Unlocking Business: Reform Driven by You Business Questionnaire

Summary

- This business questionnaire is central to delivering the Government's commitment to cutting the administrative costs of regulation. It will build on measures already announced, including in the Regulatory Action Plan, published in March. It will also build on the Industrial Strategy, published in June, and on the evidence received about regulation in response to the Green Paper which preceded it.
- The purpose of this business questionnaire is to examine the specifics of the regulatory system and focus on those precise regulations and processes which are not fit for purpose and unjustifiably inhibiting growth, innovation, and investment.
- Logistics UK believe outdated regulations are a major contributor to the UK's declining logistics performance, weakening the country's productivity and competitiveness. Logistics businesses are seeking to deliver their services safely, sustainably and efficiently, but several areas of regulation impose unnecessary administrative burdens and costs, harming our sector's sustainability and efficiency, which holds back UK growth.

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 22,000 includes global, national and regional businesses and SMEs spanning road, rail, inland waterways, sea and air as well as the customers of freight services, such as retailers and manufacturers. We deliver services, representation and thought leadership, helping members and policymakers to seize new opportunities for the sector and the economy as a whole, right across the country.

The logistics sector

Nothing moves without logistics. The sector employs 8% of the UK workforce in good jobs with strong career progression, contributes £170 billion in GVA each year, and underpins the resilience of the everyday economy.

Logistics plans and coordinates the movement and storage of the goods that businesses, public services and households rely on – using ports, airports, roads, railways, waterways, warehouses and smart digital systems to tie it all together.

With the right policies, logistics can drive up UK growth by £8 billion a year.[1] However, rising costs, red tape and poor infrastructure are holding the sector back – putting firms out of business, fuelling inflation, and undermining productivity and supply chain resilience. As a result, the UK has fallen from 4th to 19th in the World Bank Logistics Performance Index over the decade to 2023.

[1] Logistics Delivering a solution to the UK's productivity puzzle, Oxford Economics, 2023

Response

Question 1

a. Are regulations in your sector imposing unreasonable costs on your business's current activities?

Yes

b. Are there regulations which are limiting your ability to grow your business further and/or innovate for the future?

Yes

c. Do you think regulations in your sector are creating more unnecessary problems (costs or restrictions) for certain types of businesses or business activities than others? For example, do they affect small businesses differently from large ones, or impact certain business models more heavily than others?

Yes

d. If you have answered "yes" to any of the above questions, please give specific examples with evidence below, if possible naming individual regulations, or regulatory activities.

Outdated regulations are a major contributor to the UK's declining logistics performance, weakening the country's productivity and competitiveness. Logistics businesses are seeking to deliver their services safely, sustainably and efficiently, but several areas of regulation impose unnecessary administrative burdens and costs, harming our sector's sustainability and efficiency, which holds back UK growth.

Administrative burden of compliance

- **HGV operator licencing – Requirement to place a newspaper advertisement.** HGV operators are required to place an advertisement, based on a given template, in a local newspaper within a specific timeframe when applying for an operator's licence. Failure to adhere to all the conditions will result in the application being rejected and a new advert being required. Local media has diminished significantly since this requirement was laid down and there are fewer and fewer printed titles that residents in the locality of the application purchase. The Office of the Traffic Commissioner maintains a list of post codes where there is no local printed media. The cost of the advertisement has increased and is, on overage, often within the range of £300-£500 per advertisement, but with almost no proof of the effectiveness of the communication channel. This is an example of a cost of compliance that could be removed if the regulations, originating from the Goods Vehicle (Licensing of Operators) Act 1995, are amended to reflect more modern means of communication.

- **TC Fees –** The fee structure for vehicle testing, enforcement, and licensing has remained unchanged since 2014. Currently, operators pay for GB vehicle enforcement and testing through test fees, while licence fees cover the issuing and continuation of operator licences. Any changes to the fee structure will have a direct impact on logistics businesses, adding to the regulatory burden they already face. It is therefore essential that industry feedback is gathered to ensure that any adjustments to the structure strikes the right balance and maintains affordability for operators.

- **HGV operator licensing – Requirement to display a disc in windscreen of vehicle.** When an operator specifies a vehicle to be used on their operator licence, the Traffic Area Office will issue a disc for the vehicle that should affixed to its windscreen in a waterproof container. However, to specify a vehicle, operators use their Vehicle Operator Licence on-line account (VOL) to manage their licence, which is an on-line, paperless system that links directly to DVSA database, which is interrogable by DVSA Traffic and Vehicle Examiners through their handheld mobile devices at roadside inspections. Logistics UK members have reported disc issuing delays, due to lack of administrative staff at the Traffic Area Office, which creates delays in placing vehicles on the road as it is an offence to use the vehicle without a disc affixed. The vehicle will have, however, been

specified on the licence using the VOL system, and will be visible to roadside inspectors. This is a continuing administrative cost to both DVSA and to the operator; for DVSA it is the printing and mailing of the disc, and for the operator it is the handling and managing of the disc. This is despite the existence of the online VOL system offering all necessary information, and paper tax discs for cars being obsolete since 2014.

- **Drivers' Hours – GB Domestic hours reporting requirement.** GB domestic hours apply to goods vehicles that are not covered by assimilated drivers' hours (and most passenger carrying vehicles). Operators can choose between two options for record keeping of GB domestic hours: a tachograph, or a weekly record sheet within a logbook. Recording drivers' hours using a tachograph, which is directly linked to the vehicle being used, delivers accurate records of a driver's activity, notably driving time. These records can be analysed, a similar process to that for assimilated hours, to identify any issues that might need additional driver training to rectify. There are however additional costs required in the operation of a tachograph as any fitted device must be sealed and calibrated in accordance with legislation. The use of the weekly record sheet, in the logbook, requires the driver to make manual entries, in writing, to record their hours. This leads to possibly inaccurate record-keeping entries, which could be made significantly after the period of activity in question. This physical recording of activity means that analysis is much harder than with a tachograph and could result in issues being missed. A switch from manual weekly record sheets to a digital solution via a secure activity recording app would mean data is more accurate, delivered quicker to head office, and in a format that allows for digital analysis. This would mean compliance issues are identified quicker, and training solutions put in place to rectify the issues. This power to allow app-based recording exists in the Electronic Communications Act 2000 and simply requires a ministerial decision.

- **Drivers' Hours – 28-day activity reporting requirement in assimilated hours**. The Mobility Package, agreed in the EU in 2020, amended the rules related to the driver being able to produce 28 days of records at the roadside, in case of inspection. This provision was assimilated into legislation as the UK was covered by the requirements for the transitional period, following departure from the EU. This is an increase in reporting requirements for drivers in Great Britain from the former requirement of records back to the last weekly rest period. There was no discussion in Great Britain as to this change, nor any justification given to operators here. This change in record-keeping has become a significant barrier for occasional drivers to comply with the rules, particularly if they are required for driving operations at last minute to cover, for example, sickness or other absences. Logistics UK members have reported that shifts are turned down due to the requirement to make manual entries in the tachograph that cover the previous 28 days of activity. DVSA has not raised a road safety argument to show why this change was needed. Assimilated legislation should be amended to the *status quo ante,* prior to the adoption of the Mobility Package in 2020, and only require the production of records at the roadside for the previous period up to the last weekly rest period. Full driving records will always be available at the company headquarters, where they are required to be kept for 12 months.

Weights, dimensions and zero-emission vehicles

- Current rules impose additional compliance requirements on 4.25 tonne electric vans compared to diesel vans of similar size, as they treat 4.25 tonne electric vans as Heavy Goods Vehicles (HGVs) rather than aligning them with 3.5 tonne diesel vans. This difference has costly implications to licensing and requires drivers' hours compliance, which in turn makes zero-emission vans more expensive and slows the transition to decarbonisation. We welcome that the government is planning to introduce legislation so that electric vans up to 4.25 tonnes are treated in the same way as 3.5-tonne diesel and petrol vans for MOT and driver hours requirements, and that the light goods vehicle N1 classification is to be expanded to cover electric vans up to 4.25 tonnes. We urge the Department for Transport to introduce the required legislation as soon as possible.

- Across all HGV classes, including rigids, drawbars and articulated vehicles, zero-emission trucks remain bound by the UK's existing weight and dimension limits. While government policy allows a limited +2 tonne dispensation for electric HGVs, this must still fit within the unchanged gross vehicle weight caps (up to 44 tonnes for standard articulated operations, and lower limits for rigids depending on axle configuration) and within existing length constraints (16.5 metres for standard articulated lorries, rising to 18.55 metres only for authorised longer semi-trailers). As a result, the

additional weight and size of batteries still reduce usable payload and restrict vehicle design flexibility. Without modernising these limits for zero-emission HGVs, decarbonisation risks creating operational penalties such as reduced efficiency, higher costs per tonne and a need for more vehicle movements.

Air freight

Night flights:

- The night flight regime is in place at Heathrow, Gatwick and Stansted. This is designated under the Civil Aviation Act 1982. The night period runs from 23:00 – 07:00 and this limits the number of movements per airport per year, and the night quota period (NQP) runs from 23:30 – 06:00. The peak arrival time for in bound express freight is during the night period between 0600 and 0659, with the majority of this arriving into Heathrow. General cargo is significant during the night period, with a large volume shipped between 23:29 and 01:59 across the UK.
- Within the NQP the designated airports are restricted to a number of movements as well as a noise allocation, measured under a Quota Count (QC) level. The louder the aircraft, the higher the number. Larger dedicated freighters are typically louder than smaller aircraft. In practice, this means that there is a capacity limit on air freight in and out of these designated airports during the night period.
- The current night flight regime was rolled over by the Department for Transport in 2024 and is currently operating until October 2028 while the sector awaits findings from the Aviation Night Noise Effects (ANNE) study.
- As aircraft become quieter, Logistics UK considers that a QC limit only, and not a combination of a movement limit and QC limit, would be a more targeted measure for managing noise. This feature would not only support an opportunity to increase night flights, which supports the economy, but would also incentivise airlines to use the latest available technology including newer, cleaner aircraft. This would benefit both passenger and freight movements.

Traffic Distribution Rights:

There is also a capacity limit in air freight due to Traffic Distribution Rights (TDR) in operation at Heathrow and Gatwick airports. Under the existing regulation, cargo flights are discriminated against as the system favours full-service carriers that already dominate the schedule.

The Carbon Border Adjustment Mechanism (CBAM) and EU Deforestation Regulation (EUDR) will require business to implement new systems and audit record trails, to be able to comply with upcoming arrangements. Whilst alignment is a good thing, the data requirements are very burdensome. This is particularly causing issues for Northern Ireland, given its Windsor Framework

Environmental Regulations

- Clean Air Zones, carbon reporting, and targets for HGVs require costly fleet upgrades. SMEs struggle to finance EV or hydrogen trucks without clear incentives.
- Logistics businesses, many of which operate nationally, must contend with a patchwork of local rules, restrictions and payment systems, including Clean Air Zones. While some are aimed at HGVs, HGVs are also often caught up in local policies which aim to restrict car use and encourage the use of public transport. We encourage the government to issue clear guidance to local and combined authorities to seek to harmonise any restrictions impacting the freight sector, and to limit those restrictions as they harm business and economic efficiency.

Zero emissions vehicle (ZEV) mandate (Vans)

The ZEV mandate sets minimum annual sales targets for zero-emission cars and vans for manufacturers, rising steeply over the 2020s and 2030s. While this is aimed at OEMs, it indirectly raises costs and risks for logistics operators such as vehicle availability and suitability as there is still limited models for certain van types and operators may be forced to choose sub-optimal vehicles. There is also concern regarding total cost of ownership and residual value (RV) risk as higher upfront prices, uncertain RV on electric vans and lack of a mature second-hand market are driving up leasing costs which hit particularly hard for SMEs. Finally, there is a misalignment with infrastructure and depot planning. The mandate timelines assume faster

rollout of public and depot charging infrastructure than is actually being delivered in many areas, especially for vans operating from shared depots or on-street. This will likely force operators to carry operational inefficiencies (downtime, re-routing for charging etc) that increases cost and decreases productivity.

Trade

- Increased paperwork, customs checks, and compliance requirements since EU Exist have added significant costs and delays for cross-border trade. SMEs are disproportionately affected due to limited compliance resources and ability to keep up with the cumulative burden of change. For example, the Border Target Operating Model (BTOM) enforces stricter checks on food and agricultural imports from the EU.
- The US tariffs - Economic Prosperity Deal (EPD) which was signed in May 2025 has introduced limited tariff relief. However, there are still restrictions to UK-US trading. For example, UK car exports: first 100,000 vehicles face a reduced 10% tariff; others still face 25%. Pharmaceuticals, tariffs remain unresolved pending a U.S. Section 232 investigation. There is also the unpredictability of further commodity specific tariffs in the future. This has caused shockwaves through global supply chains and could result in more goods being dumped into the European (including UK) market. This in could undercut UK PLC.
- The removal of the de minimis threshold in the US means that all shipments, regardless of value or origin, must have full customs clearance and are subject to US taxes. This has especially harmed SME trade to the US. There are also plans for EU to alter their de minimis threshold arrangements by 2028. Following the budget delivered on 26 November 2025, the Chancellor committed to the removal of the UK's £135 de minimis threshold, as part of wider reforms for the UK's low value import regime by 2029. This will be a significant operational change for many businesses, including online marketplaces and the faster parcel logistics sector.
- GB to NI trade and the soon to be mandatory (1 Jan 26) ICS2 requirements are increasing costs and harming efficiency. ICS2 demands more detailed Entry Summary Declarations (ENS) and extra requirements include 6-digit commodity codes for each item, detailed goods descriptions (generic terms like "jewellery" are rejected.). However, many businesses are not yet ready to migrate to ICS2 due to lack of familiarity with new data requirements, and lack of awareness of them.

Question 2

How can we cut down on the paperwork and administrative burdens created by regulation and regulators, and with what positive effects? You should name specific regulations, regulators, and/or regulatory activities wherever possible.

1. Customs & Trade Compliance

Regulations:

- Post-Brexit customs checks and paperwork for GB-EU trade.
- ICS2 (Import Control System 2) requirements for GB-NI trade (mandatory from Jan 2026).
- Carbon Border Adjustment Mechanism (CBAM) and EU Deforestation Regulation (EUDR).

Current Burden:

- Multiple declarations, detailed commodity codes, and complex audit trails increase costs and delays, especially for SMEs.

Solution:

- Greater alignment with the EU on trade and customs processes. UK government to support trade with streamlined guidance and restarting work to develop a Single Trade Window. The UK

government could, for example, ask to partner with the EU on Entry Summary Declarations for Safety and Security arrangements so GB S&S could merge into the EU's ICS2.

- Expedite SPS negotiations with the EU so businesses can realise the reduced burden as soon as possible.
- Continue work in linking emission trading schemes to ensure requirements and timelines are realistic for businesses.

Positive Effects:

- Faster border clearance, reduced compliance costs, improved SME competitiveness, and fewer shipment delays.

2. Drivers' Hours

Regulations:

- Domestic drivers must use paper logbooks unless they invest in tachographs.
- Occasional drivers under assimilated rules must produce 28 days of records.

Current Burden:

- Paper-based systems create inefficiency and reduce labour flexibility.

Solution:

- Reduce record requirement

Positive Effects:

- Improved accuracy, reduced paperwork, and greater workforce flexibility during peak demand.

4. Operator Licensing

Regulations: O-Licence requirements for newspaper adverts and physical discs.

Current Burden:

- Redundant paper processes despite digital VOL system.

Solution:

- Abolish newspaper advert and disc requirements; fully digitise licensing.

Positive Effects:

- Faster approvals for new entrants and expansions, lower costs.

5. Abnormal Load Movements

Regulations: Fragmented Police Force interpretations

Current Burden:

- Multiple paper notifications and inconsistent regional rules/interpretation can cause delays.

Solution:

- Standardised approach for abnormal loads by road and consistent application of the 'water preferred' policy for moving such loads by inland waterways.

Positive Effects:

- Reduced delays, improved planning, and support for clean energy infrastructure projects.

6. Vehicle Weight & Dimension Rules

Regulations:

- Extra compliance for 4.25t electric vans vs. 3.5t diesel vans.
- Outdated HGV weight and length limits penalise zero-emission trucks.

Current Burden:

- Additional licensing and compliance steps for EV vans and weight restrictions for electric HGVs creates a payload penalty for zero tail-pipe emission vehicles.

Solution:

- Expedite legislation to deliver regulatory alignment for EV vans with non-electric equivalent.
- Modernise weight/dimension rules for zero-emission HGVs.

Positive Effects:

- Lower compliance costs, faster decarbonisation, and improved operational efficiency.