

2022 Autumn Statement Briefing

The Road Haulage Association (RHA) is a trade association and training provider 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 (half of the UK fleet) out of 10,000 operating centres and range from a single-truck company to those with thousands of vehicles.

We have set out below our priorities ahead of the Autumn Statement on 17th November.

Foreword and Executive Summary


The road transport industry has experienced significant pressure over the last two years from shortages of drivers, vehicles, and parts combined with increasing wage, fuel, and energy costs. Despite these severe financial challenges, hauliers across the country have remained focused on delivering a resilient supply chain, which was vital to our national response to the COVID-19 pandemic. However, the current cost of living crisis presents a significant threat to our industry, driving up costs that are inevitably passed on to consumers. To bring down the rising cost of living, it is more important than ever that the UK haulage industry receives support to bring down costs in the supply chain

The logistics sector employs 2.5 million people and contributes £127 billion GVA to the UK economy. It is the lifeblood of the UK economy and is vital to the success and future growth of British industry.

The uncertainty created by the economic statement in September and subsequent corrective measures has been strongly felt in the industry, the vast majority of which are small businesses operating a fleet of fewer than six vehicles. The Government must focus on stability, long-term growth, and targeted support to address the cost-of-living crisis and major challenges the road transport industry currently faces.

In the forthcoming Autumn Statement we ask the Chancellor to support the thousands of small haulage businesses across the country who keep Britain moving through the following key measures:

- Take action to reduce the cost of fuel through tax relief, introducing a targeted essential user rebate of at least 15 pence per litre for HGV drivers and coach operators.
- Commit to no increase in fuel duty for diesel for a further two years.
- Outline what support will be provided for businesses beyond six months as part of the Energy Bill Relief Scheme, especially in light of the reversal of the proposed cut to corporation tax.
- Reform the Apprenticeship Levy to provide greater flexibility for skills training.
- Confirm long term funding for additional training places on the HGV Skills Bootcamps.
- Extend the National Skills Fund to include all training levels.
- Provide increased funding for safe and secure lorry parking facilities.
- Reform the National Planning Policy Framework to make it easier to secure planning permission for lorry parking facilities.
- Establish a cross-departmental taskforce to review existing driver facilities.
- Commit to creating a commercial vehicle decarbonisation roadmap, to accommodate the diversity of vehicle operators.
- Reform the existing Clean Air Zone policy to target the oldest and most-polluting vehicles.

- 
- Protect the interests of the coach industry by engaging with them on the development of new policies on road safety and low/zero emission vehicles.

Fuel Duty

We support the Government's priority to protect and keep the economy moving. Any increase in fuel duty will undermine that priority, damaging the economy at a time when many businesses and households are struggling amid a worsening cost-of-living crisis and potential cuts to public spending. The industry has faced pressure this year from shortages of drivers, vehicles and parts combined with increasing wage, fuel and energy costs and spiralling inflationary pressures. Increased costs in the logistics sector are inevitably passed on to the end consumer, and where that is not possible haulage firms risk business failure. Support in this area will help providers and will also reduce prices on basic goods and overall living costs for people across the country. While we welcomed the 5p reduction to fuel duty earlier this year, more targeted support for the road transport industry is needed as prices and inflation have risen exponentially, making the future of independent haulage businesses increasingly uncertain.

The APPG on Road Freight and Logistics' recent inquiry on fuel duty warned rising fuel prices have and will continue to impact the price of goods and vital supply chains.

The report also found that the fuel crisis is exacerbating a competitive disadvantage already faced by UK hauliers among the European market, with UK diesel prices at the pump significantly higher than the EU 27 average. This sharp discrepancy has been compounded by further steps EU countries have taken to protect their respective haulage industries through the fuel cost crises.

We welcome the APPG's central recommendation that the Government introduce an essential user rebate of at least 15 pence per litre that would be available to all road hauliers and coach operators, to start addressing these gaps and act as an anti-inflationary measure.

Our core asks of Government on fuel duty are:

- To take action to reduce the cost of fuel through tax relief, introducing a targeted essential user rebate for commercial operators like HGVs and coach operators. This rebate should be at least 15 pence per litre for road haulage and coach operators, bringing fuel costs in line with European counterparts.
- To commit to no increase in fuel duty for diesel for a further two years.
- To incentivise the move to clean fuels by motivating industry and entrepreneurs to develop technologies that will not impact adversely on the economy, drivers, or businesses. It is essential that the Government recognises the risk of stranded assets for this industry and guarantees that those purchasing the cleanest vehicles now can use them without punishment for the whole asset life.

Energy and the Cost of Living

The RHA welcomes the Government's announcement that the Energy Bill Relief Scheme will provide a discount on wholesale gas and electricity prices for all UK businesses, as energy prices continue to rise during these difficult times. However, under the scheme, support for businesses is only guaranteed for six months. It is imperative that the road transport industry is offered support beyond this initial period to protect our supply chains.

Any cost increase impacts hauliers, which in turn impacts all other sectors in the economy. Hauliers operate on low margins, so higher costs are inevitably passed on to the end customer, resulting in a higher cost of living for everybody. Offering greater protection to the road haulage industry will not only protect a vulnerable sector but will help keep the cost of living down for everyone. We therefore ask the Government to extend the Energy Bill Relief Scheme support by a further six months and conduct a full review to ensure that the industry receives the support it needs.

The Chancellor's recent announcement indicating that he will "reverse almost all the tax measures announced in the growth plan" will impact the commercial vehicle sector. It is essential that the Government also consider reversing the cut to corporation tax which will place increased pressure on haulage businesses.

Skills

The skills shortage in the road transport sector is a significant issue which continues to affect supply chains. Our industry has an acute skills shortage and an estimated shortage of 65,000 HGV drivers nationally, as well as a lack of coach drivers. With a record number of UK job vacancies combined with low unemployment, the road transport industry faces significant challenges. Without further action, these risks could impact our economic recovery.

Our core asks of Government on skills are:

- To confirm long term funding of training scheme places ahead of the next budget to ensure that the successful HGV skills bootcamps can continue as an alternative training option.
- To address acute labour shortages by reforming the Apprenticeship Levy to enable greater flexibility and allow businesses to buy training modules with their levy funds.
- To provide greater flexibility on the types of training that employers can offer using Levy funds, including moving beyond 'just' apprenticeships to a mix of apprenticeships and other recognised training that better meets businesses' needs across skills levels 2 to 5.
- To open the National Skills Fund to all levels of training and cater for the many occupations that require training to start from foundation level.
- To increase the adaptability of apprenticeships with short and long programmes available in line with training requirements, for example, delivering core learning in a shorter timeframe for those who have previous driving experience, such as couriers or service leavers who already have an HGV licence.
- To work in partnership with the industry to promote the breadth of career options and routes into the road transport sector.

Planning and Facilities

Drivers need secure facilities where they can park, eat, relax, and sleep — the basics that we all take for granted. The current provision of safe, secure parking and welfare facilities available to goods vehicle drivers is inadequate and nationally, the RHA considers there to be a shortage of around 11,000 lorry parking places. Commercial vehicle drivers are the backbone of our economy, yet there is a lack of safe and secure parking and in some cases, are forced to take their rest periods in their vehicles at the side of the road with no access to hygiene facilities.

Furthermore, the National Planning Policy Framework does not sufficiently support local authority planners to grant permission for new and the expansion of existing lorry parks. The current guidance

is too narrowly drafted for it to be fit for purpose. Data on local shortages is difficult to determine and reinforces the conception of lorry parking as a nuisance activity. The lack of available facilities on our road network also makes recruitment and retention of drivers much more difficult.

Our core asks of Government on planning and facilities are:

- To allocate specific funding for safe and secure lorry parking facilities to plug the acute shortage, including looking at quantity and quality of facilities.
- To strengthen the National Planning Policy Framework guidance to make it easier to secure planning permission for lorry parking facilities, including mandating local authorities to provide enough facilities and overnight parking for lorries to meet demand.
- To support improved provision of safe, secure parking and welfare facilities available to goods vehicle drivers by providing ring-fenced funding for local authorities for designated lorry parking, including the Designated Funding provision in Road Investment Strategy 2 (RIS2) for Lorry Parking on the Strategic Road Network. All road improvement schemes should include lorry facilities and parking provision from the outset.
- To establish a cross-departmental taskforce to review existing driver facilities and work with industry, operators, and local authorities on a viable long-term solution to increase available facilities across the country.

Environment and Transition to Net Zero

The industry knows the part it must play in the move to net zero; companies are not afraid to invest in the future, but the risk of stranded assets and the problems of low supply significantly increase the risk for hauliers and coach operators, who are predominantly small businesses. The continued cost-of-living crisis also makes it difficult for businesses to afford to invest in expensive and new technologies, without the proper available support.

Our core asks of Government on the environment and transition to Net Zero are:

- To support our small businesses as they plan their net zero investments by ensuring there is a realistic timescale and regulatory certainty for the phase-in of low and zero emission vehicle technologies.
- To commit to creating a commercial vehicle decarbonisation roadmap, accommodating the diversity of vehicle operators. Transport operators need regulatory certainty to avoid future stranded assets.
- To reform the Clean Air Zone policy to target the oldest and most-polluting vehicles, as there is already a sufficient supply of "compliant" vehicles which accommodate the needs of all businesses, especially SMEs.
- To protect the interests of the coach industry and engage with them in the development of policies on road safety and low and zero emission vehicles. Coach operators are vital to the tourism supply chain and in supporting local tourism, and the communities they serve are critical to the levelling up agenda, encouraging economic activity and growth across the UK.