

From the Alliance of Logistics Trade Associations
c/o RHA
Worldwide House
Thorpe Wood
Peterborough
PE3 6SB

Rt Hon Rachel Reeves MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

3 December 2024

Dear Chancellor

2024 Autumn Budget

Following the Autumn budget and our letter of 20 September, we write to you as the leaders of the UK's largest logistics trade associations to request a meeting to discuss several measures which will have a severe impact our sector.

We have significant concerns that the measures contained within the Budget will increase the cost of moving essential goods, harm the viability of our sector and, in turn, our ability to drive UK economic growth.

Our industries play a crucial role in achieving the government's mission for growth. Logistics is fundamental to our economy, our way of life and growth. It supplies our hospitals, schools, factories and shops with everything they need, everywhere, every day and enables trade. It employs 8% of the UK workforce and is overwhelmingly made up of small businesses.

We welcome the decision you have made to continue the freeze on fuel duty which will ease the pressure on transport businesses - the essential users of diesel for whom no other affordable choice of fuel exists. This will go some way to reducing pressures that have driven consumer prices higher. The continuation of the full expensing allowances regime will also help the sector to invest and grow.

However, we are deeply concerned that several of the Budget measures will impose greater financial burdens on logistics businesses that are already struggling with rising costs. This will lead to higher prices across the country, and we would therefore like to discuss these concerns with you.

Increased costs of employment

The increased employer cost base will have a material impact on logistics. When costs increase for our sector, it has knock-on inflationary effects for the rest of the economy and

weakens the growth potential of the whole economy. As all other sectors rely on logistics, the efficiency of our sector and productivity of the wider economy are intertwined. The increase to Employers' National Insurance contributions, reducing the threshold at which employers pay it, combined with the above inflation increase to the National Living Wage will significantly increase the burden for a sector that operates on small margins – typically of 2% - as not all costs will be able to be passed on.

The impact of the increased employers' NI contributions alone will be an additional estimated cost to the logistics sector of £1.7 billion, based on those working in logistics businesses and in logistics roles in non-logistics businesses. The most likely scenario to manage this is a mix of job losses, freezes on recruitment and pay and profit reduction which will inhibit logistics business's ability to invest in their efficiency, growth and decarbonisation, impacting our sector's potential to drive growth across the whole economy. If there was downsizing in logistics businesses and amongst logistics roles in non-logistics businesses to manage the full £1.7 billion cost, we could see a reduction in over 42,000 jobs.

We ask that you consider the impact of these changes on the logistics sector and the increased cost of distribution which will lead to higher prices for consumers on essential goods and services.

Business rates reform

Logistics businesses with warehouses, the vast majority being small businesses, risk being impacted by the proposed business rate reforms to introduce a higher multiplier for the most valuable properties. Logistics premises require a larger footprint but offer a relatively low return on land values.

The proposed changes will result in higher prices for the transportation of basic goods that they store and transport. We will engage further with the Treasury on this, and we ask that you consider the effect this will have on our industry.

Infrastructure investment

Decisions made at the forthcoming Spending Review, Industrial Strategy and 10-year Infrastructure Strategy loom large for our industry. An ambitious and long-term sustainable plan for improving the UK's logistics infrastructure is vital if our sector is to enable economic growth. We welcome your ambition to invest to grow the economy, backed by your new Investment Rule. Whilst we await the announcement of RIS3 and future rail investment, we urge the Government to ensure that it backs new projects that eliminate congestion, better connect the country, ensure smooth and efficient flow of goods across the border and unlock growth.

The logistics sector is a key partner to achieving the mission to kickstart growth and we look forward to the opportunity to meet to discuss the impact of the Budget on our industry.

Yours sincerely



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British Ports Association



Clare Bottle
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UK Warehousing Association



Tim Doggett
Chief Executive
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Geraint Evans
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