Response to inquiry by the Committee for Energy Security and Net Zero on Workforce planning to deliver clean, secure energy

13 January 2025

Summary

- Delivering the UK's clean energy mission requires decarbonising the logistics sector, as it is currently a significant user of fossil fuels. For example, domestic transport is the largest emitting sector in the UK (28% in 2022), and a large proportion of that comes from logistics transport.
- Additional clean energy skills are needed in the logistics sector, including in vehicle technician roles, to maintain low and zero tailpipe emission vehicles.
- Decarbonising logistics requires the timely delivery of green energy infrastructure, including to strengthen electricity connections to areas that, in the future, will use a lot more electricity, such as inland logistics hubs and ports which will likely be the location for a great deal of electric HGV charging. Alongside the workforce required to deliver these upgrades, we need to see greater investment in grid planning and business engagement roles, to determine what will need to be constructed in the near future.
- Decarbonising logistics will also require additional skills to expand low carbon fuel, synthetic fuel and hydrogen production, with all of these being key fuels for achieving net zero logistics across transport modes.
- Delivering the supply chains needed to achieve clean energy mission also requires the logistics sector, such as ports to act as sites for offshore wind turbine manufacturing and freight operators to transport large transmission components. Skills investment will be required to support this, as will continued engagement by the Department for Energy Security and Net Zero on this matter.

About Logistics UK

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 safe and efficient logistics. 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 deliver services, representation and thought leadership, helping members and policy makers to seize new opportunities for the sector and the economy as a whole, right across the country.

The logistics sector

Logistics underpins our economy and is fundamental to our way of life. It supplies our hospitals, schools, factories and shops with everything they need, everywhere, every day – nothing moves without it.

The efficiency of logistics and the productivity of the economy are completely intertwined. Due to this relationship, 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.

However, we are not currently going in the right direction. 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.

Logistics is a major sector in its own right. It contributes £185 billion to the economy each year (12% of UK non-financial GVA), is one of the UK's largest employers, providing good jobs with strong career progression – 2.7 million people (8% of the UK workforce) are employed in logistics roles, and its key hubs provide a catalyst for further growth and investment, helping places to thrive.

Consultation response

Delivering the UK's clean energy mission requires decarbonising the logistics sector, as it is currently a significant user of fossil fuels. For example, domestic transport is the largest emitting sector in the UK (28% in 2022), and a large proportion of that comes from logistics transport[1].

The logistics sector is committed to its decarbonisation. However, as a low margin sector, it is struggling with the cost of decarbonisation and the investment case is being further hampered by a lack of clarity from the government over logistics decarbonisation policy.

Logistics decarbonisation will take a variety of approaches across different transport modes and use cases, and will require a variety of investments in infrastructure and fuels. As such, a partnership approach between the logistics sector, government and energy sector is required to achieve it. We are therefore calling for a co-created logistics roadmap to net zero and the phase-out of fossil fuels to drive investment. This must be:

- Based on a full assessment of the future energy and fuel needs of road, rail, air and maritime logistics.
- Technology neutral, considering the place for electric, hydrogen and low carbon fuels, and leveraging the work already done by the Automotive Council.
- Aligned to vehicle phase out dates and other targets.

We were interested to read the government's recent response to the Climate Change Committee's (CCC) Annual Progress Report to Parliament in July 2024, included the following, which could be a significant step forward in this area:

"We will soon set out detailed plans for transforming our freight and logistics sector, helping operators benefit from improved efficiencies and consumers benefit from lower carbon goods. 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."

Q. To what extent can the Clean Energy Mission and the retrofitting of homes and businesses be carried out by the existing workforce and to what extent will it require new entrants to the workforce?

A. Clean energy skills are needed in the logistics sector, especially in vehicle technician roles, to maintain low and zero tailpipe emission vehicles. This can be achieved by upskilling the existing workforce, updating the syllabuses for new trainees and attracting new entrants.

Managing new vehicles to achieve net zero brings new skills requirements, from HGV technicians able to maintain electric, hydrogen and low carbon fuelled vehicles, to port operations technicians able to connect ships to shore power. This can be achieved by upskilling the existing workforce, updating the syllabuses for new trainees and apprentices and attracting new entrants. However, this points to a larger challenge – the logistics sector is experiencing a shortage of people in many technical roles, even before competencies in zero and low carbon technologies are considered. According to the latest data, 56.1% of respondents to Logistics UK's quarterly logistics performance tracker survey reported moderate to very severe problems filling vacancies for fitters, mechanics and technicians [2]. It is vital that the government's plans for skills reform address this.

To develop prospects, adding flexibility for business and employees to the lifetime skills guarantee would be welcomed. At present, adults who have prior level 3 qualifications are unable to access funding for most of the courses being offered, and those who are eligible are only able to access full funding for a specific list of level 3 qualifications that do not necessarily reflect the roles that the sector needs to fill. In addition, meeting demand for qualifications within the logistics sector requires greater funding for level 2 roles, as these jobs make up most of the shortage occupations in the sector at present.

The Apprenticeship Levy is inhibiting the training the UK needs. 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[3]. We therefore welcome the government's plan for the Growth and Skills Levy to enable 50% of the funds to be invested in non-apprenticeship training opportunities. Skills England must work with sectors beyond the government's eight 'growth-driving' sectors to identify the courses that are to be eligible for Levy funding and those that may need to be created to future-proof the sector.

[1] DfT Official Statistics, Greenhouse gas emissions from transport in 2022, 12 December 2024

[2] Logistics Performance Tracker, Q2 2024, Logistics UK, August 2024

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

The Institute of the Motor Industry believes that there is a 'postcode lottery' for electric vehicle skills and expects there to be a gap of 16,000 qualified technicians by 2035[4]. As such, appropriate apprenticeship courses need to be created or augmented, and funded, to reverse the decline in availability. The Road Haulage Association states that there were over 100 colleges and training providers offering Heavy Vehicle Service and Maintenance Technician (level 3) in 2010[5]; in January 2025, there are only 38 providers[6]. To ensure that qualified technicians leave their place of education fit for an increasingly alternatively fuelled world, it is imperative that syllabi for courses are reviewed, or created as needed, to reflect changes in an on-going capacity. Furthermore, courses should be accredited to guarantee a high standard of learning that is aligned with industry needs and any incoming legal and regulatory requirements.

Finally, whilst an inadequate funding band in a climate of rising costs is one of the key reasons that fewer courses available, the issue of demand should not be overlooked. Only 22% of 18–24-year-olds surveyed by Generation Logistics in 2025 said that a career in transport was appealing. In its first two years, Generation Logistics, a careers awareness campaign, raised awareness of the logistics sector by 37% and increased positive sentiment towards a career in logistics by 212%. Initiatives like Generation Logistics are key to positioning logistics as a sector at the vanguard of innovation and change, creating interest in roles and demand for the training and qualifications needed to ultimately deliver clean, secure energy.

Q. How can the new Office for Clean Energy Jobs contribute to workforce planning in the energy sector?

A. Decarbonising logistics requires the timely delivery of green energy infrastructure, including to strengthen electricity connections to areas that, in the future, will use a lot more electricity, such as inland logistics hubs and ports which will likely be the location for a great deal of electric HGV charging. Alongside the workforce required to deliver these upgrades, we need to see greater investment in grid planning and business engagement roles, to determine what will need to be constructed in the near future.

In defining its goal, the government's Clean Power 2030 Action Plan[7] states that "Clean Power means that by 2030, Great Britain will generate enough clean power to meet our total annual electricity demand, backed up by unabated gas supply to be used only when essential." The plan states that this will require, amongst other changes, a significant upgrade of the electricity network to connect new sources of energy. It also states that the 2030 mission will pave the way to decarbonise the wider economy, including transport, by 2050.

To electrify logistics, whether that be electric road vehicles, rail or shore power for maritime, the grid will not only need to be connected to green sources of generation but also to be better connected to new locations of high demand. This 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." It also states that the UK must maintain "a robust [grid connections] pipeline beyond 2030."

Logistics UK agrees with this are urges the Department for Energy Security and Net Zero to urgently begin detailed work on the pipeline of grid connection projects needed by the logistics sector, beyond 2030. According to current deadlines, all new vans sold from 2030 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.

From a skills perspective, in addition to the workforce required to deliver these upgrades, we need to see greater investment in grid planning and business engagement roles, to determine what will need to be constructed in the near future. The Office for Clean Energy Jobs has a key role to play in ensuring this happens.

Q. What more can the Department for Energy Security and Net Zero do to ensure the workforce is in place to deliver the Clean Energy Mission and accelerate the retrofitting of homes and businesses?

A. Decarbonising logistics will also require additional skills to expand low carbon fuel, synthetic fuel and hydrogen production, with all of these being key fuels for achieving net zero logistics across transport modes.

[4] https://tide.theimi.org.uk/industry-latest/news/3000-ev-technician-shortfall-predicted-2031#:~:text=The%20IMI's%20latest%20EV%20TechSafe,government%2C%20the%20skills%20gap%20remains, 5 August 2024

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

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

[7] DESNZ, Clean Power 2030 Action Plan, 13 December 2024

Logistics UK is calling for the government to deliver a low carbon fuels (LCFs) strategy, given their availability to reduce greenhouse gas (GHG) emissions immediately by up to 80%[8]. This strategy should also cover synthetic fuel and hydrogen. Without such a strategy, as part of a technology neutral approach that considers whole lifecycle rather than only tailpipe emissions, logistics businesses will not have the confidence to invest. In turn, producers will not be incentivised, and supplies will remain low and prices (compared to fossil fuels) high.

Such a strategy would enable logistics businesses to invest in the skills they will need to make greater use of LCFs, which range from specialist vehicle technicians to the more strategic roles that will be required to maximise operational efficiency while managing complex, varied fleets, using different energy sources. However, we understand that the Department for Transport has recently ceased work on a LCF strategy, so urge the Department for Energy Security and Net Zero to look at this matter.

A. Delivering the supply chains needed to achieve clean energy mission also requires the logistics sector, such as ports to act as sites for offshore wind turbine manufacturing and freight operators to transport large transmission components. Skills investment will be required to support this, as will continued engagement by the Department for Energy Security and Net Zero on this matter.

The government's Clean Power 2030 Action Plan states that secure, sustainable, competitive and reliable supply chains will be needed to provide the required components and materials. It also acknowledges that there are logistical constraints to achieving this, such as "issues that prevent or delay transport and deployment of supply chain component – most prominently in transmission networks, offshore and onshore wind, where ports, vessels, and abnormal load issues are acute." Logistics UK requests a government commitment to the code of practice that underpins the Maintenance Provision Rating Scheme (MPRS) being introduced by industry to enact regulatory reform and ensure maintenance services and professional standards are fit for purpose.

We urge the Department for Energy Security and Net Zero to work with the Department for Transport to reform regulations and practices to address these transportation issues. It is essential that the logistics sector has the skills it needs to deliver this transportation, which means addressing some acute skills shortages in the logistics sector now, such as amongst vehicle technicians, and strengthening the sector's pipeline of talent for the future.

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[8] Zemo Partnership, Market opportunities to decarbonise heavy duty vehicles using high blend renewable fuels, 2021