Logistics UK submission to Integrated National Transport Strategy call for ideas – 20 February 2025

The logistics sector's top priorities for the Integrated National Transport Strategy:

1. Produce a co-created logistics roadmap to net zero that includes measures to maximise the use of low carbon fuels across all logistics modes. This will accelerate emissions reduction while essential energy infrastructure upgrades are delivered.
2. Modernise logistics vehicle regulations, from road to drones, to enable the movement of goods in the most productive, strategic and green way.
3. Support city regions to deliver efficient urban logistics to drive growth, opportunity, decarbonisation and innovation. This includes providing local and combined authorities with a clear national framework, establishing a centre of excellence to develop new approaches, and creating a pilot city region.

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

The logistics sector

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 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[1].

Logistics has transformed the UK and is now delivering for the future. It helped deliver the country's canals, roads, railways, airports and ports, has driven revolutions in global trade and e-commerce and is now innovating to deliver decarbonisation and even greater efficiency.

Furthermore, in a world of increasing volatility as a result of geopolitical tensions, potential tariff wars and climate change, protecting and ensuring there is resilience in the UK's critical supply chains is essential. Logistics, as a core part of the nation's infrastructure, has a central role to play. Critical minerals and goods cannot move without the logistics sector.

[1] Logistics Report 2024, Logistics UK

Call for ideas response

Logistics UK welcomes the development of an Integrated National Transport Strategy (INTS), but it is critical that the needs of the logistics sector are fully recognised in the final overarching strategy. As an essential user of the transport network across all modes, the role of the logistics industry supporting supply chains across all UK industries and underpinning economic growth must be reflected in the long-term vision for how transport should be designed and delivered.

Resilience and capacity for freight must be built into the transport network for the long-term health and stability of UK logistics. The strategy must deliver long-term certainty that transport infrastructure will address current network inefficiencies to boost productivity and growth:

- Road: Nationally significant schemes, such as the Lower Thames Crossing, and projects to address key bottlenecks on the Strategic Road Network must be committed to and delivered on time, avoiding stop-start decision making.
- Rail: Critical rail projects, such as Ely Junction, must be committed to and delivered on time to ensure there is enough capacity on the network to deliver the Rail Freight Growth Target.
- Air: To maintain economic development and UK firms' competitiveness in a world economy that operates around-the-clock, Logistics UK wants to see capacity – especially hub capacity – expanded, express air freight safeguarded, and air freight capacity prioritised. In addition, road and rail connections to key airports should be improved, to reduce congestion, improve reliability and cut emissions.
- Water: There must be a focus on better utilisation of water freight and on avoiding further loss of appropriate sites along rivers and canals, which hinders use.

Alongside answers to the relevant questions in the call for ideas, Logistics UK has **identified three priorities** that would deliver significant impact for the sector, **boost growth** and **can be delivered quickly** by the UK government as part of the INTS:

1. **Produce a co-created logistics roadmap to net zero that includes measures to maximise the use of low carbon fuels across all logistics modes. This will accelerate emissions reduction while essential energy infrastructure upgrades are delivered.**

Logistics UK members are fully committed to decarbonising, and many are already trialling or have adopted alternative fuels and technologies to help achieve net zero. The industry is technology neutral in its approach and will adopt any solution that is operationally and commercially viable. However, significant barriers remain on the journey to net zero for all transport modes, and it must be recognised that it will take considerable time for zero emission technologies to be fully adopted and integrated into the logistics system.

Given this, urgent support must be given to the use and production of low carbon fuels (LCFs) across logistics transport as part of the INTS. 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%[2] 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. In addition, supporting LCF use and production offers the opportunity to grow a new UK industry that will create thousands of jobs. However, such fuels (including LNG/CNG, biodiesel, HVO and Sustainable Aviation Fuel (SAF)) are often more expensive than fossil fuels and are in short supply. 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.

We see a strong case for LCFs, in terms of use and production, to be incentivised in the tax system to increase their adoption. As part of this, we would like to see the gas duty differential continue beyond 2032, a HVO differential introduced, the price of biomethane decoupled from wholesale natural gas prices, and support for the production of LCFs. For SAF specifically, we welcome the commitment to introduce a Revenue Support Mechanism to support SAF production in the UK and the SAF mandate to oblige suppliers to have at least 10 per cent SAF in their fuel mix supplied to airlines.

Alongside fiscal and policy support for LCFs, the significant barriers to adoption of zero emission solutions must be addressed. This will enable significant parts of the logistics sector to transition from LCFs to zero emission technology.

- Road: The most common concerns our members raise are related to increased vehicle costs, lack of public charging/refuelling infrastructure, cost and time to install infrastructure at operating sites, loss of payload and regulatory burdens. Government must work more closely with the logistics sector and energy sector to overcome these barriers.

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

- Rail: As a known technology, rail electrification must be expediated now, with electrification of rail freight routes prioritised.
- Water: Support should be given to address the high costs of delivering shore power at ports.
- Aviation: Capacity must be available at airports to support electrification of ground handling equipment & vehicle movements around airports (airside & landside).

2. Modernise logistics vehicle regulations, from road to drones, to enable the movement of goods in the most productive, strategic and green way.

To better support efficient and innovative logistics, and thereby unlock productivity-led growth, there is a need to ensure that the regulatory framework governing vehicles and delivery systems is updated and responsive to new technology. Current UK logistics vehicle regulations often lag behind international best practice and technological advancements, creating unnecessary barriers to efficiency and innovation, and holding back the economy.

We encourage the INTS to support the modernisation of logistics vehicle regulations, from road to drones, to enable the movement of goods in the most productive, strategic and green way. The below are all examples of reforms that could begin to deliver benefits within the next two years, boosting efficiency and growth.

Road:

- Longer and heavier vehicles: current UK HGV axle and gross vehicle weights and dimensions regulations are an impediment to efficiency and decarbonisation. 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. As operators plan for the adoption of zero-emission vehicles, particularly battery electric, the entire framework of rules governing vehicle weights and dimensions should be reviewed to a) mitigate any loss of payload from these vehicles in order to encourage investment, and b) maximise the efficiency and safety of HGVs.
- Longer semi-trailers (LSTs): HGV operators have been permitted to use LSTs, subject to specific regulations, since June 2023. This followed trials 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. We urge the DfT to reform how LSTs are regulated to improve uptake.
- Electric vans: the DfT should 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 counterparts 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.
- Drivers' hours: 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 seven days. This will free up occasional drivers to cover shifts, improving logistics efficiency and, thereby, boosting economic productivity.
- Digitalising processes: we urge 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. We also want the DVLA to replace physical 'O' (Operator) licence discs with electronic records, mirroring the approach with paper tax discs that were abolished in 2014.
- Efficient testing: we urge the DfT to permit Earned Recognition 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.
- Cargo bikes: numerous local and combined authorities are interested in supporting an expanded use of cargo bikes for last mile deliveries, including to enable denser housing layouts where there would not be sufficient space for HGVs or vans. Where appropriate, we want to see regulatory reforms to enable increased motor power and throttle assistance.

Air:

- Drones for deliveries: interest in the use of drones to deliver small parcels is growing, with a number of trials planned or in place. If successful, drones could help to reduce reliance on road transport for small deliveries and therefore ease the burden on road networks. Government should ensure that a regulatory framework enabling regular, commercial Beyond Visual Line of Sight operations is in place.
- Night flights: these play a vital role in the UK economy, with significant air cargo volumes moved overnight in both the belly hold of passenger aircraft and in freighters creating a direct economic impact of around £1.4 billion in GVA and 24,200 jobs.[3] When direct, indirect, induced and wider impacts are combined, night flying across the whole night has a total impact of £16.5 billion and at least 213,000 jobs across the UK.[4] As aircraft technology improves and planes become quieter, night flight restrictions should be reviewed to enable increased flights, given the value they play in the economy.

3. Support city regions to deliver efficient urban logistics to drive growth, opportunity, decarbonisation and innovation. This includes providing local and combined authorities with a clear framework, establishing a centre of excellence to develop new approaches, and creating a pilot city region.

Efficient urban logistics is essential to build successful businesses and communities, yet it is often hindered by fragmented local regulations and infrastructure constraints. The INTS is an opportunity to join-up the transport network by supporting city regions to deliver efficient urban logistics to drive growth, opportunity, decarbonisation and innovation.

The INTS should:

- Create a national framework to coordinate urban logistics policy across city regions in order to avoid a patchwork of regulations that disrupts supply chains, creates confusion for national operators and increases costs. This should leverage best practice of the government's approach to Clean Air Zones, which includes comprehensive guidance for local authorities, and prevent uncontrolled, inefficient local approaches, as we experience through measures like the Direct Vision Standard, London Lorry Control Scheme and other localised restrictions on vehicles. This should also clarify the delineation between the role of local authorities and other transport regulators.
- Develop a centre of excellence to share best practice in relation to modern, sustainable urban logistics and to drive knowledge sharing, coordinated investment and regulatory consistency in such areas as urban storage and distribution, smart traffic management and zero-carbon last-mile deliveries. This should include gathering and sharing data on transport movements, to understand how transport infrastructure capacity should be best utilised to accommodate the ongoing shift from high street to online retail. This could be developed out of the West Midlands Combined Authority's recently launched West Midlands Logistics and Distribution Cluster, supported by the Connected Places Catapult.
- Support the development of a pilot city region to test integrated logistics strategies and policies that can either be scaled nationally or adopted elsewhere, ensuring freight is embedded within wider transport decision-making. This could, for example, see increased use of urban rail and light rail networks, inland waterways, drones and autonomous vehicles, for the movement of express, urban freight, supported by the additional infrastructure and distribution warehousing that would be required to enable this. We would recommend that this is the West Midlands, given the opportunity to bring together the work of the above West Midlands Logistics and Distribution Cluster with the work of Transport for the West Midlands.

Question: In your opinion, how could the transport network be better 'joined-up'?

The UK's transport infrastructure faces significant challenges, including ageing assets, capacity constraints and poor reliability. Underinvestment has left the network ill-equipped to handle increasing freight volumes, leading to inefficiencies that affect the productivity and growth prospects of the entire economy. Land, water and air transport modes are all critical to the viability of the UK logistics system but currently policy decisions are taken on a modal basis and are largely focussed on passenger transport.

At a national level, a truly 'joined-up' transport network can only come from planning, investment and decision-making moving away from a modally or geographically siloed approach. Instead, transport strategy must take a corridor-based approach, to support the efficient movement of freight across transport modes and between key urban and industrial centres. This is particularly critical in relation to access to ports and airports, where investment in multi-modal connections can help to reduce congestion and ensure efficient freight movements for vital imports and exports.

[3] https://airlinesuk.org/wp-content/uploads/2021/08/The-Economic-Impact-of-Night-Flying-in-the-UK.pdf
[4] https://airlinesuk.org/wp-content/uploads/2021/08/The-Economic-Impact-of-Night-Flying-in-the-UK.pdf

Logistics UK highlighted this need in our UK Logistics Network report in 2024. We encourage the DfT to build on our report by identifying the full extent of logistics flows across the country and the infrastructure that underpins them. To drive efficiency in these flows and the integration of transport modes, it should then seek to develop a long-term set of strategic transport objectives, which can be fed into the UK's forthcoming long-term Investment Strategy. This must include working with the Department for Business and Trade to strengthen transport links with our international gateways.

At a regional level, efficient urban logistics is essential to build successful businesses and communities, yet it is often hindered by fragmented local regulations and infrastructure constraints. The Integrated National Transport Strategy (INTS) is an opportunity to join-up the transport network by supporting city regions to deliver efficient urban logistics to drive growth, opportunity, decarbonisation and innovation. It is also essential that the planning system recognises and supports the role of logistics in the wider economy. During consultation with Logistics UK members, many examples have been cited of local plans that speak positively about the needs of the freight sector, but subsequent revisions often remove site protections and allocations in favour of housing developments, with the London Plan a prime example of this. While there is an inherent need for flexibility in local plans, it must not come at the expense of logistics sites, which are ultimately needed to service growing communities, particularly in urban areas.

Question: How could data be used to improve the transport network?

Data can play a greater role in policy development to improve the transport network than it does today. The INTS should lead to the DfT identifying and mapping the UK Logistics Network on the basis of comprehensive and accurate data on freight flows and long-term trends. The government already collects a huge amount of data to support this, such as on vehicle movements, congestion patterns and port activity and the logistics sector wants to see this used strategically to inform the forthcoming long-term Infrastructure Strategy. As the logistics industry moves into a low, and ultimately zero, carbon future, this data must also be used to drive decisions on investment in energy networks and the provision of alternative fuels to ensure that supply chains can continue to operate efficiently throughout this transition.

At a local and regional level, data must also be used to develop approaches to urban logistics and transport management that balances environmental and safety considerations with the need to deliver vital goods and services to local businesses and communities.

Connected and autonomous vehicles (CAVs) have the potential to significantly improve the efficiency and safety of logistics. Transport authorities should make the most of this opportunity by integrating the data generated by these vehicles, where possible, into traffic management systems and long-term planning, with the objective of improving vehicle flow, optimising key freight routes and reducing congestion. The government could support this through investment in connectivity and technology that enables vehicle-to-infrastructure communication.

Question: How could technology be used to improve the transport network?

Technology has an important role to play in improving the transport network for logistics operators. Examples that we have identified are as follows:

- Technology is essential to unlock the potential of zero tailpipe emission fleets, which must be underpinned by the right charging and refuelling infrastructure. The government must accelerate investment in a strategic national network of charging and refuelling stations, prioritising key freight corridors and logistics hubs. Without this infrastructure, businesses will struggle to see a return on their investment in low-carbon fleets, delaying decarbonisation efforts.
- As space for deliveries in urban environments becomes ever more restricted, effective kerbside management policies and solutions are critical to ensure deliveries can be made swiftly and efficiently. Dynamic and flexible parking and loading policies, better planning for urban freight and real-time delivery slot booking can help to reduce congestion and emissions while improving efficiency for operators. The government should support the use of the digital technologies underpinning these solutions at a local level.
- To operate safely and successfully, it is expected that autonomous vehicles will need to 'read' the road, rather than relying solely on digital mapping, and the more reliable those roads are, the more predictable the behaviour of autonomous vehicles will be. Improving the condition of the network is not only essential to support technological advancements, it will also bring benefits to all current and future road users. In addition, there would be significant benefits in developing and implementing technologies that would improve 'vehicle to infrastructure' communication, rather than relying only on 'vehicle to vehicle' interactions. Finally, the reliability of autonomous technology is also critical to its acceptance and adoption within the logistics industry.
- We want to see innovation in logistics to continue to be supported by the Freight Innovation Fund (FIF) and other government-backed programmes, including the Future of Flight programme, Transport Research and Innovation Grants and programmes delivered by the Centre for Connected and Autonomous Vehicles. These play a key role in supporting collaboration between SME innovators and the logistics sector. 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.

Question: How, if at all, would you improve the way decisions are made about the transport network?

Improving transport networks to support efficient, sustainable logistics will require a whole of government approach. Alongside delivering physical transport infrastructure to connect businesses and communities, there is a pressing need to:

- Bring together policymaking on transport and energy, to produce a co-created logistics roadmap to net zero and the phase-out of fossil fuels to drive investment. This should maximise the use of low carbon fuels in order to accelerate emissions reduction, while essential energy infrastructure upgrades are delivered.
- Deliver planning reforms that recognise the importance of logistics to economic development ambitions and ensure these reforms are embedded at a local level, with an emphasis on identifying and protecting sites suitable for modern logistics
- Ensure that the various agencies and public bodies responsible for the operation of our infrastructure are both funded and required to improve efficiency for logistics.
- Develop the Infrastructure strategy and recommendations at a corridors and system-level, rather than by transport mode, and with a specific focus on logistics efficiency.
- Improve partnership working between the UK and devolved governments, as well as with elected mayors, local authorities and sub-national transport bodies, to put logistics at the heart of transport decision making.

Question: Any other comments?

When developing the INTS, government must consider the skills gaps that need addressing to deliver a long-term vision for how transport will be designed and delivered.

By 2030, the logistics sector is expected to face a shortfall of 409,000 to 618,000 workers, driven by retirements, the introduction of new technologies, and the net-zero transition[5]. Meeting net-zero demands alone will require an estimated 175,000 additional employees in transport by 2035[6]. Given that logistics ranks eighth among sectors with critical demand and is integral to supporting industries like manufacturing and production with even greater shortages, addressing this shortfall is essential.

Despite the urgency, employer investment in training has declined by 19% in real terms[7], suggesting the current skills system is misaligned with business needs. 74% of business owners see workforce skill-building as vital to productivity[8], and two-fifths of employers would offer more training if resources allowed[9]. To drive employer engagement, sector-specific, streamlined skills planning is essential, ensuring clear, coordinated workforce strategies that directly support national priorities. A fragmented skills landscape discourages employers – especially SMEs, which comprise 99.7% of logistics businesses[10] – from investing due to unclear policies[11].

The newly established Skills England can play a pivotal role in enhancing employer investment by defining eligible training within the expanded Growth and Skills Levy. In Skills England's assessment of skills needs and future demands, engagement with logistics employers and bodies will be essential to identify requisite courses that provide entry routes, upskilling and reskilling into this foundational sector.

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[5] https://assets.publishing.service.gov.uk/media/671b652f956d9b52e8c6d25c/dft-future-skills-assessment.pdf
[6] https://green-alliance.org.uk/wp-content/uploads/2022/01/Closing_the_UKs_green_skills_gap.pdf
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