



14<sup>th</sup> August 2025

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

## **Open Letter – Protecting and Supporting the Cold Chain Sector at the 2025 Autumn Budget**

Dear Chancellor,

The cold chain sector contributes over £14 billion to UK GDP every year. It employs over 184,000 people and they and their companies contribute over £3.7 billion in taxes to the UK government every year.

Over 50% of all food travels through the UK Cold Chain via 100,000 temperature-controlled vehicles and around 470 temperature-controlled warehouses. In addition, the most life essential medicines and blood products have to be temperature controlled. These make up over 20% of the entire pharmaceutical UK network and they reach vulnerable UK citizens via the cold chain sector.

The cold chain sector ensured that these food and critical medical supplies reached the UK public during the Covid 19 crisis, working 24 hours per day to do so.

But, whilst we provide a critical service to the UK, we ourselves face critical decisions due to increasing business costs. The Office for National Statistics (ONS) recently reported that the number of people on payroll fell to its lowest level since October 2023.

ONS shows that employment numbers dropped by 8,000 alone in July 2025 and have dropped in ten of the last twelve months.

The increased cost to our sector due to increased National Insurance costs and an increase in the National Living Wage has amounted to over £620 million. Our own position reflects the findings of the ONS. We have seen more than 2,500 redundancies in the supply and retail elements of the cold chain and decisions made to freeze recruitment on some vacant posts has affected a further 1,000 posts.

All of these posts, if retained, would be generating tax contributions via personal tax and through increased productivity and corporate income.

### **Cold Chain Federation**

7 Diddenham Court, Lambwood Hill, Grazeley, Reading, Berkshire RG7 1JQ  
T 0118 988 4468 E [info@coldchainfed.org.uk](mailto:info@coldchainfed.org.uk) W [coldchainfederation.org.uk](http://coldchainfederation.org.uk)  
Registered in England and Wales company no. 517554



Many of these posts have hit lower paid individuals and so the effect on more vulnerable employees and ex-employees has been disproportionate.

Like many sectors, we are a high volume, low margin sector and any unexpected cost increase has a dramatic effect on our ability to grow and invest in growth.

As a high energy user, we have welcomed the support from government in order to invest in independent renewable energy solutions. But more recently many of the support mechanisms to enable this have been withdrawn or, in the case of the Climate Change Agreement the targets have been revised upwards as to be almost unachievable.

Whilst larger operators may be able to sustain renewable investment, the withdrawal of government support will make our SME member companies less competitive and therefore more vulnerable to energy price fluctuations.

In summary Chancellor, the withdrawal of government fiscal support for growth combined with increased employment costs has affected the most vulnerable populations of our sector.

We are a sector that wishes to adopt renewable alternatives in terms of energy investment and wishes to support our communities (many of which are located in less affluent parts of the country) in terms of employment and employment opportunity.

On behalf of the cold chain sector, I remain apprehensive about the upcoming Autumn Budget and ask you to consider:

- A cautious approach to any review upwards of the living wage in the near future and certainly for 2026. I believe the Resolution Foundation are recommending the same approach.
- A freeze for 2026 on any further employment costs to employers in the cold chain sector.
- To recognise that the cold chain sector is critical to the health and security of the UK and its citizens and to discuss with us how a rapid move away from the grid to greener, renewable and more secure energy sources can be achieved thus enabling us to further control costs, decrease our demands on the Grid and continue our journey towards a net zero future.

**Cold Chain Federation**

7 Diddenham Court, Lambwood Hill, Grazeley, Reading, Berkshire RG7 1JQ

T 0118 988 4468 E [info@coldchainfed.org.uk](mailto:info@coldchainfed.org.uk) W [coldchainfederation.org.uk](http://coldchainfederation.org.uk)

Registered in England and Wales company no. 517554

- To urgently order a review of the implementation or limited introduction of the proposed extra employment regulations and how increased costs can be mitigated. The government's own analysis suggest that the new regulatory measures will add a further £5 billion to the cost of employing people in the UK. We will always want to employ people on the best possible terms and conditions, but further cost means fewer employees and compromised growth.

We welcome the recent announcement of the Modern Industrial Strategy and look forward to working with government to further influence its implementation.

There is much to be positive about but in the interim the cold chain sector asks that government recognises the criticality of our contribution to the UK government and its citizens and asks that this budget is one that supports us, not adds further cost to an industry that has already seen the negative effects of recent cost increases.

Yours Sincerely

**Phil Pluck**  
**Chief Executive Officer**