



The UK Road Haulage Sector - Preparing for a No-Deal Brexit

Prepared for

The Rt Hon Michael Gove MP
Chancellor of the Duchy of Lancaster

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Background

1. Since 2016 the Road Haulage Association (RHA) has highlighted three areas of primary concern for road haulage operations and the supply chain:
 - Customs
 - Lorry Access Regulations (so lorries and goods can move over borders)
 - Labour
2. We have supported Government and official decision making since 2016, providing feedback, advice and guidance across departments including: DfT, HMT, HMRC, Home Office (Border Force), DExEU and Parliament on our highlighted issues. This has included facilitating direct engagement between our members, others in the supply chain and officials.
3. We have called on the UK Government and the European Commission (or the individual EU member states if necessary) to immediately seal the deal on citizens rights so that the millions of people who have moved between the EU and UK can get on with their lives.
4. We have called for many other things too – all with a view towards maximising the function of the UK <> EU border so that the supply chain can continue to move goods in a quick, efficient and predictable way.

No Deal 31st October

5. This paper focusses on the core things we feel must be done by Government to support the supply chain to deal with a 'no-deal' Brexit on 31st October.
6. It is not comprehensive or designed to deal with every issue – instead we have concentrated on the important things that will get the most lorries across the border quickly. By getting the basics right for moving the maximum number of lorries with simple, non-complex shipments on board quickly, we will minimise delays and queues for all crossings between the UK and EU by road.
7. The gaps and critical issues highlighted below are well known across Government departments. We and many others have been raising these issues and trying to resolve them since the referendum.
8. We believe the following actions must be taken as a matter of urgency to ensure high volumes of goods flowing across UK/EU borders remains possible in the event of customs controls being introduced on 31st October.

Action 1 - Accurate and trustworthy end-to-end guidance for road haulage operators and their customers

9. There needs to be a complete, accurate and basic description about how international road haulage movements will be undertaken from origin to destination. High-level descriptions for the whole end-to-end process need to be provided for the main types of movement (there is a limited number of options of how we expect road transport to work – transit through multiple states and direct movement into a state).
10. This is urgent – transport businesses and traders need to have clarity on how the border is expected to operate and their role and responsibilities in making it work.
11. More complex movements such as agriculture, excise or licensed goods can then be easily added on to the basic end-to-end guidance once it is known.

Action 2 - New and substantial locations for customs formalities

12. Road transport will require new locations for “offices of departure/destination” to allow goods to transit across multiple EU member states. This is known about but has not been actioned. Current contingency arrangements to use Dover Western Docks, Stop 24 and Manston will not provide enough capacity for transit movements and simply won't work.
13. Rapidly agreeing to ramp up company authorised and approved offices of departure (destination) and related “authorised consignor” and “authorised consignee” status is going to be vital for the flow of goods. This will require a new approach by authorities (similar to the flexibility shown by the Temporary Simplified Procedures introduced by HMRC).

Action 3 - Consolidated and simplified Safety & Security declaration system for imports

14. Current inbound Safety & Security declaration (or Entry Summary declaration) plans as proposed by HMRC/Home Office/Border Force will be impossible to deliver. They require a complete resubmission of shipment data for each consignment on a lorry by the road haulier prior to departure from the EU. Lorries can have anything between 1 and 13,000 individual shipments inside. As an example, a lorry with 2,000 consignments onboard will require about 165 hours of staff time for this extra data entry.
15. Resubmitting full data sets already in Government systems through transit or pre-declaration makes no sense.
16. Two steps are needed. Step 1 is to extend the current suspension for separate inbound Safety & Security declarations. The extension needs to be in place until our proposed step 2 is in place.
17. Step 2 is to implement a system like the French where haulier declarations link the traders and the goods with the licence plate of the vehicle transporting the cargo. This is in line with proposals made by the UK logistics sector a year ago.

Action 4 - Emergency and FREE online-based customs training will be needed

18. There will be a lack of skilled staff to process customs through the public and private sector. This is most serious in the private sector where the gap in knowledge and understanding is massive even for the most basic tasks.
19. HMRC's own assessment is that there will be 250,000 UK businesses and their staff exposed to the requirements of UK and EU customs for the first time.
20. A high-quality skill upgrade is impossible to deliver at this late stage however massive improvement is possible if we can expand the basic understanding and provide access to the most basic information needed for people managing border formalities.
21. Online training will be needed at two levels. Firstly, targeted at staff within traders to ensure that information needed for border formalities is provided by them to those that need it. Secondly, a higher-level module targeted at those within the supply chain having to deal with customs formalities.

Action 5 - Brock and other lorry holding facilities need to be fit for purpose

22. The aim for the border at the Dover Strait should be to ensure that flow is maintained – the above actions will massively improve flows by ensuring that lorries arriving at ports/rail terminals will be able to proceed without significant intervention. However, it is likely that even with the above actions Brock and other traffic management operations will be needed.

23. High quality direction is a critical requirement but so is making sure that the safety and welfare of drivers are properly taken care of. Failure to do this will add to disruption. Earlier plans were deficient. Driver welfare must be catered for before Brock is implemented and if completed will be much easier to manage flows and disruption.

Action 6 – Planned 22% tariff on new lorries to be abolished

24. Current plans announced by Government are to introduce a 22% tariff on lorries purchased by UK companies from the EU in the event of no deal.
25. This is contrary to Government environmental policies to replace lorries over 5/6 years old with Euro VI standard lorries where Government is demanding that many local authorities impose fines on hauliers using lorries over 5/6 years old.
26. This new tariff makes upgrading to the latest, cleanest vehicles more expensive.

About the RHA and the industry

27. The Road Haulage Association is the trade body dedicated to commercial operators with responsibility for the movement of goods by road. Members range from owner-operators to those with fleets in excess of 1,000 vehicles. The Association has over 7,000 operators in membership who between them account for 250,000 UK registered heavy goods vehicles.
28. The UK road haulage and logistics industry employs 2.54 million people making it the fifth largest sector. 85% of UK operators are SMEs. The industry employs 600,000 HGV drivers, 60,000 of whom come from other EU member states. There are 524,500 registered commercial vehicles over 3.5 tonnes registered in the UK. Most businesses in our sector work to profit margins of around 2 – 3% which translates to approximately £60 profit per truck, per week.