

Letter sent by David Wells OBE
Chief Executive of Logistics UK
on behalf of the below signatories

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Rt Hon Rishi Sunak MP
The Prime Minister and Leader of the Conservative Party
10 Downing Street
London
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18 March 2024

Dear Prime Minister,

To boost growth and productivity, the UK must prioritise the logistics sector

We write to you as the leaders of the UK's largest logistics trade associations to highlight that our sector underpins the economy. To facilitate growth, we are urging the UK and devolved governments to work in partnership with us. We are also urging whoever is the Prime Minister after the next election to appoint a dedicated minister for logistics with cross-departmental responsibilities, backed by a Cabinet Office structure to support delivery across Whitehall.

Logistics – spanning land, air and sea – delivers for households, businesses and public services every day. It strengthens the economy, connects businesses with each other, and provides access to new markets which, in turn, drives competition and innovation. It is also a major sector in its own right, generating £163 billion in GVA and significant tax revenue, including £5 billion from Fuel Duty and Vehicle Excise Duty alone. As a result, it has a key role to play in boosting the UK economy, with Oxford Economics identifying that the right policy environment for our sector would enable up to £7.9 billion in productivity-led growth per year by 2030.

We want to work with you to ensure measures for infrastructure, planning, skills and trade enable the logistics sector to play its full part in facilitating growth. This would help turn around a situation which has seen the UK drop from 4th in the World Bank Logistics Performance Index in 2014 to joint-19th today. It would also address the current challenges facing logistics businesses, which are a significant concern. For example, the 12 months to November 2023 saw a 28% increase in haulage businesses folding compared to the previous 12 months.

Achieving a policy environment that unleashes the potential for logistics to drive the economy will entail addressing logistics as a whole system. We are seeking:

- A dedicated UK government minister for logistics with cross-departmental responsibilities.
- Radical planning reform, long-term infrastructure investment and increase in transport capacity.
- A joint UK government-logistics sustainability and decarbonisation roadmap.
- Skills policies to enable the sector to win the battle for talent.
- Partnership between the UK government and the sector to boost trade.



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Logistics UK is a trading name of Freight Transport Association Limited

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The logistics sector is crucial to addressing the strategic and economic challenges facing the UK in its mission to get growth going. It connects the UK to new markets, is investing in innovation and skills, and is embracing the decarbonisation agenda. We want to work in partnership to take the UK forward and urge you to meet with us to discuss how.

Yours sincerely



Richard Ballantyne OBE
Chief Executive
British Ports Association



Claire Bottle
Chief Executive
UK Warehousing Association



Geraint Evans
Chief Executive
UK Major Ports Group



Amanda Francis
Chief Executive
Association of International
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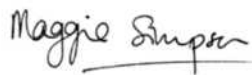
Steve Parker
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Phil Pluck
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Paul Sanders
Founder & Chair
Association of Pallet Networks



Maggie Simpson OBE
Director General
Rail Freight Group



Richard Smith
Managing Director
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Ian Studd
Director General
British Association of
Removers



David Wells OBE
Chief Executive
Logistics UK

CC. Rt Hon Alister Jack MP, Secretary of State for Scotland; Rt Hon David TC Davies MP, Secretary of State for Wales; Rt Hon Chris Heaton Harris, Secretary of State for Northern Ireland

Appendix – the logistics sector’s priorities for boosting UK productivity and growth

Radical planning reform, long-term infrastructure investment and an increase in transport capacity are vital to enable goods to be moved in the most productive, strategic and green way. Instead of capacity constraints, maintenance backlogs and a planning system that treats nationally important assets as local ones, we need high quality transport corridors, a network of roadside facilities for drivers, sufficient warehousing hubs, rail terminals and port and airport capacity, backed by a National Freight Network.

- The logistics sector must be able to invest and develop sites in a swift and agile way. However, this is inhibited by a planning system that is not fit for purpose, with decision-making slow and local plans not sufficiently protecting space for industrial and logistics sites. The UK planning system has, according to a 2022 Savills report, already suppressed growth in the industrial and logistics sector by 29%. We need a reformed National Policy and Planning Framework that recognises the vital demands of our sector, and a reform of the Development Consent Order approval process to ensure that Nationally Significant Infrastructure for logistics can come forward at pace.
- While logistics is multimodal, planning for transport infrastructure is inefficiently split between transport modes. Recognising this, the 2022 Future of Freight Plan committed the government to working with the sector to identify a National Freight Network (NFN), to inform future infrastructure plans. While this remains undelivered, the poor state of the transport network is acting as a tax on business and a drag on the economy. According to INRIX 2022 Global Traffic Scorecard, congestion cost the UK economy £9.5 billion in 2022.

The logistics sector needs a sustainability and decarbonisation roadmap, developed in partnership with the government. Logistics is, by its nature, a significant user of energy. As such, every element of the logistics sector is embracing the challenge of achieving net zero, from sustainable energy sources within distribution centres and warehousing, to the electrification of vehicle fleets and the use of greener fuels. Where the sector has more direct control, it is making rapid progress. For example, those operating temperature-controlled warehousing have delivered energy reductions of nearly 10%, whilst some refrigeration units are now delivering 90% reductions in energy usage. However, where strategic energy infrastructure and fuel decisions are required from the government, there is a growing risk of the UK not meeting its net zero deadlines. We need a new partnership approach that enables the UK to become a world leader in logistics sustainability.

- The logistics sector and government must work together on a long-term, joint sustainability and decarbonisation roadmap that gives the private sector the confidence to invest. This must recognise that the logistics system is comprised of multiple transport modes and infrastructure, meaning a variety of approaches will be needed to transition to and achieve net zero, such as zero tailpipe emission vehicles, public and depot charging, rail electrification, shore power at ports, low carbon and sustainable fuels across transport modes, modal shift, and the prioritisation of freight in terms of electrification and grid connectivity. The roadmap should also be based on a realistic assessment of the availability and cost of technology and infrastructure, the importance of maintaining efficient and resilient supply chains and, over time, should shift focus from vehicle to whole lifecycle emissions.
- The logistics sector requires a supportive, stable policy environment that incentivises decarbonisation, enabling it to make the transition away from fossil fuels and keep costs down for customers. This should include the use of tax and grant incentives to encourage the adoption of low carbon fuels, as well as investment in new vehicles and fuelling and charging facilities. It must also include regulatory reform to remove the cost and payload penalty that currently exists with many alternatively powered vehicles.

Logistics must win the battle for talent. The UK is heavily reliant on skilled logistics workers to underpin every part of the economy, maintain supply chains and ensure competitiveness and resilience. The UK is home to 230,000 logistics businesses and 2.7 million people employed in logistics roles – 8.2% of the UK workforce. Careers in logistics deliver a strong potential for social mobility and development, with the sector being at the centre of the introduction of the digital and technology transformation.

Too few people recognise this opportunity. Combined with an aging population, challenges with skills funding and the UK's exit from the EU, the sector has suffered from significant shortages of workers across many of its key occupations over a sustained period. In response, the sector has increased wages, with logistics workers now earning above the median average salary in all industries, and it is delivering Generation Logistics, a campaign which has already increased sentiment towards a career in logistics by 170% amongst 18-to-24-year-olds and career switchers. However, these are only parts of the overall answer. To ensure the UK has resilient, efficient supply chains, the government must:

- Reform the Apprenticeship Levy so it can be invested in other forms of training, recognising that many skilled jobs in our sector do not require an apprenticeship. Transport and logistics businesses have paid £825 million in levy funds since it was introduced in 2017. However, due to the constraints of the Levy and structural issues in the skills system, the total estimated funding the sector could have recovered in this period was just £250 million.
- Reverse the decline in the number of key courses available, which stems from funding being too low to cover the costs of providers. Instead, the government should facilitate the introduction of a diverse range of fit-for-purpose training solutions that will meet the needs of an evolving industry and appeal to candidates, including a new T-Level in Logistics and increasing the number of logistics related Skills Bootcamps.
- Work collaboratively with the industry to boost recruitment, retention and diversity, including by investing in secure, quality roadside facilities for drivers, while accepting that, in the short to medium-term, the logistics industry needs to be able to access migratory labour. It must also continue to support the Generation Logistics campaign.

Growing the UK economy requires a partnership between the government and the sector to boost trade. Logistics enables the UK's international trade, importing and exporting goods to the value of over £1 trillion a year. Trade thrives when borders and customs procedures are as simple as possible, processes are industry friendly, and transport connectivity is efficient. When this is not the case, the logistics sector acts as key partner, working to limit the impact on costs and risk of shortages. To boost the UK's trade, the government must:

- Foster a period of stability, with a greater focus on transition periods, assessing impacts of changes and developing mutually agreed adjustments. This will require enhanced consultation between government and business, and the sharing of and responding to expertise. Ultimately, the UK should move to a system of trusted operators to smooth the flow of goods and keep costs down, making the UK more competitive internationally.
- Ensure key platforms and systems are industry-friendly and pro-trade. For example, we support the Single Trade Window, but it must ensure data only has to be provided once, thereby ending inefficient duplication; the UK must negotiate a bespoke, digital, upstream solution for juxtaposed border areas affected by the EU Entry and Exit System; we want an urgent evaluation of the appropriateness of using the Government Gateway system for international trade; and we propose increases in thresholds for BIRDS and The Export Memorandum of Understanding to facilitate bulk importing and exporting, reducing costs for UK plc.
- Align trade and transport policies, ensuring sufficient capacity for night flights (particularly in the South East of England), high quality and capacity road and rail freight connections to ports and airports, and investment in energy infrastructure at our international gateways to support charging and fuelling.