



RHA

Driving Growth, delivering for the country

A 2024 UK manifesto for the Road Haulage Industry

A key partner for the next Government

89% of all freight is moved by road.

98% of all food and agricultural products are transported by road freight.

The industry contributes **£13.5 billion** to the UK economy each year.

The transport and logistics industry accounts for **5.6%** of UK's GDP.

Three-quarters of local authorities host at least **1,000** logistics jobs.

Road haulage and logistics accounts for **2.7 million** employees -
8.2% of the domestic UK workforce.

EVERYTHING WE EAT, DRINK, WEAR AND CONSUME DEPENDS ON ROAD HAULAGE SERVICES AND THE COMPANIES AND DRIVERS THAT OPERATE THEM. IN THE UK, 98% OF ALL FOOD AND AGRICULTURAL PRODUCTS ARE TRANSPORTED BY ROAD FREIGHT.

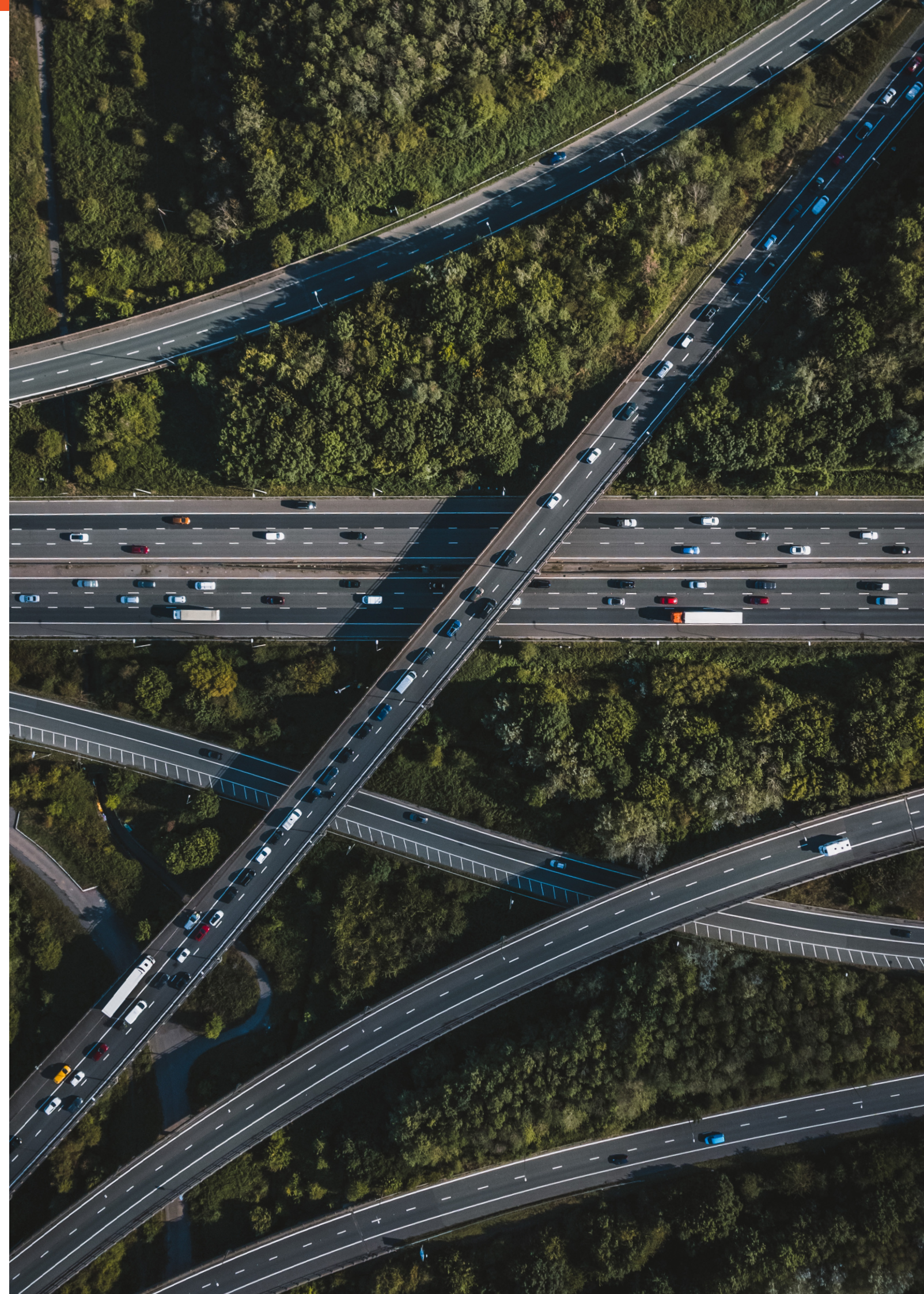
The growth, productivity and competitiveness of the UK economy is dependent upon having an efficient road haulage sector and road infrastructure that works for all users.

Road haulage is a highly competitive and low-margin business. It is a highly skilled, service-driven industry, responding to fluctuating customer demand. It operates under a tightly regulated operator licensing regime.

The road haulage sector is facing a multitude of challenges as it contends with the transition to net zero, inadequate infrastructure, a major skills gap, and unsustainable cost increases, which threaten its future growth.

Small-to-medium (SME) sized operators – which make up the majority of the sector – have been hit the hardest. These businesses typically have a fleet of less than six vehicles and operate with average margins of 2%.

The opportunity for a better future for the industry is there to grasp, and we will partner with the next Government to deliver it.



Tackling Costs and Navigating Regulations



The Challenge

The cost of distribution impacts the prices on our shelves and the cost of living. Food price inflation means prices of everyday essentials are higher, in part due to increased cost pressures on hauliers. The past year has seen consumer spending falling and freight volumes drop by 10% as fewer goods are moved around.

Locally and nationally, the road freight industry is amongst the most heavily regulated industries in the UK. The unavoidable result of regulation is the cost of compliance, and as regulation grows and becomes more expensive to comply with, many business owners are making the decision to retire or enter insolvency rather than try and adapt. In addition, whilst UK inflation has fallen sharply throughout 2023, the costs of running a typical 44-tonne HGV (excluding fuel) has risen by nearly 10%.

A record number – over 450 – haulage businesses have collapsed in the last 12 months, more than double the number two years ago. As a result, from 2020/21 to 2022/23 there has been a 173% increase in haulage businesses entering insolvency.



Our Recommendations

Relieve the tax burden to support economic growth

- **Minimise the financial burden on operators from taxation** to support economic growth. This includes a continued freeze on fuel duty, Vehicle Excise Duty for HGVs, the HGV levy and other business taxes such as corporation tax.
- **An emissions-linked rebate on fuel duty** to encourage hauliers and coach operators to use alternative fuels to cut carbon emissions now, supporting the net zero transition.
- **Suspension of the HGV levy** and ringfencing of future funds for green fuelling infrastructure.
- **An essential user rebate for haulage and coach firms** to reduce inflationary pressures, cost-of-living challenges and stem the significant increase in insolvencies amongst hauliers.

Support the Zero Emission Trailblazers

- The Government should support forward-thinking businesses that invest in a hydrogen, electric or low carbon fleet through an HGV subsidy purchase scheme.

Reform Regulation for a New Era

- **A full industry supported review of the regulations affecting the road transport industry** to simplify regulation, increase productivity and efficiency and adapt to political and social changes. This includes a review of drivers' hours, tachograph recording and the Sleeper Cab Allowance.

- **Revised guidance for Local Authorities** to promote the role, value and importance of the industry and better promote best practice on supporting the sector via Local Transport Plans to avoid the patchwork of local charges and regulations impacting freight in urban settings such as Clean Air Zones and Direct Vision Standard.
- **Reform of weight regulations on zero emission HGVs** to support the industry as it transitions to a heavier, electric and low carbon fleet.
- **A unified speed limit across the UK for HGVs**, removing the differential limit in Scotland.

71% of logistics operators are concerned about the level of demand in the sector.

ONS figures show failures of transport & storage businesses ranked **9 out of 21** affected sectors.

Last year saw a drop of **1,300** operator licences.

Average profit margin of a road haulage operator is **2%**.

All sources can be found here:

www.rha.uk.net/News/Road-Haulage-Facts-and-Stats

On the Road to Sustainable Road Haulage



The Challenge

The RHA supports Net Zero. With lorries contributing around 20% of CO2 emissions generated by UK domestic transport each year yet comprising 1% of all vehicles, we know our sector must play its full part to decarbonise.

However, with over 600,000 UK-registered HGVs on our roads, the current phase out dates of new non-zero emission vehicles present an immense challenge whilst sustaining the exceptional levels of service expected by British industry and the public. With zero emission HGVs comprising 0.8% of the current fleet, a mature supply does not yet exist for the heaviest vehicles with available options limited and expensive.

With the overall cost of decarbonising HGVs estimated to exceed £100bn, electric trucks are at least three times the price of an equivalent diesel, with prototype hydrogen fuel cell trucks costing considerably more. Up to £2bn investment in the energy infrastructure is needed to power zero emission vehicles, as well as a clear strategy for low carbon fuels.

Well-targeted investment that allows industry to replace vehicles through natural business investment cycles can work. Since 2014, the logistics sector has invested an additional £2.2bn in the latest lorries to reduce nitrogen oxide (NOx) pollution by 70%. We look to replicate these conditions to reduce CO2 emissions.



Our Recommendations

- **A stable and predictable policy framework** is established to allow industry to invest in Net Zero technologies
- **A Net Zero roadmap for road haulage** is developed with support from the industry.
- **Financial incentives for SMEs** to bring down the purchase and running costs of new low carbon and zero emission vehicles should be considered by HM Treasury
- **Public investment in energy infrastructure** is accelerated to introduce low carbon and zero emission commercial vehicles at scale and pace
- **Urgent clarification on the use of Low Carbon Fuels** to allow haulage and coach operators to start reducing carbon dioxide emissions by up to 90% now.

There is just **1** public rapid recharging point for an electric HGV and **5** hydrogen refuelling points.

Phase-out dates for new diesel HGVs are below **26 tonnes** from **2035** and all HGVs from **2040**.

Estimated **£100bn** of public and private investment needed to decarbonise HGV sector.

Estimated **8200** charging points at **3000** locations by **2030** are required for HGVs.

Since 2014, the industry has invested more than **£2.2 billion** in the newest and cleanest model of lorry reducing nitrogen oxide emissions by around **70%**.

Bridging the skills gap



The Challenge

The road transport and logistics industry faces skills shortages across all aspects of the supply chain, from drivers to technicians, and warehouse operatives. It is vital that we address the immediate and future skills shortages to improve the resilience of UK supply chains.

The worst of the HGV driver shortage has passed, but on a deeper analysis significant structural issues remain. Attrition rates remain high, with older drivers choosing early retirement and inexperienced drivers struggling to find permanent roles. A lack of HGV technician courses means there are less and less technicians available to work on vehicles, which will impact maintenance and repair causing a lack of availability of vehicles, or worse, unsafe vehicles on the road.

Lower HGV movements caused by a sluggish economy mask the worst of these issues, but the risk of supply chain issues when the economy returns to growth remains high.



Our Recommendations

- **Schools, colleges and job centres** should provide clear logistics careers guidance and promote the courses available.
- **Reform of the Apprenticeship Levy** to a Skills Levy to allow for greater flexibility for businesses to fund short courses such as bootcamps, alongside apprenticeships.
- **Develop new, flexible training** courses like skills bootcamps to help address the shortage of technicians.
- **Focus on engineering and green skills training** to address the shortage of engineers maintaining the national heavy vehicle fleet.
- **Ensure heavy vehicle mechanics are included within the new Immigration Salary List.**
- **Make permanent the HGV driving skills bootcamp** course and extend this to Category D licence training.
- **Increase apprenticeship funding bands** to account for rising costs, particularly the heavy vehicle mechanic apprenticeship to create greater course availability.

The sector paid **£965 million** into the apprenticeship levy since **2017**. Only **10%** of levy funds used for logistics apprenticeships.

HGV driver apprenticeships equal just **1%** of all new HGV licence passes last year.

Nearly half of HGV drivers are aged over **50**.

Just **1%** HGV drivers are female.

5,000 vacancies for HGV mechanics over the past year.

Vehicle technicians have decreased **30%**, or **60,000**, since 2019.

/ Securing a UK-wide, safe, secure and reliable road network



The Challenge

In order to keep the UK economy moving, the road haulage industry needs the right infrastructure to support the frictionless movement of goods. This is achieved by a safe and reliable strategic road network, and the provision of adequate lorry parking spaces and driver facilities.

Investment in the UK's strategic road network is essential to maintain road safety, alleviate congestion and ensure that journeys across the network can be made reliably. While there are many highways schemes proposed by National Highways, these are often held up in the lengthy Development Consent Order process. Reform of this process is vital to deliver essential infrastructure quickly and unlock economic growth.

Similarly, the provision of safe secure truck parking is a matter of basic road safety and economic growth. Not only are there not enough truck parking sites and spaces, but the poor standards many are kept in is known to be an anchor on driver recruitment and retention, particularly when trying to recruit more women to the industry. The reputation of the standard of UK roadside facilities, both nationally and internationally, is very poor. Drivers often do not have access to the most basic facilities, including toilets, showers and healthy food options.

A lack of genuine competition means there is no incentive for sites to improve, but planning applications for new sites are regularly rejected despite clear national and local need.

While road safety standards remain relatively high on the Strategic Road Network, freight crime has become rife as organised criminal gangs target HGVs parked in insecure locations. Over 5000 incidents of crime were reported last year, an increase of nearly 1000 from the previous year, with goods stolen valuing over £68m. Over half of the incidents occurred when the vehicle was parked on the road.



Our Recommendations

- **Significant investment in the Strategic Road Network** to alleviate bottlenecks and congestion and ensure that hauliers can undertake their journeys reliably.
- **Reform of the Nationally Significant Infrastructure Projects (NSIP) process** to ensure that highways schemes and junction improvements can be delivered faster
- **Reform of the National Planning Policy Framework** to reassert the national and local economic importance of truck parking and the need for a strong nationwide network, thereby reducing the number of refused applications for new sites.
- **All future Nationally Significant Infrastructure Projects and Road Investment Strategy projects to consider the need and opportunities for additional lorry parking provision**, including the repurposing of construction yards by the private sector once construction has completed.

- **A driver facilities taskforce**, led by industry and supported by Government, bringing together planning authorities and industry with a remit to address the corridors and regions in greatest need of parking and rest stops, facilitate conversations between relevant stakeholders and support applications being made in these areas.
- **Maximise use of government owned sites and grant schemes** to stimulate site expansion and facilities upgrades until a safe, secure truck parking network with high quality driver facilities is completed.

Lorry parking
utilisation across the
UK is near critical
level at **83%**.

South East, East
Midlands and East
of England all have
utilisation at over **90%**.

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

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// For more information, please connect with us:



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