truck Grants throughout the spending review period

The transition to electric commercial vehicles remains in its early stages and is currently being held back partly by cost barriers. According to the Climate Change Committee, sales of electric vans are significantly off track to meet decarbonisation milestones, a shortfall that directly threatens the UK's 2035 and 2040 phase-out ambitions for new non-zero emission vans and HGVs.

Electric vans and trucks remain significantly more expensive than their diesel counterparts, with average upfront costs around 50% higher.[21] Operators also report performance limitations, particularly in range, payload capacity, and charging speed, which make it harder to justify the transition, especially now that Vehicle Excise Duty applies to electric vehicles.

The Plug-in Van Grant and Plug-in Truck Grant are therefore essential to making these vehicles financially viable for fleet operators. However, uncertainty around the longevity of these schemes is a major barrier to business planning and investment. For example, grants are currently tied to the date of order, but with HGV delivery times often exceeding a year, operators risk losing access to the grant by the time the vehicle arrives, leaving them with costs they cannot absorb.

Logistics UK urges the government to commit to maintaining both grant schemes throughout the spending review period to avoid slowing uptake or undermining business confidence in the transition.

In addition, targeted measures are needed to stimulate the second-hand van market, which represents more than two and a half times the volume of new sales.[22] This market is especially important for sole traders and SMEs, who face greater financial constraints and are slower to adopt zero-emission vehicles without upfront incentives. One approach would be to introduce battery health guarantees or residual value protection, giving buyers of new and second-hand vehicles confidence in their long-term value.

These proposals align with the ambitions of the Zero Emission Van Plan, which Logistics UK supports.

Extend full expensing for capital investment to cover leased and hired vans and HGVs, unlocking over £1.1 billion in investment and accelerating fleet decarbonisation

Around 900,000 vans and 100,000 HGVs are leased or rented by UK businesses, accounting for one in five vans and HGVs on UK roads.[23] However, current capital allowances do not cover leased or hired vehicles, meaning that these vehicles are excluded from full expensing, the 100% tax deduction for capital investment introduced in 2023. This creates a distortion in the market that penalises capital-light business models and raises the cost of transitioning to zero tailpipe emission fleets.

To accelerate decarbonisation, Logistics UK is calling for full expensing to be extended to cover leased and hired commercial vehicles. According to analysis by the British Vehicle Rental and Leasing Association (BVRLA), this change could unlock over £1.1 billion in additional investment and contribute an estimated £450 million in GVA to the UK economy, while accelerating adoption of electric and hydrogen vehicles by a wider range of operators.

Fund a nationwide rollout of rapid/ultra-rapid public chargepoints suitable for vans and HGVs, coordinated with logistics operators and local authorities

A successful transition to zero-emission road freight depends not only on depot-based charging but also on the availability of a fit-for-purpose public charging network. While many logistics operators will rely on private charging at their own premises, there remains a critical need for reliable, accessible and appropriately designed public chargepoints to support diverse operational models, particularly for drivers who take vehicles home overnight, SMEs without depot infrastructure, and those operating in rural or dispersed delivery routes.

However, current provision is falling short. According to Logistics UK's research, 84% of logistics operators with public charging experience cite availability as a problem. Many local authority chargepoint programmes have focused on private car users, resulting in infrastructure that is often

[21] Auto Trader, recommend retail pricing data, 2024
[22] Light Commercial Vehicles: Delivering for the UK Economy, SMMT, 2019
[23] Commercial Vehicle Insights, BVRLA, access August 2024

physically unsuitable for commercial vehicles. Over one in three operators (32%) report that public charging bays are unusable for their vans or trucks due to size constraints.[24]

To address this, public charging infrastructure must be rolled out at greater pace and with logistics use cases fully integrated into network design. That means building on the charging to be delivered through the Zero Emission HGV Infrastructure Demonstrator (ZEHID) and ensuring sufficient provision of rapid and ultra-rapid chargers on and near the Strategic Road Network (SRN) to support trunking and long-haul freight; in residential areas for drivers who charge at home; and in rural and remote areas where current provision is particularly limited.

This investment must be shaped by data and consultation with logistics operators and delivered in coordination with local authorities and chargepoint providers.

Maintain and expand Mode Shift Revenue Support and Water Freight Grants, simplify application processes, and reintroduce Freight Facilities Grants

To support a lower carbon, more efficient freight network, the government should commit to maintaining and expanding the Mode Shift Revenue Support (MSRS) and Water Freight Grant (WFG) schemes until the end of the Parliament. These grants have played a vital role in reducing the modal cost differential between road and rail or water, enabling more goods to move via lower-emission, safer, and less congested routes.

In addition to preserving funding levels, the application and decision-making processes should be improved to ensure that the full annual budget can be utilised, and more operators are able to access support. Logistics UK members report that the current process is often too slow or inflexible to reflect the commercial realities of freight operations, limiting take-up.

The current funding allocation for river and coastal freight should be increased to better support its development. Additionally, the application process for MSRS should be simplified to make it more accessible to potential applicants, particularly those using inland waterways. This will help overcome perceived barriers that have previously deterred companies from applying for these grants.

To complement these revenue-based grants, Logistics UK urges the reintroduction of Freight Facilities Grants (FFGs) to support private sector investment in rail and water infrastructure, including intermodal terminals and transhipment points. This would unlock additional private capital and enable more locations to serve as viable transfer points for non-road freight. Alternatives to FFGs, such as allowing capital expenditure within the mode shift grants, should also be considered to unblock barriers to moving more freight by water. This financial support will be instrumental in developing the necessary infrastructure to facilitate waterborne freight. FFGs are a proven tool to unlock investment in Scotland and should be replicated in England.

With regards to waterborne freight, it is essential to establish a clear growth target. The government should set ambitious targets for water freight growth, similar to the rail freight growth targets for Great British Railways. This commitment will signal the importance of waterborne freight and encourage investment in the sector. The government must also review the governance arrangements for inland waterways and ensure that their management is conducive to greater use by freight.

Fund 60 miles of infill rail electrification linking ports and terminals, and introduce fiscal measures to close the cost gap between diesel and electric traction

We urge the Treasury to the rail industry's proposal for the delivery of 60 miles of infill electrification to connect key ports and rail freight terminals.[25] At an estimated cost to Network Rail of £100 million, this targeted investment, alongside support for dual-fuel traction, would help to decarbonise a significant share of rail freight mileage. As such, we want to see it adequately reflected in the National Infrastructure Pipeline.

To make such a strategy successful, it is also essential to address the growing cost imbalance between diesel and electric rail freight. Members report that diesel-hauled services are typically

[24] Electric Vehicle Report, Logistics UK, 2023
[25] Freight Electrification Map, CILT(UK), 2023

around 20% cheaper to operate, despite the environmental benefits of electric traction. Targeted fiscal measures are required to address this distortion.

Provide long-term funding for ZEHID, the Advanced Fuels Fund, Clean Maritime Demonstration Competition and other logistics decarbonisation demonstrators

ZEHID

The government backed-ZEHID is testing zero tailpipe HGV propositions in the real world, focused on four projects, including 370 zero emission HGVs and 57 electric charging and hydrogen refuelling sites. We want to see funding for this to be continued as, alongside the other work of the Freight Energy Forum, it will help to determine how to decarbonise HGVs, unlocking private investment.

SAF and the Advanced Fuels Fund

Aviation is a significant contributor to global emissions accounting for 2% of global carbon dioxide (CO2) emissions and 13.9% of global transport emissions. For long haul flights, SAF is the only current viable solution to decarbonise air freight. In addition, it is estimated that the UK SAF industry could add over £1.8 billion to the economy and support over 10,000 jobs across the country by 2030.[26] As such, we welcome the Sustainable Aviation Bill, to support production in the UK. We also welcome the SAF mandate to oblige suppliers to have at least 10 per cent SAF in their fuel mix supplied to airlines by 2030.

A long-term funding commitment for the Advanced Fuels Fund is also required to encourage production of SAF in the UK, under the strategic direction of the Jet Zero Taskforce. The Jet Zero Taskforce brings together key stakeholders – airlines, airports, fuel producers, trade bodies, logistics operators and sectoral experts to tackle the industry's unique decarbonisation challenges and should continue to be supported. As well as supporting the development and scaling of SAF, the Taskforce is exploring emerging technologies such as zero-emission flights and addressing non-CO2 impacts like vapour trails. Additionally, the taskforce is set to focus on streamlining aviation systems to improve operational efficiency and reduce emissions.

Maritime decarbonisation and support for net zero ports

We urge the government to continue funding innovation in the maritime decarbonisation space via the UK Shipping Office for Reducing Emissions (UK SHORE). As above, this should include support for shore power. However, also important is the continuation and expansion of the Clean Maritime Demonstration Competition (CMDC), which has already funded over 150 projects, leveraged more than £100 million of private investment, and supported approximately 750 skilled green jobs; long-term funding for Green Shipping Corridors; Smaller Vessel Decarbonisation; and the development of LCF solutions for maritime. The Maritime Decarbonisation Strategy published by the government in 2025 must be backed by funding and support for the UK maritime industry to maintain international competitiveness, promote decarbonisation and support growth in coastal towns.

[26] DfT announcement: Aviation Fuel Plan, 25 April 2024

To keep supply chains resilient, we are seeking a reformed national skills system that breaks down barriers to opportunity, attracts people to the sector and ensures 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, it is vital that government and educators work in partnership with our sector.

The logistics sector's priorities for HM Treasury to support this are:

Ensure the new Growth and Skills Levy explicitly covers logistics, allowing funds to support modular, non-apprenticeship training and careers awareness campaigns such as Generation Logistics

Logistics UK welcomes the government's commitment to reform the Apprenticeship Levy into a Growth and Skills Levy, allowing 50% of funds to be spent on non-apprenticeship training. We urge HM Treasury to ensure that the reform is enacted swiftly and resourced in full. Given the critical role that logistics plays as identified in the Industrial Strategy, it is vital that this new flexibility is not restricted solely to designated "growth sectors". Excluding logistics would undermine the very objectives of the strategy and unfairly disadvantage a sector that is essential to the success of every part of the economy.

The existing levy model has consistently failed the logistics sector, as logistics training needs are highly time-sensitive, modular, and occupationally diverse. For example, many essential roles, such as warehouse supervisors, freight planners, and forklift instructors, require targeted, short-course training, not year-long apprenticeships. As a result of this mismatch between the levy and our sector's needs, since 2017 transport and logistics employers have contributed £1.35 billion to the Apprenticeship Levy, yet have recovered only £439 million in sector-specific apprenticeship funding – a recovery rate of just 32%.[27] This has often left businesses without the funds to pay for the training that they require, which is a situation that must be addressed if logistics employees and prospective employees are to be supported into higher value roles.

Another challenge facing the logistics sector is that too few young people are aware of career opportunities within it. This inhibits them from accessing the high-quality jobs the sector has to offer and creates skills shortages in the sector, which adds cost and harms supply chain resilience across the economy. Levy reform could help to address this, by enabling businesses to direct unspent levy funds on proactive initiatives like Generation Logistics. Generation Logistics is an award-winning careers awareness campaign that began in September 2022 and exists to challenge perceptions of and attract new entrants to the logistics sector. It is a collaboration between Logistics UK, CILT(UK) and over 40 businesses. Across the first two years of the campaign to October 2024, positive sentiment towards a career in logistics was increased by 212% and awareness of the sector by 37% amongst 13–24-year-olds.

Expand eligibility for the Lifetime Skills Guarantee to those with existing Level 3 qualifications and include in-demand Level 2 courses critical to logistics

We urge the government to reform the Lifetime Skills Guarantee to remove barriers for older workers and those seeking career changes into logistics. Current restrictions, such as limiting full funding to a narrow list of Level 3 courses, and excluding those who already hold a Level 3 qualification, significantly reduce access to retraining for the unemployed, underemployed and returning workers.

Logistics UK recommends expanding eligibility to those with existing Level 3 qualifications, allowing funding for in-demand Level 2 qualifications that dominate the sector's shortage list, and aligning

[27] Analysis by Jim French MBE, Chair of Transport and Logistics Trailblazer Group, 2025

eligible courses with actual labour market needs, particularly in vehicle maintenance, warehousing, and transport operations.

Review and increase the funding band for Heavy Vehicle Service and Maintenance Technician apprenticeships to secure provider capacity and regional access

Skills shortages in technical logistics roles are particularly acute. According to Logistics UK's quarterly Logistics Performance Tracker, over half (57.7%) of businesses report severe to very severe difficulties in recruiting mechanics, fitters, and technicians.[28]

Despite growing demand, the number of providers offering the Heavy Vehicle Service and Maintenance Technician apprenticeship has fallen from over 100 in 2010 to just 37 today.[29] [30] The primary cause is the inadequate funding band, which fails to cover delivery costs for this capital and equipment intensive course. We urge the Treasury to work with the Department for Education and Skills England to ensure the funding band is reviewed and increased, and that the adult skills budget supports wider regional access to this critical apprenticeship.

[28] Logistics Performance Tracker Q1 2025, Logistics UK, June 2025

[29] https://www.rha.uk.net/news/news/detail/hgv-driver-apprenticeship-funding-increase-welcomed-but-more-needed-for-heavy-vehicle-technicians, 23 June 2023

[30] Heavy Vehicle Service and Maintenance Technician (Level 3) training providers, accessed August 2025

Logistics enables international trade, importing and exporting goods to the value of over £900 billion a year. However, barriers to trade, transport capacity constraints and declining international connections are impacting the UK economy, and this must be addressed.

Trade growth must be backed by reducing friction for logistics businesses moving goods in and out of the UK.

The logistics sector's priorities for HM Treasury to support this are:

Provide funding to accelerate the digitalisation of trade documents, as committed to in the UK Trade Strategy

Digitalising trade documents is critical to reducing bureaucracy and cutting the cost of moving goods across UK borders. Logistics UK strongly supports the commitment in the 2025 UK Trade Strategy to reduce trade friction and the cost of trade by removing paperwork and enabling data to flow more efficiently between businesses and government systems. However, without adequate investment in the digital infrastructure needed to implement these reforms, businesses will continue to face delays, duplication, and compliance costs.

The UK remains reliant on physical and often paper-based documentation for key processes such as customs declarations, safety and security forms, and sanitary and phytosanitary (SPS) controls. This is increasingly out of step with international best practice. In the EU, US, and Singapore, governments are investing in electronic trade documentation standards, such as electronic bills of lading and digital certificates of origin, that reduce costs and improve supply chain resilience.

Treasury should ensure that sufficient funding is available to deliver the Trade Strategy's commitments on customs modernisation, including investing in the Customs Declaration Service (CDS), better joining up HMRC systems and co-designing with business a voluntary standard for customs intermediaries which establishes best practice for the sector. In addition, it is important that this effort includes improving interoperability between customs, port health, and other border authorities, and helping UK businesses adopt the systems and standards required to trade more efficiently in a global digital economy.

Streamlining and digitalising global forms for cargo and trade will also help attract more businesses to import and export via the UK. This will ultimately benefit consumers through lower prices and improved service quality, strengthening the UK's competitiveness as a global trading hub.

Work with the logistics sector to design and develop a Single Trade Window to reduce bureaucratic burden on businesses

A Single Trade Window (STW) should be regarded as a key pillar of the UK's long-term trade competitiveness, and Logistics UK wants to see it delivered, as the 2025 Trade Strategy says the government intends to.

The STW should be a single digital gateway for traders to submit all border information, reducing the need for businesses to submit the same information multiple times to different government bodies. If implemented well, it will improve the speed and efficiency of border processes, reduce errors, and lower compliance costs, particularly for small and medium-sized exporters and importers.

Industry stands ready to work in partnership with government to make this a success, including by designing and delivering an effective STW, with government support. This collaborative approach would help ensure the system is efficiently developed, tested and delivered in a way that reflects the real needs of operators, including making it interoperable with other countries' systems.

Ensure any reform of the treatment of international sales of low-value goods supports smooth, cost-efficient cross-border flows

Logistics UK urges that any consultation on changes to the treatment of low-value goods takes into account the need for seamless and cost-effective movement of parcels and e-commerce items. Duties and fees should continue to be collected at the point of sale, avoiding requirements for individual customs declarations. The UK's current approach, combining supply-VAT and bulk declarations, sets a global benchmark for efficiency and should remain the foundation of any future reform.

Publish an assessment of the economic impact of border friction with the EU, to inform an expansive review of the EU-UK Trade and Cooperation Agreement

While the EU-UK Trade and Cooperation Agreement (TCA), which came into force on 1 January 2021, provides mainly tariff free and quota free trade between the UK and the EU, 'non-tariff measures' are a significant source of trade friction. The TCA review offers an important opportunity for both parties to reduce trade friction and thereby support economic growth. Through the review, the parties can re-examine their relationship, evaluate the TCA's effectiveness in meeting original expectations, and explore potential enhancements for the benefit of UK and EU businesses and consumers. It is therefore vital that the UK government presses for an expansive rather than a limited, technical review.

To support an expansive review and the case for it, Logistics UK urges HM Treasury to carry out and publish a full assessment of the economic impact of border friction with the EU. This should build on existing research by the Centre for Economic Performance, which found that between December 2019 to March 2023, there was an approximately 25 percentage point increase in food prices and that, had EU Exit not transpired, this increase would have been 8 percentage points lower.

An assessment of the economic impact of border friction with the EU should also build on research by MDS Transmodal for Logistics UK which has found that the UK's importance as an EU trading partner declined between 2017 and 2022, with the UK exporting less to Europe, compared to other countries that export to the EU. In 2017, the UK's non-energy exports to the EU represented 4% of total imports to EU countries. However, in 2022, this was just 3.1%, which equates to a decline of over 20%.

It should also consider that, in the World Bank's 2023 Logistics Performance Index (LPI), the UK was ranked 19th, a significant drop compared to 4th in 2014. This partly resulted from border friction, contributing to a decline in on-time shipments, efficient customs processes and the tracking of shipments.

Monitor the functioning and business impacts of the post-EU Exit border regimes, between GB, NI and the EU

In addition to the above assessment, we are urging the government to enhance its monitoring of the functioning of post-EU Exit border regimes, in order to track the impact on businesses and consumers and to work with the logistics sector to develop solutions to challenges.

These regimes include the Border Target Operating Model and Windsor Framework, where challenges persist, risking supply chain disruption, delays, traffic congestion, higher prices, reduced choice for consumers and shortages.

Should you like any further detail about these priorities, please get in touch.

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