Autumn Budget Submission to HM Treasury

Road Haulage Association (RHA)

About the Road Haulage Association

The Road Haulage Association (RHA) is a major trade association representing 8,500 road haulage, coach, and van operators across the UK, 85% of whom are small and medium-sized enterprises (SMEs). Our members operate around 250,000 HGVs out of 10,000 operating centres and range from a single-truck company to those with thousands of vehicles.

Foreword

Our industry is essential to drive the UK's economic growth. The haulage, coach and van industry is a key enabler and deliverer of economic growth. Yet, in recent years, there has been a substantial increase in the numbers of hauliers are entering administration (with over 400 insolvencies last year alone), and the remainder facing rising cost and regulatory pressures. We need the Government to reduce the growing tax burden on operators to ensure our industry is there to deliver for the rest of the economy and to tackle the rising costs of consumer goods transported by road.

Everything we eat, drink, wear and consume depends on road haulage services and the companies and drivers that operate them. Road freight moves 81% of all goods and 98% of agricultural and food products.

With net-zero alternatives not yet available at scale, the road transport industry remains reliant on diesel and is therefore greatly concerned about the reports of the likely increase in fuel duty. Coach operators also face pressures from increased fuel prices where contracts with fixed prices have already been agreed.

As part of the Government's Growth mission, it is also vital that the UK continues to invest in its logistics network to facilitate that growth. Frictionless movement of goods and people on our roads allows businesses to grow, local economies to thrive, and with that, new sectors and jobs to be created. Alongside the pursuit of new green technologies, bold and ambitious road investment is vital to enabling this, with a focus on tackling the congestion and delays which increase both costs and emissions.

Key to making Britain a clean energy superpower will be decarbonising the heavy commercial vehicle fleet but the cost of decarbonising HGVs and coaches, estimated to be £100bn, is astronomical. We need a clear, managed roadmap so that all haulage and coach businesses, particularly our vital SMEs who represent 95% of our sector, are able to make that journey on the road to net zero.

The most vital part of the road transport industry is its people; the drivers, transport managers and technicians that keep the industry that moves business on Britain's roads moving. With the most significant technological changes we have ever seen on the horizon, it is vital to not only extend training options to more and more people but to ensure training includes the most up-to-date technological solutions. A skills revolution to break down barriers to opportunity, plug skills gaps and avert another HGV and coach driver shortage is essential.

The Chancellor faces some understandably tough decisions in the upcoming Autumn Budget, but we urge that any decisions made not raise revenue in ways that are antithetical to growth. Increasing costs for road transport businesses would slow our economy and risks slowing revenue elsewhere.

Summary of budget recommendations to boost economic growth

Continue the freeze on fuel duty. A 5p rise in duty would increase overall annual household living costs by £7.3bn over the course of the rest of the Parliament and cut GDP after 5 years by £430 million per year
Introduce a fuel duty rebate linked to emissions reduction This will encourage the use of low carbon fuels that can reduce emissions from the conventional diesel fleet by up to 90%.
Freeze Vehicle Excise Duty for HGVs and the HGV Levy to reduce cost pressures on the industry which is facing record insolvencies.
Introduce an essential user rebate for essential commercial vehicle operators to reduce the cost of supply chains and inflationary pressures.
Extend full expensing to leased assets to drive investment. This will help small firms who lease their vehicles.
Make the HGV skills bootcamps a permanent option to avoid a future HGV driver shortage, meet the projected 180,000 new drivers required over the next 5 years, ensuring the resilience of supply chains.
Allocate funding of £6 million per annum for national policing (NaVCIS and Opal) to develop a national, coordinated, and intelligence-led response to freight crime.
Consult widely on any changes to Business Property Relief (BPR), which could impact on the large number of family businesses operating in the haulage, van and coach sectors.

Freeze fuel duty to reduce the cost-of-living

An increase in fuel duty would impact consumer prices including both direct increases to fuel prices, but also further price rises caused by higher supply chain costs rising throughout the economy.

The freeze in fuel duties since 2011 has reduced consumer prices by 6.7% according to independent CEBR research and has boosted household expenditure by over £24 billion[1]. Reports of pressure to stop the freeze in fuel duty are causing significant concern in the industry, and we hope – as representatives of a sector key to stimulating economic growth – such reports do not come to pass.

Economic research commissioned by the RHA has developed a specialised methodology to assess the overall impacts of a fuel duty increase on UK households, providing a decomposition of how the impacts are broken down by household expenditure groups and different household income deciles.

The research found that a 5p fuel duty increase is estimated to increase overall consumer prices by 0.3% and increase overall annual household living costs by £1.9bn[2]. This equates to about £7.3bn over the course of the rest of the Parliament.

The impact of a 5p fuel duty rise results in a typical motor vehicle owning household spending about £100 more each year, which is about seven percent of total spend on petrol or a months' worth of an annual household petrol budget. This equates to about £360 per year over the course of the rest of the Parliament.[3] These impacts are both felt directly, via higher prices at the pump, but also through higher prices due to costs rising across the supply chain.

Fuel duty and fuel costs represent a significant amount of turnover for hauliers – around a fifth of running costs for the average 44 tonne HGV, with average annual fuel costs for hauliers currently at £44,312[4]. A 5p rise in fuel duty would be an additional £2,325 per annum for the operating costs of an HGV, based on average mileage of 85,000.

Road haulage is a highly competitive industry, with average margins of 2%. This means there is simply no scope for haulage firms to absorb tax increases.

This all comes in addition to cumulative sector pressures including the introduction of Direct Vision Standard in London in 2024, increased enforcement penalties and Clean Air Zone charges and increasingly complicated border controls and the congestion from these actions.

A rise in fuel duty would create economic damage. A 5p rise in duty cuts GDP after 5 years by an annual £430 million[5]. A rise in fuel duty is also regressive. The poorest 10% who use vehicles spend twice as much of their income on fuel as the richest 10%.[5]

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[1] CEBR analysis (2024)
[2] Full Circle Economics Report (2025)

[3] Full Circle Economics Report (2025)

[4] RHA Annual Costs Survey
[5] CEBR analysis (2024)

Raising fuel duty is not an efficient way of raising tax revenue. It is important to note that the current fiscal crisis is long term and will need up to 50 years of revenue raising and expenditure constraint. Given that any revenue gains from higher fuel duties will be only temporary and will evaporate over time, it is our view that it seems unnecessary to take the political and economic damage from raising fuel duty in return for very little long-term revenue. Independent CEBR analysis shows that 62% of any initial annual revenue raised from a 5p rise in the rate will disappear within 5 years and 84% within 15 years. Effectively the government gets all the negative impacts of raising the tax rate without most of the tax revenues that the higher rate is meant to raise.

A 5p rise in fuel duty, which might in theory have been expected to raise £2.8 billion in receipts (itself well below the HMRC forecast) even in the first year only raises £2.59 billion and after 5 years this falls to £1.0 billion; after a further 10 years this virtually disappears to £0.4 billion.

Therefore, based on our analysis, a fuel duty increase will increase prices, slow growth, harm haulage firms, and will only bare significant revenue for a short time.

An Essential User Rebate

UK hauliers and coach operators also face a competitive disadvantage across the European market. UK diesel prices at the pump remain significantly higher than many other European nations. Diesel prices are higher than other major economies including Germany, Japan, Canada, USA and China.

An essential user rebate would bring the level of taxation per litre on diesel in line with the Republic of Ireland and would significantly reduce the competitive disadvantage faced by UK commercial vehicle operators compared to European counterparts. Whilst a rebate of 15ppl will not cover all the increased costs for hauliers, it would provide support to mitigate growing pressures and help to counter inflation caused by costs passed on by hauliers to consumers.

We estimate, using data from the Department for Business and Trade and the Office for Budget Responsibility, that an essential user rebate would cost a further £1bn per year in comparison to the £2.385bn that the 5p reduction for all vehicles is projected to cost.

There is significant precedent for the Chancellor to introduce an essential user rebate, with the existing Bus Service Operators Grant (BSOG) mechanism currently offering a rebate of 34.57ppl for bus operators to recover some fuel costs based on the amount of fuel that they use and the Rural Fuel Duty Relief scheme also reflects that the Government has and continues to intervene where fuel duty is having a damaging impact on motorists and businesses. This scheme provides support for rural motorists through a 5ppl reduction to fuel retailers to help those in remote areas where fuel prices are often higher.

Our recommendation to Government is that it immediately introduces an essential user rebate of at least 15ppl that would be available to all hauliers, HGV drivers and coach operators. For those that are fulfilling roles of national importance that currently have no other choice than to use diesel, such a measure would provide much needed support. Extra consideration must be given to this measure in the event fuel duty starts to rise again.

Extending Full Expensing to Deliver Growth

Full expensing is a welcome policy that allows businesses, including the UK's vital SMEs, to thrive. For hauliers, van and coach operators, vehicles are their most important asset. Yet, at a time where vehicle costs are rising, companies who lease their vehicles are currently excluded from this benefit. We therefore recommend that the Government extend full expensing to leased assets as committed to by the previous Government.

Typically, SMEs are more likely to lease their vehicles instead of owning them outright as they are less likely to hold significant capital. This makes them more susceptible to inflation which has caused significant damage to the industry over the past two years.

However, for those for whom leasing is the only option, they have not been able to benefit from this tax allowance. Indeed, for those leasing, costs have also increased significantly given the rapid rise in interest rates over the last 2 years.

The announcement in the 2024 Budget that full expensing would be extended to leased assets "when fiscal conditions allow" was welcomed by the RHA and its members. It would particularly assist the smaller hauliers upon whom the industry and economy rely and would serve as an effective measure to assist those businesses for whom rising interest rates have been an unavoidable burden on their bottom lines.

Plugging skills shortages

The skills shortage in the road transport sector is a chronic issue that continues to affect supply chains. There is still a significant shortage of HGV drivers, which is compounded by an ageing workforce. The industry is also struggling to recruit and train vehicle technicians to ensure the safe operation of vehicles. The long-term viability of road haulage is dependent on recruiting and training a new generation of skilled workers.

Avoiding another HGV driver shortage

HGV drivers are vital to the smooth running of logistics. In 2021, the driver shortage crisis highlighted the imperative of managing the demand for HGV drivers.

Since 2021, the economic downturn has resulted in a reduction in freight movements and has shielded the sector from further driver shortages.

Our analysis shows that the sector will need over 200,000 new HGV drivers over the next 5 years to maintain supply chains. This driver demand is due to an ageing driver workforce which will see a significant number retire over the next 5 years and an expected upturn in the economy. A significant number have retired from driving over the past year and DVLA data shows that over 117,000 HGV drivers did not renew their Driver Qualification Card (the best indicator of the number of active HGV drivers). It is vital that there is an increased focus on training new drivers to ensure the resilience of our supply chains.

Freight movements have been lower over the past couple of years and we have seen record numbers of haulier insolvencies. With only 1.6% of drivers under the age of 24, there is a significant difference in the age profile of HGV drivers compared to the average for people working in general.

Since the national HGV skills bootcamps came to an end, the only funded training route for HGV driver training is via an apprenticeship. Logistics businesses have struggled to make the apprenticeship work with less than a 40% achievement rate. In contrast, the HGV skills bootcamps have seen a 70% completion rate. The short course is better suited to learners wanting to gain their licence, however if this route was linked to the Growth and Skills Levy the outcomes could be further improved by ensuring a job upon completion.

We support the continuation of the HGV driver skills bootcamps. The original funding allocated for the HGV driver bootcamps was £34 million, however no further funding was allocated this year. HGV Driver Bootcamps were oversubscribed when first launched and have continued to be the preferred funded training route. Prior to the bootcamps, the only funded route for driver training was apprenticeships, which businesses have struggled to make work for them.

Unless greater flexibility is introduced across all sectors and a wider range of shorter, modular training options is made available, no changes should be made to the current apprenticeship levy payment structure. The £3 million payroll threshold is now beginning to affect many smaller businesses, due to cumulative salary increases over the past eight years. Reducing this threshold any further would place additional financial strain on SMEs, who are already facing significant cost pressures from recent increases in the minimum wage and employer National Insurance contributions. In the current climate, expanding the levy's scope without addressing these issues risks undermining the very businesses the apprenticeship system aims to support.

Vehicle technicians

Furthermore, recruiting vehicle technicians for workshops, maintenance providers, and dealerships has long been a challenge, particularly in finding new apprentices. There were 4,700 vacancies for HGV mechanics[6] over the past year and vehicle technicians have decreased by 30%, or 60,000, since 2019.[7] One key factor contributing to the shortage of heavy vehicle technicians is the reduction of specialised courses in colleges over the last decade.

Although the heavy vehicle technician apprenticeship funding was increased in 2024, this is still not representative of the true cost of provision. With the standard being updated this year to include zero emission vehicles, this issue will intensify. Where light vehicle apprenticeships have seen a reduction in starts by 6%, heavy vehicle apprenticeship starts have seen an increase of 11%. The demand from students is there, however without this vital local provision in the form of colleges we will not have the capacity to train enough technicians to cope with demand.

Colleges and Independent Training Providers will need help with the capital expenditure costs for up-to-date technology for the courses.

Recommendations to Government:

- Continue the reforms of the Growth and Skills Levy and allow promised flexibility of training which can be accessed via levy funds for all sectors.
- The HGV skills bootcamps funding should be reinstated on a national basis to ensure the resilience of the future HGV driving workforce and supply chains.
- Entry level workshop roles such as tyre fitter and vehicle inspection short courses should be made available via the Growth and Skills Levy.
- Allow businesses to use apprenticeship levy funds for non-apprenticeship training such as Skills Bootcamps in order to provide entry level courses suited to NEETs as well as allow businesses to start preparing for zero emission vehicle transition.
- Increase the funding band for the heavy vehicle service and maintenance technician apprenticeship to ensure the funding keeps pace with the cost of running the course.
- Simplify the adult skills system by bringing together the combined authority regions to simplify access to adult skills training for national courses available via DWP.

[6] Adzuna job vacancy analysis
[7] ONS Labour Force Survey

Supporting the transition to Net Zero

When HGVs and coaches account for around 20% of UK domestic transport greenhouse emissions, we know our sector must play its part to decarbonise. However, the cost of decarbonising the HGV fleet is estimated to be £100bn and presents a formidable barrier.

There are around 700 UK-registered electric HGVs on our roads out of a UK-fleet of 535,000 lorries[8] with no registered hydrogen-powered HGVs on UK roads., To accelerate the transition to Net Zero, the Government has an opportunity to be much bolder in supporting road transport businesses, especially micro-businesses. We welcome the headline announcement made during the Spending Review in June 2025 that £1.4bn is ear-marked to "support the continued uptake of electric vehicles, including vans and heavy goods vehicles (HGVs)". This would build on the welcome £200m investment by the Government in the Zero Emission and Hydrogen Infrastructure Demonstrator (ZEHID) to provide essential research and development support into how battery electric and hydrogen fuel cell lorries perform. However, the detail of how funding from the Spending Review will be allocated is not yet known. Urgent clarity on this is needed to help businesses plan their investments.

Meanwhile, our recent industry wide net zero survey findings reflect the very real challenge of meeting the UK's Net Zero targets. 70% of HGV operators, 75% of coach operators and 56% of van operators currently report having no plans in place to introduce zero emission vehicles into their fleets, with operators across the different vehicle modes consistently ranking lack of vehicle mileage and cost as the main barriers preventing them from doing so. This is a stark reminder that Net Zero must be commercially viable and significant additional support and investment is needed if planned targets for HGVs and vans are to be met.

Whilst we welcome the financial commitments signalled by the Government to support our sector's investment in Net Zero, the vehicles that transport our goods and passengers on UK roads must ultimately pay for themselves.

Incentivising the take up of low carbon fuels

The RHA believes we cannot wait for a perfect zero emission solution. In the interim, the use of low carbon fuels such as hydrotreated vegetable oil (HVO) should be promoted.

Whilst zero emission solutions such as battery or hydrogen-powered vehicles are developed, low carbon fuels offer an interim solution that help HGV and coach operators to reduce CO2 emissions from existing fleets – potentially - by up to 90%.

The supply of low carbon fuels for road transport use in the UK is currently very low due to a lack of refuelling infrastructure and high cost. In 2024, HVO constituted 1% of the UK fuels market, with CNG and LNG together constituting 0.3%. This compares with diesel (57%) and petrol (31%).[9]

[8] Source: Department for Transport statistics – Table VEH1111
[9] Source: DfT Statistics, Table RF0101, November 2023

Recommendations to Government

- Provide clarity on how the £1.4bn Spending Review commitment will be allocated
- Introduce a fuel duty rebate linked to emissions reduction to encourages the use of low carbon fuels that can reduce emissions from the conventional diesel fleet by up to 90%
- Work with the road freight industry on how it can access the National Wealth Fund to invest in zero emission vehicles and infrastructure
- Reform the scope and deadlines for the ‘plug-in van and truck grants’, to match similar schemes in Europe, increasing grant contributions from 20% to at least 50% (with incentives for group vehicle purchases) and extend the program beyond 2027
- Accelerate investment in the energy infrastructure needed to power zero emission HGVs and coaches
- Government support for schemes such as a residual value guarantee and credit risk guarantee should be considered, to enable HGV and coach costs to be brought down.
- Creating a parity for the VAT rates for EV charging would also further incentivise a switch to electric vehicles.

Infrastructure to deliver growth

Investing in our road network is a significant economic enabler, with transformational benefits. A typical highways scheme, which costs £100m is estimated to provide up to 2000 jobs in the Construction and Logistics sectors alone, as well as up to an additional 3000 jobs in the supply chain[10]. Recent projects, such as the A14 Cambridge to Huntingdon improvement scheme are currently expected to deliver economic benefits worth over £2.5 billion in reduced congestion and improved productivity[11].

The current levels of road congestion result in unpredictable and longer journey times which leads to decreased productivity, increased emissions, more unnecessary cost, and damages the competitiveness of the UK economy at a cost of £30.8bn a year[12]. Maintaining investment in road infrastructure is vital for the economy, and ultimately the environment.

In the road transport sector, congestion alone estimated to account for 16% of the cost of road freight, equivalent to around £6bn a year[13]. The cost of an HGV stuck in stationary traffic for an hour is £120[14], a crippling cost at a time when hauliers are under significant financial pressures. Congestion delays HGV journeys by 23% now and projected to be 35% by 2050 [15].

According to the Asphalt Industry Alliance, the rate of pothole repairs in England and Wales has reached an eight-year high, with a staggering £16.3 billion needed to fix the country's roads[16]. The annual Alarm survey found that local authorities expect to fix 2 million potholes in the current financial year, up 43% compared with 1.4 million during the previous 12 months. This trend is not financially sustainable[17].

When local authorities are properly financed, they are not only able to undertake more repairs, but longer-term more resilient road maintenance. This offers far better value to the taxpayer, and results in more effective repairs.

With the publication of the draft Road Investment Strategy (RIS3) and confirmation of the £24.9 billion for the five-year period, we await the release of National Highways Strategic Delivery Plan in December.

We welcome the Government's confirmation of key Strategic Road Schemes, including the M60/M62/M66 Simister Island junction in Greater Manchester, the A38 Derby Junctions in Derby, and the A66 Northern Trans-Pennine upgrade. These projects are vital for improving connectivity, reducing congestion, and supporting economic growth across key regions. We also support the commitment to funding 28 local highways schemes, which will deliver tangible benefits to local communities and businesses.

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[10] Calculation based on methodology used throughout "The skills construction needs", CITB, 2022.
[11] "Drivers reap benefits of Britain's biggest road upgrade", National Highways, July 2020
[12] Inrix, Traffic Scorecard 2016
[13] The value of freight, vivideconomics (for NIC), Page 12
[14] £120 figure provided by National Highways officers
[15] The value of freight, vivideconomics (for NIC), Page 7
[16] Annual Local Authority Road Maintenance Survey Report 2024, Asphalt Industry Alliance, Page 2
[17] Annual Local Authority Road Maintenance Survey Report 2024, Asphalt Industry Alliance, Page 16

Recommendations to Government:

- Ringfence local authority pothole funding so that it does not become rediverted into other funds
- Safeguard funding for continuation of the National Highways Lorry Parking Facilities Improvements Scheme (£22m for 2026-2029)
- Confirm funding mechanisms for Lower Thames Crossing to provide certainty for this crucial infrastructure project.

Tackling freight crime

Freight crime poses a significant and growing threat to the UK economy, to businesses, and to the resilience of our national supply chains. In 2024 alone, the value of goods stolen exceeded £111 million - a 63 percent increase on the previous year[18]. Since 2020, the cumulative economic impact of freight crime is estimated to be over £1 billion.

This type of crime is increasingly perpetrated by organised criminal gangs who view freight theft as a low-risk, high-reward activity. The effects ripple through the economy, directly affecting haulage operators, damaging manufacturing and retail businesses, and ultimately increasing prices for consumers.

Despite its seriousness, the National Vehicle Crime Intelligence Service (NaVCIS) remains critically under-resourced and is currently funded solely by the freight industry. At present, NaVCIS relies entirely on industry funding. This has resulted in an operation that exists on a hand-to-mouth basis, with limited capacity to proactively disrupt organised crime. Without stable and sufficient Government funding, NaVCIS cannot scale its intelligence operations, build regional enforcement capacity, or invest in long-term crime prevention strategies.

The RHA urges Government to include a funding allocation of £6 million[19] per year for NaVCIS in the Autumn Budget. This is essential to develop a national, coordinated, and intelligence-led response to freight crime. The return on Government investment in this area is clear: for a £6 million annual cost - less than 1 percent of the annual losses attributed to freight crime - NaVCIS would be able to deliver significant reductions in crime and associated economic harm.

The proposed funding would support a fully resourced national freight crime response. It would allow the creation of key enforcement hubs in regions most affected by freight crime, including Yorkshire and the Humber, the Midlands, and the East and South East of England. These hubs would be supported by a national framework for intelligence sharing, coordination, and enforcement.

In addition to funding, the RHA calls on Government to consider the introduction of a specific freight crime offence within UK law. The complexity and severity of these crimes merit targeted legislation that appropriately reflects their organised nature. The RHA also urges ministers to support the introduction of stiffer sentences for those involved in freight theft and related organised crime.

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[18] [18] NaVCIS 2024 police data

Recommendation to Government:

- Include a funding allocation of £6 million per year for national police units NaVCIS and Opal in the Autumn Budget to develop a national, coordinated, and intelligence-led response to freight crime.

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RHA

policy@rha.uk.net