

Written evidence submitted by Road Haulage Association (RHA), relating to the operation of The Windsor Framework

[OWF0018]

About the RHA

The RHA is the leading trade association representing over 8,500 logistics businesses including road haulage, van and coach 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. 81% of all freight movements are by road and road freight is directly involved in the transportation of 98% of agricultural products.

Opening comments

The RHA welcomes the opportunity to provide a response to the Northern Ireland Affairs Committee inquiry into the operation of the Windsor Framework in Northern Ireland.

We hope the Committee will be able to examine the implementation of the Windsor Framework and we stand ready to support its inquiry.

A robust and efficient GB-NI supply chain is crucial to the UK economy. One third of the value of all goods purchased by NI businesses are from Great Britain (£14.4 billion), according to the Northern Ireland Statistics and Research Agency (NISRA). However, the value of goods sales from GB to NI has dropped by 2.4% last year and there has been a 30% drop in goods moved from GB to NI since 2022.

Since the introduction of the Windsor Framework in 2023, we are deeply concerned about the operational costs and administration, the impact on logistics businesses and the complex set of customs arrangements. We are concerned that the changes due in March 2025 will worsen an already difficult situation.

We accept that for some businesses, the Windsor Framework ensures they have access to the Single Market, however for a significant majority of businesses who source or transport their goods from GB, the Windsor Framework adds costs and creates delays.

Our goal is to ensure the operational changes and technical solutions are implemented to improve the current processes as well as to advocate for the legislative change needed to ensure the customs processes are enabling trade.

Definition of 'at risk'

As part of the new Government's wider reset of EU relations, we want to change the default position from 'at risk' to 'not at risk' and require businesses to declare if their goods should be subject to customs entries. This requires legislative change and negotiation with the European Union.

Goods deemed 'at risk' require red lane stops, inspections and liability costs. In practice, irregularities in a groupage load primarily affect the haulier, leading to escalating costs frequently resulting from human error or factors beyond the haulier's control.

If the risk element was allocated at the point of sale, this would be much less burdensome on businesses and easier to administer and audit. It would remove the requirement for UKIMS but instead require the affected at-risk business to create Simplified Frontier Declarations. For all other goods a simple declaration of what is on the lorry could suffice (as has been happening for parcel movements with fast parcel operators to date).

Trusted haulier scheme

The RHA have proposed a 'Trusted Haulier Scheme' to allow groupage loads to move to a nominated destination in NI without the data being submitted pre-movement. Whilst we understand HMRC operates within the parameters of the legislation, we have observed willingness for legislative change in other areas such as labelling requirements and derogations for B2C goods over 100kg.

A new groupage model for approved hauliers is needed because groupage operators need to fill their trailers to cover increasing costs. The haulier often has no relationship with the Importer of Record (whether buyer or seller). Operations often occur at night when there are no traders available to resolve issues and hauliers do not have the information to resolve these alone.

Impact on manufacturing

The RHA has previously highlighted the threats to manufacturing sector movements inherent to the Windsor Framework. Government must safeguard Northern Ireland's largest commercial sector where over 60% of goods sold by NI to GB were manufacturing sector products. To do this, the £2 million turnover threshold on businesses for the Trusted Trader eligibility must be removed to preserve employment and business confidence in the NI market for home-grown and aspirational firms which could otherwise relocate.

In 2021-2022, HMRC state 12,800 businesses were associated with 1,470,000 declarations – an increase of 41% from 2021. However, in the RHA's view the current efficacy of the Windsor Framework needs to be studied further. Government must commission a separate supply chain analysis (similar to cross-border analyses in 2015-2016) to understand what barriers persist. An understanding of idling times, rates of inspection, congestion and stops for 'at-risk' goods in groupage loads must be made publicly available in order to inform efficiency gains.

Potential interim solutions

We have asked that HMRC allows hauliers more time to complete the Standard Frontier Declarations within TSS (or CDS-NI). This would allow them time to obtain the information when traders will respond. HMRC should empower Government departments to remove and hold pallets that have arrived in NI but have not "cleared" and allow hauliers one working day to clear the goods.

Alternatively, areas at the 3 Northern Ireland ports could be set up as an authorised consignee locations to remove much of the customs burden on the haulier.

A system sitting outside the current Community Transit System, using the TSS to declare items, could be implemented for approved hauliers and HMRC could enforce this through reports at a load level and via spot checks. Hauliers who do not conform or release goods could be removed from the scheme.

We appreciate HMRC's announcement on 19 September postponing customs obligations for Fast Parcel Movements and the postponement of the UK Internal Market System lane (Green Lane) arrangements for 'not at-risk' freight movements. It is vital we use the remaining time available to address the deep routed issues that are and will continue to effect trade between GB and NI.

Our key recommendations are set out below:

- Providing exemptions for Just-In-Time (JIT) goods, including a new declaration category
- Eliminating the £2 million threshold for manufacturers and providing an exemption or easement for businesses who guarantee non-EU destinations for consignments.
- As part of the new Government's wider reset of EU relations, change the default position from at risk to not at risk and require businesses to declare if their goods should be subject to customs entries.
- Remove the requirement for United Kingdom Internal Market Scheme (UKIMS) and instead require the affected at risk business to create Simplified Frontier Declarations. For all other goods, a simple declaration of what is on the lorry should suffice (as has been happening for parcel movements with fast parcel operators to date).
- Remove all of the border declarations and move to a business reporting model only that uses either an Inward Processing Customs model or takes data from the intrastats already being submitted for customs exposure. Consumer movements with a delivery address in NI should all be considered free of any customs obligations on behalf of sender or receiver. This would level the playing field again across the industry and remove the need for the Trader Support Service (TSS).
- Reduce liability for 'at-risk' goods in groupage loads by expanding infrastructure to accommodate on-site package/pallet handling.
- Widen empirical oversight on day-to-day Windsor Framework operations, highlighting inspections, HGV idling and congestion.

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