Logistics UK representation to HM Treasury ahead of the Spending Review 2025 – Phase 2, 7 February 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 20,000 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 recognise the UK's constrained fiscal situation and the country's economic challenges and want to partner with the government to drive growth.

This document includes our priorities for the Spending Review 2025 – Phase 2. Should you like any further detail about these priorities, please email bgarratt@logistics.org.uk.

Why the logistics sector matters

Logistics underpins our economy and is fundamental to our way of life. 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[1].

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

Key statistics about the UK logistics sector and the costs upon it [2] [3] [4]:

- Contributes £185 billion GVA to the UK economy each year, which is 12% of UK non-financial GVA. The total economic footprint of logistics is three times larger than its direct GVA contribution – which is one of the largest multipliers amongst logistics sectors in comparable countries and other sectors in the UK.
- Over 200,000 logistics businesses in the UK, more than 99% of which are SMEs. There are large numbers of logistics businesses and employees in every UK nation and region. However, many are experiencing significant challenges. In the 12 months to October 2024, 497 UK haulage businesses collapsed, which is a 76% increase on the pre-Covid level of 282 in 2019. This is largely due to rising costs.
- 2.6 million people in the UK are employed by logistics businesses or perform logistics roles in other business. This is 8% of the UK workforce.
- The transportation and storage sector is a major attractor of investment into the UK. In 2023, it attracted investment levels of £17.7 billion, recovering from the impact of EU Exit and the

1 Logistics: a solution to the UK's productivity puzzle, Oxford Economics, 2023
2 Logistics Report, Logistics UK, 2024
3 Logistics: a solution to the UK's productivity puzzle, Oxford Economics, 2023
4 Analysis for Logistics UK by Savills, 2024

pandemic, and getting close to the sector's annual investment peak in the past decade of £19.27 billion in 2016 [5].

- The increased employer National Insurance contributions announced at the 2024 Autumn Budget represent an additional estimated cost to the logistics sector of £1.7 billion, based on those working in logistics businesses and in logistics roles in non-logistics businesses. Based on only those working in logistics businesses, the added cost is estimated to be £1.2 billion. This is a major concern for logistics businesses, with many considering making redundancies and/or increasing their prices, which could fuel inflation. If logistics businesses sought to manage the full £1.2 billion cost increase through downsizing, we would see a reduction in 29,000 jobs. If there was downsizing in logistics businesses and amongst logistics roles in non-logistics businesses to manage the full £1.7 billion cost, we would see a reduction in over 42,000 jobs.
- The industrial sector, a large portion of which is the logistics sector, paid over £7.5 billion in business rates in England and Wales in 2023. The proposed business rates reform will significantly increase this burden, and the additional costs will also be borne by customers of logistics, including the retail and manufacturing sectors.
- The sector paid £5.88 billion in Fuel Duty in 2023, which is more than 20% of all Fuel Duty paid to HMRC.

Consultation and data

This representation is based upon thorough and ongoing consultation with our members, including 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. This is supplemented via engagement with a wide range of member working groups, covering topics including the environment, employment, infrastructure, innovation, customs and trade, together with dedicated, regular forums for the most senior executives in the UK logistics sector.

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's top priorities for the Spending Review, to deliver government and business efficiency and unleash the power of logistics to drive growth:

- Progress mature infrastructure projects to resolve key bottlenecks in the UK logistics network as soon as possible, including the Lower Thames Crossing, Ely Area Capacity Enhancement, and a Heathrow third runway.
- Develop a long-term transport and energy infrastructure plan to upgrade the UK Logistics Network and enable its decarbonisation.
- Reform regulations on road freight vehicle weights and dimensions to deliver efficiencies for the DfT, DVSA and DVLA, and allow the introduction of larger, heavier vehicles, enabling more to be moved with fewer vehicles and mitigating the payload penalty that zero tailpipe emissions vehicles will otherwise introduce.
- Resource Skills England to work with the logistics sector to identify and address skills needs, to break down barriers to opportunity and maintain the resilience of UK supply chains.
- Develop, test and introduce a Single Trade Window that efficiently and effectively operates as a one border portal and is interoperable with international systems, to reduce the bureaucratic and cost burden on businesses.

5 Source: Business Investment in the UK, ONS, December 2024.

Logistics UK wants to see the Spending Review support the following:

Our strategic goals	Priorities for the Spending Review 2025 – Phase 2
An industrial strategy and pro-business policy environment that strengthens the foundations of growth, including logistics.	Ensure the Department for Business and Trade (DBT) has the resources to map and engage with the foundational sectors that underpin the growth-driving sectors identified in the Industrial Strategy Green Paper, including via Logistics UK being appointed to the Industry Strategy Council. Ensure the Department for Transport (DfT) has the resources and support from across Whitehall to produce an updated Future of Freight Plan, to guide cross-government policies to tackle barriers to logistics efficiency and thereby boost productivity-led growth. Ensure DfT has the resources to integrate freight within the planned Integrated National Transport Strategy. Ensure HMRC is properly resourced as its inefficiency is creating unaffordable costs for business. Provide mayoral combined authorities with long-term funding settlements to support the development and delivery of their economic growth plans. This must include combined authorities developing plans for efficient urban logistics to support growth, and the shifting of resources away from the imposition of impediments to logistics efficiency.
A long-term infrastructure strategy, planning reform and investment in innovation to get goods moving in the most productive, strategic and green way.	Provide the National Infrastructure and Service Transformation Authority (Nista) with the resources to develop a long-term plan for the road, rail, aviation, maritime and energy infrastructure needed by the logistics sector, based in the formal identification of a National Logistics Network and informing the planned Infrastructure Strategy. Provide Nista with the resources to work across Whitehall to tackle the start-stop nature of UK infrastructure decision-making and delivery. Provide the DfT, Department for Energy Security and Net Zero (DESNZ), Great British Rail Transition Team (GBRTT), National Highways, Network Rail, the Canal & River Trust and National Energy System Operator (NESO) with the funding required to develop detailed plans for enhancing the road, rail, inland waterways, aviation, port and energy infrastructure needed by the logistics sector, to inform the planned Infrastructure Strategy. This work must be based in the formal identification of a National Logistics Network and should support the rail freight growth target, amongst other strategic goals. Provide funding for, introduce private finance models for or otherwise support the delivery of: • Lower Thames Crossing • Ely Junction • Improvements to Smart Motorways • Improvements to A2/M2 corridor • Infill rail electrification between ports and key mainline rail interchanges • Increased capacity on the West Coast Main Line • The A303 at Stonehenge project, which should be reprioritised and funded. • Airport expansion. Introduce a long-term funding settlement for local authorities to adequately maintain roads.

	Ensure the DfT is resourced to speed up decision-making on Development Consent Orders. Ensure the Ministry of Housing, Communities and Local Government (MHCLG) is resourced to complete the full suite of national planning policies, as there are currently substantial gaps. Ensure local planning authorities are resourced to efficiently support the delivery of the infrastructure enhancements and facilities required by the logistics sector. Ensure mayoral combined authorities are resourced to deliver strategic transport plans which encompass logistics. Ensure the DfT has the resources to continue to deliver match-funding for improvements to facilities for the welfare of logistics workers. Continue funding the Freight Innovation Fund (FIF) and other logistics-focused innovation and decarbonisation programmes.
A fair transition to becoming a clean energy superpower that keeps the costs of decarbonisation down and ensures resilient supply chains.	Ensure the DfT has the resources and support from across Whitehall to co-create a logistics decarbonisation roadmap with industry, establishing what fuel and energy is needed where. This must include the creation of a framework for supporting efficient and low carbon urban logistics to guide local and combined authorities, mitigating the growth of patchworks of rules that harm the economy and complicate the green transition. Provide funding or introduce private finance models to deliver the energy infrastructure needed to decarbonise the logistics sector. Provide funding for a suite of programmes to support the decarbonisation of the logistics sector, including the continuation and expansion of the Zero Emission Road Freight Demonstrator (ZEHID), Mode Shift Revenue Support (MSRS) and the Water Freight Grant (WFG), the Advanced Fuels Fund and Clean Maritime Plan, alongside creating a support mechanism for low carbon fuels (LCFs), together with additional support for airlines to purchase Sustainable Aviation Fuel (SAF). Maintain funding for Plug-in Grant and Plug-in Truck Grant or introduce a lower rate of VAT on the purchase of electric vans and trucks to provide the same saving, but with lower administrative burdens. Explore funding to support the cost of electric vehicle on-route charging. Invest in port upgrades to support the delivery of offshore wind and other clean energy projects.
A reformed national skills system that supports a thriving logistics sector and breaks down barriers to opportunity.	Provide the Department for Education (DfE) with a fair settlement from the Apprenticeship Levy / Growth and Skills Levy take. Ensure the DfE has the resources to continue funding HGV driver training. Resource Skills England to ensure it can respond to the skills needs of the logistics sector. Ensure the DfT has the resources to continue co-funding the Generation Logistics campaign.
A trade strategy that supports economic growth and resilience, by reducing friction for logistics businesses moving goods between the UK and EU.	Resource an efficiently functioning border as part of the delivery of the Trade Strategy and ensure that the Trade Strategy supports the UK's trade in goods as well as its trade in services. Ensure HMRC is resourced to develop, thoroughly test and introduce a Single Trade Window (STW) that efficiently and effectively operates as a one border portal and is interoperable with international systems, to reduce the bureaucratic and cost burden on businesses.

	Adequate resource operational partners within the Kent and Medway Resilience Forum and Kent area to enable an appropriate and flexible response on the ground when the EU Entry and Exit System is introduced at the juxtaposed borders to keep freight traffic flowing. Enhance the monitoring of the functioning of the post-EU Exit border regimes to identify and introduce efficiencies, including by resourcing the establishment of a central-Whitehall unit to coordinate the development and delivery of border policy in meaningful consultation with business. Allocate resource to the Northern Ireland Office and across government to help sell, in collaboration with the Northern Ireland Executive and EU, Northern Ireland's unique dual market access around the world to boost exports and attract inward investment. Deliver 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.
Safe and efficient road freight, underpinned by industry-informed and evidence-based standards and regulations.	The DfT to deliver full regulatory alignment between 4.25 tonne electric vans and 3.5 tonne diesel vans, reducing the unnecessary additional administrative burden on larger electric vans and creating efficiencies for the DVSA and logistics businesses. The DfT to reform HGV axle and gross vehicle weights and dimensions regulations, to support reductions in traffic, emissions, casualties and costs and aid the transition to zero tailpipe emission HGVs. The DfT to reform Longer Semi-Trailer (LST) regulations to create efficiencies for the DVSA and financial and environmental efficiencies for logistics businesses. The DfT to reform drivers' hours recording regulations by repealing the requirement to maintain records for the previous 28 calendar days and return to pre-2020 legislative situation. The DfT to permit domestic drivers' hours recording to be carried out electronically such as via apps, rather than in a paper logbook, improving data quality, analysis and efficiency for the DVSA and logistics businesses. The DfT to digitise DVLA services, including to replace physical 'O' (Operator) licence discs with electronic records, mirroring the approach with paper tax discs that were abolished in 2014. This would create efficiencies for logistics businesses and the DVLA. The DfT to permit Earned Recognition (ER) operators to carry out their own MOT testing on vehicles and trailers (or delegate the responsibility to their third-party maintenance provider), subject to them meeting additional compliance requirements – to create efficiencies for the DVSA. The Home Office to introduce national standards for the reporting and recording of freight crime, creating efficiencies for individual police forces and enhance their ability to tackle such crimes.
The remainder of this document provides detail on these priorities.	

The logistics sector seeks an industrial strategy and pro-business policy environment that strengthens the foundations of growth, including logistics.

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.

The logistics sector's priorities for the Spending Review in this area are:

Ensure the DBT has the resources to map and engage with the foundational sectors that underpin the growth-driving sectors identified in the Industrial Strategy Green Paper, including via Logistics UK being appointed to the Industry Strategy Council.

The Industrial Strategy Green Paper rightly recognises that the UK's highest potential growth-driving sectors rely on a) foundational sectors to underpin their potential success, and b) a range of cross-cutting policy areas to create a pro-business environment, as do the UK's foundational sectors. As we included in our consultation response to the Green Paper, to support growth, the final Industrial Strategy should identify logistics as foundational sector for the highest potential growth-driving sectors and back a series of policies to create a pro-business environment for the logistics sector.

The Industrial Strategy Council should be representative of both growth-driving and foundational sectors to ensure it can fully inform and monitor the development and delivery of the Industrial Strategy over the long term. To support this, we encourage the appointment of Logistics UK to the Council, given that we represent the whole logistics sector. In addition, as an independent body, it must be transparent in its evidence collation and recommendations to the UK government, alongside the KPIs it will use to assess the delivery and progress of the Industrial Strategy.

We welcome the introduction in 2024 of a small, highly engaged logistics team within the DBT. We want to see that team well-resourced so that it can work closely and consistently with our sector, and across Whitehall, to shape our policy and regulatory environment into one that supports growth.

Ensure the DfT has the resources and support from across Whitehall to produce an updated Future of Freight Plan, to guide cross-government policies to tackle barriers to logistics efficiency and thereby boost productivity-led growth.

The 2022 Future of Freight Plan was the UK's first long-term, multimodal strategy for freight that understood the centrality of freight and logistics to the economy. Informed by the logistics sector and developed by the DfT, it recognised that unlocking the benefits of freight for the economy meant making progress across a range of policy areas, including people and skills, planning, decarbonisation, and data and technology. Central to the plan was the aim of identifying a National Freight Network to integrate road, rail, ports, inland waterways, and airports into a more efficient freight movement.

Some progress was made delivering the ambitions of the Future of Freight Plan by the last government and Freight Council (that included industry representatives), but not enough. However, its core aims remain just as valid. It is therefore vital that this work is not lost but, instead, the DfT works with the logistics sector and across Whitehall to develop a refreshed Future of Freight Plan, or Future of Freight Plan 'Mark Two', that identifies and activates the priority policy levers to enable logistics to help achieve the Plan for Change.

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[6], and a Future of Freight Plan 'Mark Two' would set out how this can be achieved.

6 Logistics: a solution to the UK's productivity puzzle, Oxford Economics, 2023

Ensure the DfT has the resources to integrate freight within the planned Integrated National Transport Strategy.

The DfT is developing an 'Integrated National Transport Strategy'. However, communications about it have been entirely focused on passengers and motorists, leaving out the role the transport network plays enabling freight movements. Given the above growth opportunity identified by Oxford Economics and the need to decarbonise the economy, it is essential that the Integrated National Transport Strategy is genuinely integrated and, therefore, includes freight and logistics.

The logistics sector is ready and willing to partner with the DfT and other government departments to help achieve the ambitions of the Plan for Change, including growth across the country. To achieve this, we ask that our industry – one of the largest in the UK – is included in the government's transport strategy.

Ensure HMRC is properly resourced as its inefficiency is creating unaffordable costs for business.

Logistics UK members have highlighted that the inefficiency of HMRC is creating unaffordable costs for them and want to see this urgently addressed. As per a survey of more than 10,000 businesses by HMRC's independent Administrative Burdens Advisory Board in 2024, record numbers of businesses are rating their experience of interacting with HMRC as "poor".

Provide mayoral combined authorities with long-term funding settlements to support the development and delivery of their economic growth plans. This must include combined authorities developing plans for efficient urban logistics to support growth, and the shifting of resources away from the imposition of impediments to logistics efficiency.

Mayoral combined authorities have a key role to play in driving growth and the logistics sector wants to work with them to make this happen. Logistics businesses are major employees in all regions of the UK and, beyond that, underpin the potential of regional economies. However, too often this potential is held back by capacity constraints on the local transport network, planning barriers, skills shortages and, impacting all of those, a lack of understanding of the logistics sector in combined and local authorities.

We are urging combined authorities to move beyond regarding logistics as something to be managed and restricted and to, instead, regard our sector as a partner for growth, infrastructure planning, decarbonisation policy development, rewarding career and technology innovation. To support this, it is vital that mayoral combined authorities have the long-term flexible funding settlements they need to develop their strategic economic functions, and work with logistics businesses to grow the economy and improve living standards in all parts of the country.

The UK needs a long-term infrastructure strategy, planning reform and investment in innovation to get goods moving in the most productive, strategic and green way. This will get the country building again and deliver a more resilient, growing economy.

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. However, bottlenecks in the UK's logistics infrastructure, maintenance backlogs, the slow pace of planning and delivery and lack of long-term plans is creating inefficiencies and inhibiting private investment, which is holding back growth and increasing carbon emissions.

The logistics sector's priorities for the Spending Review in this area are:

Provide the National Infrastructure and Service Transformation Authority (Nista) with the resources to develop a long-term plan for the road, rail, aviation, maritime and energy infrastructure needed by the logistics sector, based in the formal identification of a National Logistics Network and informing the planned Infrastructure Strategy.

In November 2024, we published *The UK Logistics Network*, a new report by Logistics UK and leading transport economists MDS Transmodal which highlights the key logistics corridors that underpin the economy, and where investment in our road and rail networks is required to enable growth. Amongst its findings are that parts of the UK's key logistics infrastructure are severely constrained, harming growth. For example, between 2015 and 2024, the annual cost of congestion on the Strategic Road Network for HGVs increased by more than £930 million.

The primary policy recommendation in this report is that that the UK needs a 30-year infrastructure investment strategy, beginning with identifying the improvements needed at a corridor-level before identifying the key infrastructure projects needed. It also recommended the strengthening of transport links to and from our international gateways, and aligning transport and energy infrastructure, to support the decarbonisation of the logistics sector.

Nista should be resourced to undertake this task, including to inform the planned Infrastructure Strategy.

Provide Nista with the resources to work across Whitehall to tackle the start-stop nature of UK infrastructure decision-making and delivery.

UK infrastructure has, for many years, been beset by short-termism, high costs, stop-start delivery and a lack of joined-up strategy. This has slowed delivery and inhibited the attraction of private finance. This has proven particularly problematic for the logistics sector as it is a) multimodal and therefore needs multi-modal transport infrastructure planning, b) private sector, and is therefore not financially protected from changes to infrastructure plans, and c) needs greater certainty over infrastructure plans to unlock private sector infrastructure investment.

Nista should be resourced to work across Whitehall to tackle this, leading to the development of an infrastructure pipeline that investors and other businesses can have confidence in. This includes being resourced to act as an effective monitoring body for delivery of infrastructure projects, with an emphasis on improving the efficiency of supply chains as a means of boosting growth.

Provide the DfT, Department for Energy Security and Net Zero (DESNZ), Great British Rail Transition Team (GBRTT), National Highways, Network Rail, the Canal & River Trust and National Energy System Operator (NESO) with the funding required to develop detailed plans for enhancing the road, rail, inland waterways, aviation, port and energy infrastructure needed by the logistics sector, to inform the planned Infrastructure Strategy. This work must be based in the formal identification of a National Logistics Network and should support the rail freight growth target, amongst other strategic goals.

Collaborating with Nista to achieve the above objectives, the DfT and other named departments and arms-length bodies should be resourced to deliver a coherent, reliable delivery plan that results in an efficient and green logistics transport network for the UK. This should replace the current system of infrastructure projects being planned or backed modally, in silos and often without regard to the logistics sector.

This plan must also be aligned with the UK's long-term infrastructure ambitions, as described above, to end the 'stop-start' cycle of investment which undermines business confidence and hinders the development of end-to-end solutions for capacity and congestion issues along critical infrastructure corridors.

Provide funding for, introduce private finance models for or otherwise support the following infrastructure projects.

While the UK is in need of a long-term infrastructure strategy, the below projects have already been identified as essential for the efficiency of the UK's logistics network and should therefore be progressed without delay. Private finance options should be explored alongside public funding.

Lower Thames Crossing: The project is vital for UK supply chains, as it would significantly strengthen links between the EU and the whole of the UK, via the Channel Short Straits – which handle over half of all goods traded between Great Britain and mainland Europe. The project would also create a more resilient road network. Around 40% of journeys across the Dartford Crossing, currently the only road crossing east of London, are freight vehicles carrying vital goods. Congestion on the crossing costs the economy more than £200 million a year. We welcome the government's support for this project and want to see its Development Consent Order (DCO) approved and finance agreed, so work can begin in 2025.

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.

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.

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 the plan for a third runway at Heathrow Airport. It is the UK's largest port by value, handling air cargo worth over £180 billion a year. This is 30% of the UK's total international trade by value, 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.

Introduce a long-term funding settlement for local authorities to adequately maintain roads.

We support the government's increased funding for local roads maintenance in 2025/26 and want to see that continue for the years 2026/27 and beyond, with an ambition for the UK's road network to be in a better condition at the end of this spending period than it is today.

Poor road conditions are acting as a tax on business – making journey planning highly unpredictable and contributing to missed deliveries, unnecessary overtime, increased fuel consumption, inefficient fleet utilisation and damaged vehicles.

According to the 2024 ALARM (Annual Local Authority Road Maintenance) survey of local highways departments in England, an estimated £16.3 billion is needed to tackle the backlog of carriageway repairs in England and Wales. This is the highest figure in the 29 years since the survey began.

Ensure the DfT is resourced to speed up decision-making on Development Consent Orders.

We support the government's commitment in the Plan for Change to speed up decisions on major infrastructure projects, including the commitment to fast-track planning decisions on at least 150 major economic infrastructure projects. To support growth, it is vital that we now see an increase in positive decisions for transport, warehouse, interchange, port and airport projects.

Following the DfT's recent delay on its decision on the Lower Thames Crossing DCO again and that, overall, decisions on DCOs are getting slower indicates the need for greater focus and resource in this area. For example, projects accepted for examination in 2012 received decisions within an average of 17 months, whereas those accepted in 2020 waited an average of 22 months. Additionally, the proportion of delayed projects increased from 20% between 2012 and 2016 to 43% from 2017 onwards.[7]

Ensure the MHCLG is resourced to complete the full suite of national planning policies, as there are currently substantial gaps.

There are substantial gaps in the suite of national policies that should guide planning for logistics. The lack of a National Policy Statement for airports is one such example and has contributed to delays and indecision surrounding the expansion and re-opening of airports for freight use.

Alongside the revised National Planning Policy Framework (NPPF), which is more positive about the importance of logistics, the government must establish a suite of policies that both cover and support integration between all logistics modes. A presumption in support of logistics developments, providing certain criteria are met, would provide certainty for the sector and help to speed up the planning process.

7 Analysis by BDB Pitmans, November 2022

Ensure local planning authorities are resourced to efficiently support the delivery of the infrastructure enhancements and facilities required by the logistics sector.

There is a substantial degree of disconnect between the various strategic and operational levels of the national and local planning systems. While the National Planning Policy Framework (NPPF) both recognises the importance of sustainable transport, including freight, and encourages local authorities to identify sites for logistics, the implementation of these aims at a local level is often inconsistent and conditional on local authorities' support for, and understanding of, the freight and logistics sector.

There is also a widespread view among the logistics sector that local plans are not universally effective at recognising the importance of logistics to local and national supply chains, allocating sites for further development or protecting existing sites and infrastructure. This lack of effectiveness frequently stems from a poor understanding of the current and future needs of the sector and its role in the local economy. There needs to be a far stronger level of engagement between planning authorities and the logistics sector, however this is often stymied by limited capacity within authorities to conduct the detailed, ongoing and collaborative engagement needed to understand the needs and economic role of warehousing and logistics. Resources provided to planning authorities need to increase to achieve this.

Ensure mayoral combined authorities are resourced to deliver strategic transport plans which encompass logistics.

The increased devolution of transport policy to Mayoral Combined Authorities (MCAs) presents an opportunity for better decisions taken closer to the businesses and communities they affect. However, in order for this to happen, MCAs must be supported and resourced to engage effectively with the logistics sector, and to include logistics within their strategic transport plans. Given their remit, it is understandable that the MCAs place a significant focus on passenger transport issues. However, this must be considered alongside, instead of separate to freight. The benefits of modal shift in passenger movements are a case in point, with a reduction in single passenger car journeys likely to bring corresponding improvements in congestion, making freight journeys more efficient and lowering emissions.

MCA strategies should also recognise that building strong places and local communities will be impossible if the people living in them are unable to access or receive essential goods and services. This is the role that logistics plays. Logistics UK believes that creating more successful, liveable places is reliant upon, rather than opposed to, ensuring efficient freight movements. Building knowledge of this role within MCAs is essential if they are to achieve their economic ambitions and we urge the government to ensure this is resourced accordingly.

Ensure the DfT has the resources to continue to deliver match-funding for improvements to facilities for the welfare of logistics workers.

To support the welfare of logistics workers, and attract new and more diverse talent, improvements are needed to driver facilities. As such, it is important that the DfT's match-funding for improvements to roadside facilities continues.

Transport Focus data published in August 2023[8] shows that most vehicle managers regard current rest stops of being of poor quality and lacking availability. The latest Lorry Parking Survey published in 2023 [9] shows the utilisation of lorry parking facilities in England at night is above critical level, at 87%. In 2018, the previous study [10] found there was an urgent need for 1,411 overnight lorry parking spaces in England, which the government committed to deliver.

8 Logistics and Coach Survey: Strategic Roads, Transport Focus, 2023
9 National survey of lorry parking (2022): part 2, Department for Transport, 2023
10 National survey of lorry parking, Department for Transport, 2018

Continue funding the FIF and other logistics-focused innovation and decarbonisation programmes.

Innovation plays a key role in enabling logistics to work as an efficient system and therefore to support economic growth, resilience and decarbonisation. With support from innovators and government, through the FIF and other programmes, logistics businesses are introducing robotics and AI, implementing new measures to support modal shift, adopting green technologies to reduce carbon emissions and are training people in new data-based skills.

We urge the government to continue supporting collaboration with SME innovators and the logistics sector and therefore want to see the FIF, delivered by the Connected Places Catapult, funded for this full spending period. We also encourage the DfT to continue funding the Future of Flight programme, Transport Research and Innovation Grants and the programmes delivered by the Centre for Connected and Autonomous Vehicles.

We also want to see the model used for the FIF, which sees logistics businesses act as test beds rather than match funders, adopted by other innovation programmes relevant to the logistics sector. 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, and the public also experiencing benefits around the environment and reduced traffic congestion over time.

The UK needs a fair transition to becoming a clean energy superpower that keeps the costs of decarbonisation down and ensures resilient supply chains.

The logistics sector is committed to playing its part to help the UK achieve net zero but is struggling with the high costs involved and gaps in government policies, both of which risk the resilience of supply chains.

The logistics sector's priorities for the Spending Review in this area are:

Ensure the DfT has the resources and support from across Whitehall to co-create a logistics decarbonisation roadmap with industry, establishing what fuel and energy is needed where. This must include the creation of a framework for supporting efficient and low carbon urban logistics to guide local and combined authorities, mitigating the growth of patchworks of rules that harm the economy and complicate the green transition.

The government's response to the Committee on Climate Change 2024 progress report commits to "set out detailed plans for transforming our freight and logistics sector, helping operators benefit from improved efficiencies and consumers benefit from lower carbon goods." It adds that "Our vision for freight will combine a zero-emission light- and heavy goods vehicle fleet with increased rail freight capacity and zero emission vessels at sea – with improved, reliable infrastructure underpinning every element."

This is a significant commitment which the logistics sector warmly welcomes.

Such a vision or, as we have long called for, a co-created logistics roadmap to net zero is vital, given the complexities and interdependencies involved, including:

- Approaching vehicle phase-out deadlines without underpinning policies.
- Challenges with technology viability, exacerbated by current vehicle regulations on weight and dimensions.
- High costs.
- Lack of required energy infrastructure, zero and low carbon fuel production and mode shift infrastructure.
- Choices being required over energy and fuel use, which is made more challenging by the current policy approach not being technology neutral.

It is essential that the DfT and DESNZ are properly resourced to work with the logistics sector to deliver this vision for freight.

Provide funding or introduce private finance models to deliver the energy infrastructure needed to decarbonise the logistics sector.

Decarbonising logistics requires, amongst other investments, significantly increased access to energy at sites that do not currently use a large amount of energy but, in the future, will. For example, inland logistics hubs and ports will likely be the location for a great deal of electric vehicle charging, and the DfT's Freight Energy Forum has established that the energy demand for road logistics alone is 32 Terawatt hours. This future electricity demand is acknowledged in the Clean Power 2030 Action Plan, which states that the distribution network needs "significant reinforcement," including "to accommodate new demand in some locations for growing infrastructure and industrial uses, such as data centres and transport hubs." As such, Logistics UK wants to see the Department for Energy Security and Net Zero resourced to undertake detailed work on the pipeline of grid connection projects required by the logistics sector, including beyond 2030.

Time is short. According to current deadlines, all new vans sold from 2035 onwards must be zero tailpipe emission, with this applying to HGVs up to 26 tonnes from 2035 and all HGVs from 2040. These vehicles, if electric, will all need reliable charging infrastructure and this is not happening at anything like the pace required, largely due to a lack of grid infrastructure. There are similar

challenges in other areas of logistics. For example, vessels account for 60% of emissions at ports and shore power – electrical connections for vessels at berth – could play a major role in reducing these 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".[11] To make progress, we need to see investment in grid capacity at ports.

To enable logistics businesses to afford energy upgrades at their depots, we also want to see full expensing for capital investment be able to be used to cover fees paid to Distribution Network Operators (DNOs) to deliver the asset upgrades necessary for vehicle charging, as well as to cover leased and hired vehicles. For operators electrifying their fleet, the fees charged by DNOs for the required asset extensions can be significant, with some operators reporting fees of over £1 million. These fees are in addition to the costs of acquiring new electric fleets and installing chargepoints. The fees are particularly challenging for operators leasing their premises as, if they relocate, the energy infrastructure they funded would not move with them.

In addition, around 900,000 vans and 100,000 HGVs are leased or rented to UK businesses, representing one in five vans and HGVs on UK roads[12]. These vehicles are not covered by the criteria for the 100% tax deductible annual investment allowance for capital spending, adding to the cost of moving to zero tailpipe emission vehicles, and therefore inhibiting that transition. Logistics UK is calling for full expensing to cover hired and leased vehicles. According to analysis by the BVRLA business group, this would unlock additional investment of over £1.1 billion and would add £450 million in GVA to the UK economy.

Provide funding for a suite of programmes to support the decarbonisation of the logistics sector, including the continuation and expansion of the ZEHID, MSRS and the WFG, the Advanced Fuels Fund and Clean Maritime Plan, alongside creating a support mechanism for LCFs together with additional support for airlines to purchase SAF.

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.

Mode shift

The MSRS and the WFG have played a vital part in moving freight from road to rail and water, helping these modes to be more cost competitive. We are urging the government to maintain these grants, to drive down carbon emissions, improve air quality, improve road safety and mitigate road congestion. In the former government's consultation in early 2024, we called upon DfT to maintain the grants beyond April 2025 and to improve and update the schemes and application process. We also want to see Freight Facilities Grants (FFGs) reintroduced to support private sector investment in new and updated infrastructure, including intermodal facilities. This will support moving more goods via our railways and waterways.

Low carbon fuels

LCFs will play a significant role in the logistics sector's decarbonisation, for road, rail, air and maritime vehicles, as they reduce emissions compared to traditional fuels by up to 80%[13] and many are drop in fuels which can be used in existing engines, without the need to replace capital assets. Even in cases where zero emission technologies offer a long-term solution, LCFs will play a positive role in the interim.

However, such fuels are often more expensive than fossil fuels and, if demand increases, will become in short supply, unless production is supported. In addition, in the absence of a LCF strategy, the logistics sector has no certainty as to whether the government will back them for the long term – all of which is hampering their uptake. Our larger members have informed us that they are currently paying anything between 10% and 40% more for hydrotreated vegetable oil (HVO) than diesel, before tax and duty are added, which means smaller businesses are likely paying more, due to their lower

11 Transport Decarbonisation Plan, UK Government, 2021
12 Commercial Vehicle Insights, BVRLA, access August 2024
13 High Blend Biofuels, Zemo Partnership, 2020

buying power. Some businesses that began the transition to greener fuels have since reverted to fossil fuels, due to their high costs and customers' unwillingness to pay extra for carbon reductions.

We see a strong case for the government supporting the use and production of LCFs. It would accelerate emissions reduction in the logistics sector and also help to create new jobs in the UK. A such it is important that the DfT and DESNZ are resourced to develop a long-term strategy for LCFs, with support programmes as part of it to drive LCF use and production forward. Measures in such a strategy on the demand side could include continuing to support biofuels via the Renewable Transport Fuel Obligation, decoupling the price of biomethane from wholesale natural gas prices, introducing a HVO differential and continuing the gas duty differential beyond 2032. Measures would also be required on the supply side, mirroring the approach with SAF.

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 and, as set out in the King's Speech background briefing notes, SAF is estimated to add over £1.8 billion to the economy and support over 10,000 jobs across the country. As such, we welcome the commitment to introduce a SAF (Revenue Support Mechanism) 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.

Clean Maritime Plan

We urge the government to renew the Clean Maritime Plan to develop a long-term strategy to decarbonise shipping and to continue funding for innovation via the UK Shipping Office for Reducing Emissions (UK SHORE). To make progress, we would like to see the government align its decarbonisation strategy with the 2023 International Maritime Organization (IMO) Strategy.

Vessels account for 60% of emissions at ports and shore power – electrical connections for vessels at berth – could play a major role in reducing these 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".[14] However, the sector requires support with the high costs of delivering shore power. This will help UK ports remain competitive for use by deep-sea shipping lines, cargo owners/exporters, and cruise lines alike versus EU rivals where shore power connectivity is mandatory from 2030. Funding strategies should also go hand in hand with stakeholder discussions to identify ways to boost energy capacity and distribution in and around UK ports.

Maintain funding for Plug-in Grant and Plug-in Truck Grant or introduce a lower rate of VAT on the purchase of electric vans and trucks to provide the same saving, but with lower administrative burdens.

With the shift to electric logistics road vehicles in the logistics sector still at an early stage, we are urging financial measures to remain in place and to be strengthened, to support the transition. As the Climate Change Committee has warned, 'electric van sales are still lagging and remain significantly off track'. This is partly due to their high cost.

The average electric van costs 50% more than a diesel option[15]. In addition, these vans also often do not perform as well as their diesel counterparts. From range and payload to charging cost and speed, logistics operators regularly have to pay more for less. Electric trucks are further behind vans. To make electric vans and trucks more financially viable, incentives such as the Plug-in Van Grant and

14 Transport Decarbonisation Plan, UK Government, 2021
15 Auto Trader, recommend retail pricing data, 2024

Plug-in Truck Grant are critical. We urge the government to either retain these grants or introduce a lower rate of VAT on the purchase of these vehicles to support their adoption.

Finally, for every new van sale, there are more than two and a half pre-owned vans sold [16]. The majority of pre-owned vans are operated by sole traders and SMEs. We are therefore calling for fiscal support to be introduced in the second-hand market, to encourage sole traders and SMEs to move to zero tailpipe emission vehicles.

Explore funding to support the cost of electric vehicle on-route charging.

Alongside the higher cost to acquire electric vehicles (EVs), operators are struggling with the high cost of public charging. To help operators make the business case to adopt EVs, government should work with the industry to explore funding an EV charging price cap. This would help operators have more certainty on charging costs that could be built into their vehicle adoption plans.

Invest in port upgrades to support the delivery of offshore wind and other clean energy projects.

The government's Clean Power 2030 Action Plan acknowledges the role of ports in delivering clean power. This follows the government's manifesto commitment to invest £1.8 billion to upgrade ports and build supply chains across the UK to support the clean energy mission, given the role that ports play in delivering offshore wind.

We support this commitment and want to see it fulfilled through the spending review.

16 Light Commercial Vehicles: Delivering for the UK Economy, SMMT, 2019

The UK needs a reformed national skills system that supports a thriving logistics sector and breaks down barriers to opportunity.

To keep supply chains resilient, careers in logistics must be backed by reform to skills funding and a sustained commitment to attracting people, ensuring businesses have a strong pipeline of talent to draw from and nurture.

The logistics sector's priorities for the Spending Review in this area are:

Provide the DfE with a fair settlement from the Apprenticeship Levy/Growth and Skills Levy take

There is well-documented[17] disparity between the funds generated by the Apprenticeship Levy and the amounts allocated and spent on apprenticeship programmes, leading to significant sums being retained by HM Treasury. This under-allocation of funds hampers the potential growth of apprenticeship schemes and contributes to ongoing skills shortages.

Members contributing to the Apprenticeship Levy have identified two key areas where additional funds could be effectively deployed: expanding recognition for certification opportunities and increasing funding bands to reflect real-world costs.

Firstly, many sector-relevant courses require learners – or their employers – to cover additional fees for obtaining industry-recognised certifications, which are not currently funded by the Levy. For example, apprentices pursuing the Level 3 Health, Safety, and Environment Technician standard must pay nearly £300 out-of-pocket for the NEBOSH General Certificate, including registration and associated publications. This additional financial burden can deter participation and limits access to essential qualifications.

Following consultations with industry stakeholders, funding for the Level 2 LGV Driver and Level 2 Urban Driver apprenticeships was expanded to include approximately £200 in costs for associated theory and practical tests. This policy shift demonstrates how targeted adjustments to funding rules can alleviate barriers and enhance apprenticeship participation.

Such changes are facilitated through increases in funding bands, and Logistics UK advocates for similar adjustments across the sector's occupational map. The logistics sector is facing an ongoing shortage of vehicle technicians, with 51.8% of companies of businesses reporting severe recruitment issues[18]. A key cause of this shortage is the lack of Level 3 Heavy Vehicle Technician Apprenticeship courses available; there were over 100 colleges and training providers offering the qualification in 2010[19], yet in January 2025, there were only 38 providers[20], as the apprenticeship faces significant funding constraints.

While providers can recover costs for fuel and tyres, current Education and Skills Funding Agency (ESFA) rules prohibit the recovery of capital expenditures, vehicle leasing costs, and insurance. These restrictions disincentivise training providers from offering the programme, forcing employers to cover additional expenses for learner travel and subsistence when accessing geographically distant providers. This, in turn, exacerbates the existing skills gap in the logistics sector.

Considering these challenges, it is imperative that a fair settlement is established to expand recognition for certification opportunities and support necessary uplifts in apprenticeship funding bands. This will ensure that training providers are adequately resourced, apprentices are not financially disadvantaged, and the workforce remains competitive and resilient.

17 See, for example, The Association of Employment and Learning Providers (AELP), January 2024
18 Q3 2024 Skills and Employment Update, Logistics UK, December 2024
19 https://www.rha.uk.net/news/news/detail/hgv-driver-apprenticeship-funding-increase-welcomed-but-more-needed-for-heavy-vehicle-technicians, 23 June 2023

20 https://findapprenticeshiptraining.apprenticeships.education.gov.uk/courses/135/providers, accessed 10 January 2025

Ensure the DfE has the resources to continue funding HGV driver training.

The DfE funds Skills Bootcamps, which are free, flexible courses lasting up to 16 weeks, including to train individuals to become HGV drivers, helping them obtain a Category C or Category C+E licence. Participants who successfully complete the course are guaranteed a job interview with a local employer. Given ongoing shortages of HGV drivers and the risk this poses to supply chains, these bootcamps should continue to be funded in 2026/27 and beyond.

Resource Skills England to ensure it can respond to the skills needs of the logistics sector.

Logistics UK welcomes Labour's commitment to reform the Apprenticeship Levy into a more flexible Growth and Skills Levy, which will allow 50% of the funds to be invested in non-apprenticeship training opportunities. The current Apprenticeship Levy has proven restrictive, limiting the training capacity essential for addressing the UK's skills shortages. Between the introduction of the Levy in 2017 and 2021/22, transport and logistics businesses paid in over £800 million. However, due to the constraints of the Levy and structural issues in the skills system, the total estimated amount of funding possible for the sector to have recovered in the same period was just £250 million [21].

For the reformed Growth and Skills Levy to effectively tackle the logistics sector's acute skills shortage, Skills England must rapidly identify and approve a broader range of courses eligible for Levy funding. This requires not only robust resourcing but also a strategic shift in focus. Currently, Skills England's approach appears limited to identifying skills needs within the highest potential growth-driving sectors outlined in the Industrial Strategy Green Paper. However, as the green paper rightly highlights, these sectors rely heavily on foundational industries – such as logistics – that ensure their smooth operation. Therefore, Skills England must adopt a more holistic view, ensuring that both departments within growth sectors and businesses outside them, like those in logistics, have access to Levy-funded training tailored to their specific workforce needs.

Additionally, Skills England should prioritise forward-looking workforce development. Mapping current and future training needs within the logistics sector must encompass emerging areas such as data analytics to mitigate supply chain risks, artificial intelligence for revolutionising inventory management, and skills related to decarbonisation and sustainability in line with the sector's commitment to greener operations.

Beyond broadening eligible training, Skills England must address the structural barriers within the apprenticeship system that hinder workforce development in logistics. For example, minimum English and maths requirements are frequently cited by members as barriers to both apprenticeship entry and completion. Individuals with alternative education qualifications, such as degrees, should be exempt from re-evidencing these basic skills, particularly when returning to formal education later in their careers. Moreover, exemptions for learners with additional needs remain unclear, adding further obstacles for potential apprentices.

The rigid 12-month minimum duration for apprenticeships is another significant barrier, especially for roles like warehouse operatives or HGV drivers, where the skills required can often be acquired in a shorter timeframe. The time required to complete an apprenticeship should be linked to competency acquisition, not arbitrary timelines. Similarly, End Point Assessments (EPA) must become more flexible. Once the required learning is completed – sometimes ahead of schedule – it is crucial that learners can proceed to their EPA without unnecessary delays. Prolonging this process risks disengagement, reducing completion rates and undermining the effectiveness of apprenticeship programmes.

Lastly, the issue of English devolution must be carefully considered by Skills England to prevent additional complexity for national employers. Members already face challenges navigating training options and funding mechanisms. Further devolution could exacerbate these issues, making it harder for businesses to implement consistent training strategies across their operations. Skills England must

21 Analysis for Logistics UK by Jim French MBE, Road to Logistics, Co-Chair Trailblazer Group Transport and Logistics, 2022

ensure that national employers retain access to standardised training and funding options, fostering a cohesive, efficient approach to workforce development across the country.

Ensure the DfT has the resources to continue co-funding the Generation Logistics campaign.

While reforming the Apprenticeship Levy, expanding eligible courses, and addressing structural barriers within the training system are essential steps, these efforts will be futile unless we first succeed in attracting new talent to the logistics profession. The sector faces not only a skills gap but a significant awareness and perception challenge – many potential candidates are simply unaware of the diverse, dynamic, and rewarding careers that logistics offers. Without proactive initiatives to engage and inspire the next generation, even the most flexible funding mechanisms and tailored training programmes will struggle to fill vacancies. This is why continued and enhanced funding for the Generation Logistics programme is critical.

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 to safeguard the resilience of the UK's supply chains and support economic growth. It is a collaboration between Logistics UK, CILT(UK) and over 40 businesses. By attracting people to careers in logistics, it is supporting the government's missions of growth in all parts of the country and breaking down barriers to opportunity.

It is vital that the campaign continues, given the role it is playing in securing the next generation of logistics workers. 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. The campaign has generated over 1.37 million website hits to the Generation Logistics Hub, a dedicated resource for careers advice, and over 6.9 million engagements with social media, showing public appetite for information about logistics careers.

In addition to directly targeting young people through methods such as social media, Generation Logistics supports educators of those aged 13-18. The Generation Logistics Education Hub had over 3,700 downloads between December 2023 and October 2024 of curriculum-mapped activities that allow teachers and careers leads to include logistics in STEM subjects.

Generation Logistics is majority funded by the private sector, with funding from the DfT playing an important role in enabling the campaign to boost its activities and reach in its first two years. As such, we are requesting that the DfT continues to be an important, minority funder of the campaign, providing it with £150,000 to £300,000 of funding per year throughout the period of this spending review.

The UK needs a trade strategy that supports economic growth and resilience, by reducing friction for logistics businesses moving goods between the UK and EU.

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

The logistics sector's priorities for the Spending Review in this area are:

Resource an efficiently functioning border as part of the delivery of the Trade Strategy and ensure that the Trade Strategy supports the UK's trade in goods as well as its trade in services.

Logistics enables all of the UK's international goods trade, but this trade is increasingly hampered by border friction. This border friction should be addressed by the forthcoming Trade Strategy which, therefore, must cover goods as well as services.

Ensure HMRC is resourced to develop, thoroughly test and introduce a STW that efficiently and effectively operates as a one border portal and is interoperable with international systems, to reduce the bureaucratic and cost burden on businesses.

The objective of the STW is to deliver a much needed, one government approach at the border, at a time when new import controls and other changes are making managing the border more complex for businesses to manage. However, the government announced in November 2024 that development of the STW in the 2025 to 2026 financial year has been paused due to financial challenges. This announcement was met with deep disappointment and frustration by the logistics sector. Ours and other industries have been calling for a long time for a single point of contact to input required customs and border data.

In addition, this delay means that the STW is not available for use to submit Safety and Security (S&S) declarations, as part of phase three of the Border Target Operating Model (BTOM) from 31 January 2025. Instead, GB S&S declarations need to be made via the government's existing S&S GB service, which entails additional costs, either to purchase the software required to make declarations, or to pay a customs agent to do this. In addition, as the S&S GB does not support multiple consignments under one declaration, there is a significantly higher administrative burden for groupage operators who move a multitude of consignments often with varying risk categorisations at the same time. This further undermines the viability of groupage operations which are critical for SMEs in particular who need to find cost effective ways of moving smaller volumes of goods.

We are calling for development of the STW to be reinstated and accelerated with government focused on what can be achieved now in reducing the data burden on traders. Development of the STW should also ensure that it has efficient interoperability with the EU's and other international trading system to better streamline trade.

Adequate resource operational partners within the Kent and Medway Resilience Forum and Kent area to enable an appropriate and flexible response on the ground when the EU Entry and Exit System (EES) is introduced at the juxtaposed borders to keep freight traffic flowing.

It is vital that efforts are made, and resourced, to minimise the knock-on effects of EES for the pick-up and transportation of imported consignments, during peak passenger periods. Analysis conducted by independent transport modelling experts MDS Transmodal in partnership with Logistics UK, shows that even if delays were limited to 90 minutes for the 3.35 million HGVs that passed through the Short Straits in 2023, the cost to the economy would be £400 million per year.

Enhance the monitoring of the functioning of the post-EU Exit border regimes to identify and introduce efficiencies, including by resourcing the establishment of a central-Whitehall unit to coordinate the development and delivery of border policy in meaningful consultation with business.

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, trade 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.

An impediment to the functioning of these border regimes, and the monitoring of them, appears to be the plethora of government departments involved in UK border policy, including the Cabinet Office, Defra, HMRC, Home Office and DfT. We would urge the resourcing of a stronger role for the Cabinet Office, to help to resolve this.

Allocate resource to the Northern Ireland Office and across government to help sell, in collaboration with the Northern Ireland Executive and EU, Northern Ireland's unique dual market access around the world to boost exports and attract inward investment.

Northern Ireland's unique trading environment of access to both the UK and EU markets provides opportunities to grow trade and investment. Businesses in Northern Ireland should be supported to grow their external sales by maximising the opportunities of dual market access. To enable this The Northern Ireland Office should be resourced to ensure businesses have access to accurate and relevant information and appropriate resources. It is also essential that overseas buyers understand the relative benefits of establishing supply chains in Northern Ireland.

The UK government, working in partnership with the Northern Ireland Executive and EU, should also sell Northern Ireland's dual market access around the world to boost exports and attract manufacturing inward investment.

Deliver 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. Such measures include compliance with regulation, customs documentation, veterinary inspection for food and feed, conformity assessment requirements for product regulation and wider regulatory divergence.

The TCA review, due to begin in May 2026, 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 is calling on 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 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.

Safe and efficient road freight, underpinned by industry-informed and evidence-based standards and regulations.

With approximately 81% of domestic freight transported by road, safe and efficient road freight plays an essential role in our communities and the economy. As technology and society evolves, it is vital that regulations keep up.

There are several areas where regulatory reform and efficiency would reduce costs for government, regulators and businesses:

The DfT to deliver full regulatory alignment between 4.25 tonne electric vans and 3.5 tonne diesel vans, reducing the unnecessary additional administrative burden on larger electric vans and creating efficiencies for the DVSA and logistics businesses.

A significant impediment to the uptake of electric vans is that they face higher regulatory burdens than diesel vans of the same size, in the areas of roadworthiness testing, drivers' hours and tachographs, training, speed limits and towing. This is largely a result of electric vans being heavier than their diesel counterpart due to the weight of the batteries, which pushes them into a different vehicles class.

The DfT is currently consulting on regulatory alignment, which is a highly positive step. As well as aiding the transition to electric vans and reducing costs to businesses, maximising this regulatory alignment would also create efficiencies for the DVSA as it carries out its regulatory role. As such, we urge the DfT to deliver this regulatory alignment.

The DfT to reform HGV axle and gross vehicle weights and dimensions regulations, to support reductions in traffic, emissions, casualties and costs and aid the transition to zero tailpipe emission HGVs.

Current UK HGV axle and gross vehicle weights and dimensions regulations are an impediment to efficiency. The DfT published a report on 18 December 2024 which found that all countries using longer heavier [goods] vehicles (LHVs) experienced substantial gains in efficiency, translating to reductions in traffic, emissions, casualties and costs. The same report suggested that making progress on LHVs in the UK would require "significant up-front investment by government," in collaboration with roads authorities and industry.

In addition, a significant impediment to the uptake of zero tailpipe emission HGVs is that an increased proportion of each vehicle's maximum weight and dimensions will be taken up by a heavier, larger powertrain, when compared to a diesel engine. This 'payload penalty' will mean that, unless weights and dimensions regulations are reformed, each vehicle will be able to carry a smaller, lighter maximum payload compared to a diesel HGV. In turn, more HGVs will need to be in operation overall, creating additional costs for the sector, its customers and the overall economy.

The findings of this government-commissioned report and the goal of transitioning to zero tail pipe emission HGVs means there is a strong case for the DfT to properly resourced to undertake this work.

The DfT to reform LST regulations to create efficiencies for the DVSA and financial and environmental efficiencies for logistics businesses.

HGV operators have been permitted to use LSTs, subject to specific regulations, since June 2023. This followed the conducting of trial on their use that began in 2012. LSTs deliver benefits to the environment and business efficiency as they enable more goods to be safely carried with fewer vehicles. However, the regulations that came into force in June 2023 are more onerous than those that were trialled, and this is inhibiting the use of LSTs and even leading some businesses that used them during the trial ceasing their use. The more onerous regulations will also be creating an additional administrative burden for the DVSA. We urge the DfT to reform how LSTs are regulated to create efficiencies for the DVSA and businesses.

The DfT to reform drivers' hours recording regulations by repealing the requirement to maintain records for the previous 28 calendar days and return to pre-2020 legislative situation.

The UK was required to amend record keeping requirements following the change to the European regulation, as part of the transition arrangements, following the UK's exit from the European Union. This has created a significant administrative barrier for occasional drivers, preventing them from offering last-minute cover for driver absences, as the need to generate 28 days' worth of records takes a great deal of effort. Logistics UK asks for the legislation to be returned to the pre-2020 situation where the driver needed to have records for the previous 7 days. This will free up occasional drivers to cover shifts, improving logistics efficiency and, thereby, boosting economic productivity.

The DfT to permit domestic drivers' hours recording to be carried out electronically such as via apps, rather than in a paper logbook, improving data quality, analysis and efficiency for the DVSA and logistics businesses.

Currently, drivers on domestic hours are required to use a logbook to record their activities or, alternatively use a digital tachograph, although this attracts higher overall costs. Logistics UK has been calling on DfT to permit the use of a secure app to record domestic hours as this will give more accurate data on activities, allow for better data analysis, and offer training to remedy any consistent errors.

The DfT to digitise DVLA services, including to replace physical 'O' (Operator) licence discs with electronic records.

The removal of physical O'licence discs would mirror the approach with paper tax discs that were abolished in 2014 and create efficiencies for logistics businesses and the DVLA.

The DfT to permit ER operators to carry out their own MOT testing on vehicles and trailers (or delegate the responsibility to their third-party maintenance provider), subject to them meeting additional compliance requirements – to create efficiencies for the DVSA.

Currently, the outcomes from consultation on this have stalled, with neither of the two preferred options being taken forward or being discussed with industry. The DfT should be resourced to progress this work, as it offers the opportunity to create efficiency savings for the DVSA and businesses.

The Home Office to introduce national standards for the reporting and recording of freight crime, creating efficiencies for individual police forces and enhance their ability to tackle such crimes.

NaVCIS (National Vehicle Crime Intelligence Service) data shows that, in 2023, there were 5,370 reports of HGV and cargo crime, with 68.3 million worth of goods stolen. This data had to be manually collated by NaVCIS on the basis of crime reports as, currently, the recording of freight crime is not standardised, and different police forces across the UK may classify and report these incidents in various ways. This inconsistency makes it difficult to get a clear picture of the scale of the problem and impedes efforts to combat it effectively. National recording standards would help identify trends, allocate resources better, and improve response strategies. As well as helping to tackle crime, this would also create efficiencies for police forces.

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

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