

Scottish Logistics 2021

Produced by Logistics UK policy

A Manifesto for Scottish Parliamentary Elections



Introduction

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“In 2019, total freight (road, port and air) carried in Scotland was approximately 202 million tonnes. Road freight – including journeys that originated and had a final destination in Scotland – made up the largest proportion (67.0%), followed by sea port freight (33.0%) and then air freight (<1%)”¹

In Scotland, over 135.0 million tonnes of goods

must be moved by HGV each year for the country to be able to function – that equates to approximately 540,000 tonnes every working day² of the year or roughly 36,000 HGVs. Logistics UK is actively involved in representing the logistics industry’s needs with Scottish Government.

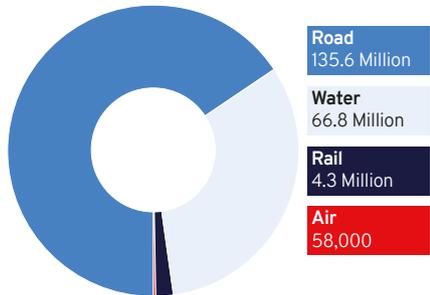
Alongside road freight, 4.3 million tonnes of freight were moved by rail in 2019/20, approximately 1.0 million tonnes of freight were carried by air and 66.0 million tonnes of freight were transported by water.

The geography of Scotland is a challenge to operators, especially during the winter months; winter resilience is a key consideration for the Government and operators, to keep Scotland’s roads open.

Clearly the Coronavirus pandemic has had an impact on our industry. The financial impact

on businesses should be recognised, including: impacts upon operations as result of furlough or sickness, increased redundancies, an increase in charges to train staff, as well as many other economic impacts. Despite these challenges, the goods and services Scotland requires have continued to be delivered by this vital part of Scotland’s economy.

MILLION TONNES OF FREIGHT BY MODE 2019



Transporting Scotland's Trade 2020

This document outlines the key areas where the freight and logistics industry can support the Scottish Government’s transport ambitions for the future.

Logistics UK’s ambitions for our industry is one that is:

- Flexible and resilient.
- Recognised for the value it adds to society and the economy.
- Optimal in its efficiency.
- Progressing towards zero environmental and safety negatives

¹ Transporting Scotland’s Trade – 2020 version

² Based on 250 days a year.

Environment

The Scottish Government's target of net-zero emissions by 2045 provides a clear environmental goal for logistics. The current challenge is to identify the necessary steps required to enable industry to achieve this as efficiently as possible.

In particular, it is not possible for industry to know which alternative energy source to commit to for heavy goods vehicles. It is accepted that electric vehicles could be the

solution for vans, but there are many alternative fuels for HGVs. The main barrier is not having the necessary infrastructure reliably available across the country.

Below are the key asks aligned with Logistics UK's ambitions for the industry that will support any environmental work that the Scottish Government is doing.

Logistics UK's key asks for the environment

- 1 Allow Logistics UK to support Scottish Government in exploring and trialling alternatively fuelled transport solutions and to work with businesses and UK Government to help all parties fully understand the challenges faced to find solutions.
- 2 Government intervention is required to bring forward the market introduction of cleaner, low-carbon HGVs. UK and Scottish Governments should work with industry to decide how to increase the number of trucks that qualify for a grant, as well as funding demonstrator projects to pull forward innovative technology.
- 3 Support for cleaner, lower-carbon HGVs should be complemented by a policy framework for alternative fuels that deliver environmental benefits. There is significant uncertainty over which fuels will be the most appropriate to deliver net-zero HGVs, with different views around hydrogen, green gas (eg, biomethane) and electrification. Governments should work with industry to develop a long-term policy framework to support fuels that are environmentally beneficial but also fit for purpose in the road freight sector.
- 4 Introduce vehicles with bigger payloads, as they require fewer journeys, meaning fewer road miles, less fuel and therefore fewer emissions. The 'longer semi-trailer' currently being trialled is delivering the concept of a modern, load-efficient vehicle; the Department for Transport (DfT) has reported that, over the past seven years, a 12% increase in length of 0.5% of HGVs has saved around 37,000 tonnes of carbon dioxide equivalent emissions. More load-efficient weights and dimensions should continue to be trialled, and the longer semi-trailers currently being trialled should become legal to operate in the UK.
- 5 Government should recognise the value of measures to improve efficiency and reduce emissions in the existing fleet. Many Logistics UK members are market leaders, using measures that include driver training and incentives to boost eco-driving (eg, the use of aerodynamic devices to reduce fuel burn and maximising load utilisation to increase fuel efficiency). Government should support industry by simplifying the provision of advice and support and introduce incentives for companies to adopt best practice innovations in this space.

Vans

Electrification is accepted as the most appropriate solution to enable vans to move away from fossil fuels; however, significant barriers to uptake remain. Logistics UK's 2019 Electric Vehicle Report³ identified recharging infrastructure, grid capacity, vehicle availability, cost, mileage range and heavier vehicle model range as the biggest barriers to greater uptake. Logistics UK supports Government policies to encourage the uptake of electric vans, which include upfront purchase grants, zero vehicle excise duty (VED) ratings and congestion charge exemptions, but more must be done to address the commercial and technical barriers to recharging infrastructure.

Consolidation centres

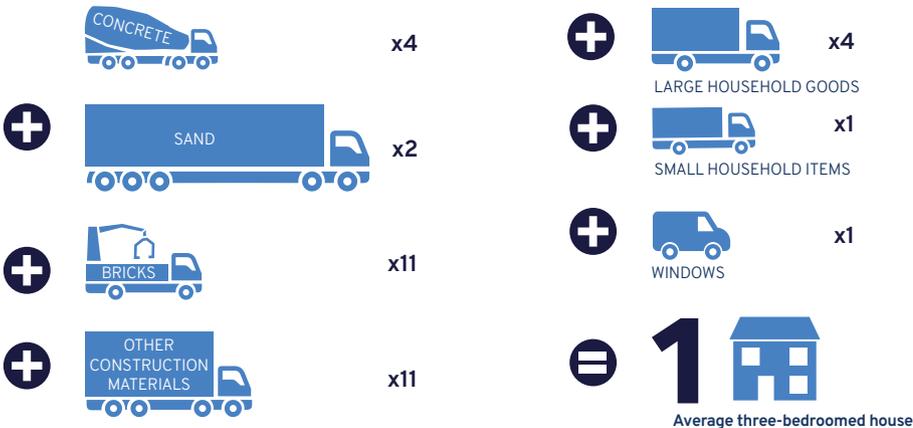
Consolidation centres can, in the right circumstances, help reduce the numbers of lorry and van movements. However, they often struggle to be financially independent and require ongoing public funding. It should also be

recognised that a lot of consolidation already takes place in the supply chain, so it is important to ensure those already maximising the efficiency of their operation are not required to split loads via a consolidation centre. For instance, a medium lorry can carry the same capacity as 10 vans and a large lorry the capacity of 25 vans, so we need to ensure one large vehicle is not replaced with many smaller ones.

Micromobility

Micromobility vehicles, such as e-cargo bikes, have a role to play in last-mile logistics solutions, particularly in dense urban environments. However, their role is comparatively small, and they will not replace vans and HGVs as a solution for delivering the thousands of tonnes of goods our towns and cities need every day. For example, a city with a population of half a million, such as Edinburgh, would have almost 22,000 tonnes of goods delivered by lorries on average each day – that equates to 916 tonnes picked up or dropped off each hour.

Delivering the house – the essential role of logistics in building new homes



Economy

“The majority of freight lifted in Scotland was carried by HGV on the road network and remained within Scotland (96 million tonnes).”⁴

For Scotland to recover from the economic impacts of the coronavirus pandemic, goods and services need to be able to continue to move freely around the country, whether this be in the towns and cities or the rural Highland and island communities. The freight and logistics sector has a vital role to play and this should be recognised.

During the pandemic, the logistics sector continued to operate and goods and services continued to be delivered, in particular to people’s homes, as the programme of restrictions took hold. As we move into the recovery phase, we need to recognise the changes in people’s behaviour and how things could change.

Active Travel Plans – Logistics UK supports this work but asks that the important role our industry plays is recognised. We must ensure we do not create barriers to the logistics industry which is playing a vital role in keeping

supplies moving around the country and within our Scottish towns and cities. Logistics UK’s areas of concern are two-fold: access to the kerbside for deliveries and servicing activity, and potential increases in journey times.

As many people will continue to work from home or choose to self-isolate, the high volumes of home deliveries will also continue, so it is important to maintain access for deliveries in residential streets.

We seek reassurances from local authorities on the following points:

- Any temporary reallocation of road space for walking and cycling can be flexed and changed in a dynamic way to reflect changes in demand and to ensure access for vital logistics services.
- Kerbside access for deliveries and servicing needs to be maintained at all times.
- Local businesses will be consulted, but it will also be recognised that many will have temporarily closed and therefore may not have the ability to respond.

Logistics UK’s key asks for the economy

Urban restrictions – Ensure logistics operators in Scotland are not unfairly targeted or penalised when Scottish Government or local authorities legislate for strategic changes in Scotland’s towns and cities (eg, low emission zones, 20mph speed limits, parking restrictions, etc).

Efficient urban deliveries



Connectivity

“Scotland traded (imports and exports) over £57.3 billion worth of goods in 2019, 59% of which were exports. Of the £33.8 billion worth of goods exports destined for international markets, £16.7 billion worth (49%) went to the EU.

The top five international destinations for Scottish goods exports in 2019 were the Netherlands, China, USA, Germany and France”.⁵

Scotland is a net exporter (unlike the UK as a whole), mainly due to its food and whisky exports to global markets; therefore, as well as continued investment on maintaining and upgrading Scotland’s internal road and rail network, we also need to ensure that suitable and efficient cross-border links (which are vital to Scotland’s supply chain) are also in place.

Most of Scotland’s export sea freight moves through England (by road) and then via Dover, Southampton or Felixstowe ports into Europe. The ports of Stranraer and Cairnryan are also important for the Scottish economy. Trade with the Americas centres on the Port of Liverpool and the North Sea trades on Teesport, as well as Immingham and the east coast ports of England.

Scotland’s economy faces the challenge of geographical peripherality, and it is therefore vital that its freight transport and logistics links are organised and structured to prevent this becoming an economic challenge.

Internal connectivity

There are key routes within Scotland’s network that need improvements. The M8/M80/M74 corridor is of great strategic importance to Scotland, as are the A9 and A96, A82 and A1, providing cross-border as well as internal regional links within Scotland. There is also the key route of the A75 linking the key ports of Cairnryan and Stranraer to the main infrastructure networks.

Another important dimension not to be overlooked is the “last mile” connections between key freight terminals (such as central belt rail freight intermodal interchanges or feeder ports) and the national trunk road network.

Unfortunately, public policy often only considers the negative aspects of freight – how do we manage the safety, environmental or congestion implications of goods movements – rather than how to enable freight to become even more efficient, which would in turn reduce these negative impacts.

Logistics UK’s key asks for connectivity

Network resilience (all modes) – Secure future investment (via Scottish and UK Governments) in Scotland’s infrastructure to ensure Scotland remains economically competitive and not disadvantaged by its geographical position. Logistics companies need reliable and safe routes to both export and import the goods that are vital to Scotland’s economy.

Scotland’s transport network supported £180 billion of trade in 2019



Transporting Scotland’s Trade 2020

Multi-Modal

Rail

“Over the latest financial year 2019/20, Scotland’s rail freight network carried 4.3 million tonnes of freight across the network”⁶

Scottish Government wishes to grow the amount of freight moved by rail and has set a target of 7.5% growth in its “high-level output specification”. Logistics UK is keen to continue working with the Scottish Government and partners to help achieve this ambitious target.

Logistics UK supports projects to improve data collection on air pollution from rail, working with our colleagues and members (who form the Scottish Freight Joint Board), and supports and promotes electrification projects and strategies.

Sea/Water

Scottish sea/port freight accounted for approximately 33% of the total 202 million tonnes of freight carried in Scotland (around 66 million tonnes).⁷

Most of Scotland’s export sea freight moves through England (by road) and then via Dover, Southampton or Felixstowe ports into Europe. The ports of Stranraer and

Cairnryan are also important for the Scottish economy. Trade with the Americas centres on the Port of Liverpool and the North Sea trades on Teesport, as well as Immingham and the east coast ports of England.

The largest percentage of exports are going to Netherlands, USA, Germany and France, whereas, the largest percentage of imports by sea come from Norway and Russia. However, it should not be forgotten that sea freight is the life-blood to the island communities of Scotland.

Logistics UK supports programmes, policies and projects to develop water-based logistics across maritime, ports and inland waterways and to encourage modal shift to deliver environmental benefits.

Air

Scottish air freight accounted for less than 1% of the total 202 million tonnes of freight carried in Scotland (around 1 million tonnes).

Logistics UK regularly engages with the Independent Noise Commissioners, Sustainable Aviation and other stakeholders to enable consensus around economic growth and sustainability.

Logistics UK’s key asks for multimodal

Modal shift – Secure capacity and maximise the use of rail for freight traffic where appropriate. Fully utilise other air and sea modes where practicable and financially viable; this will support Scottish Government’s vision for carbon reduction in transport.

⁶ Transporting Scotland’s Trade – 2020 version

⁷ Transporting Scotland’s Trade – 2020 version

Skills and Employment

- In Q2 2020, the wider logistics industry employed 2.58 million people, of which 10.4% were EU nationals, down from 13.5% in Q2 2019.
- The broad number was unchanged, but there were 79,000 fewer EU workers (fall of 23.6%); offset by an increase of 4% (85,000) UK workers. This is not a like-for-like substitution: the UK worker job increases were in low-skilled roles and higher-skilled roles such as purchasing managers and directors, while the decrease in EU worker job totals was for HGV, van and forklift drivers, as well as importers and exporters.
- In the same quarter, there were 25,000 fewer HGV drivers overall (6.7% reduction year-on-year), with 14.3% fewer EU drivers (a 36.3% drop) and 1.5% (4,000) fewer UK drivers.
- Skill level – greatest proportion of jobs are level 2, low-to-middle skilled (41.7%), followed by low skilled (26.6%), compared to 9.2% and 31.4% respectively for all jobs in the economy.
- Salary thresholds – 52.2% of logistics occupations pay less than £25,60.

Logistics workers skills gaps

- The Employer Skills Survey (ESS)⁸ reported that employers are struggling to fill vacancies due to lack of skills, qualifications and experience.
- Office of National Statistics (ONS) data from the fortnightly Business Impact of Coronavirus Survey (BICS)⁹, indicate that the transport and storage sector has an above average number of vacancies.
- The number of transport/logistics/warehouse vacancies (as measured by online job adverts) were 75% above their average in October.
- According to Logistics UK's Performance Tracker survey¹⁰, higher skilled roles such as HGV drivers and mechanics are harder to fill than those that do not require specialist qualifications (eg, van drivers).
- Persistent skills gaps may hinder an employer's ability to innovate or function at its full potential in terms of resilience and productivity, as well as profitability.
- In 2019, the Department for Education found that skill-shortage vacancies were highest in construction and manufacturing, with transport and storage in fifth place, down from third place in 2017.

Logistics apprenticeship starts – Scotland (1 April–31 March)¹¹

Sector and Occupation	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Transport and logistics*	2,058	1,530	1,683	1,476	1,106	1,570	1,223	1,452

*Transport and logistics – occupation sector includes: Freight logistics, PCV driving and Supply chain management

Source: Modern Apprenticeship Statistics, Skills Development Scotland, June 2020

8 <https://www.gov.uk/government/collections/employer-skills-survey-2019>

9 <https://www.ons.gov.uk/economy/economicoutputandproductivity/output/datasets/businessimpactofcovid19surveybicsresults>

10 <http://logistics.org.uk/lpt>

11 *Logistics UK Skills and Employment Report 2020*, <https://logistics.org.uk/skills>

To conclude, the skills shortage, particularly for HGV drivers, has reached a crisis point, with a current shortage of 76,000. During this period of mounting unemployment, we are extremely concerned that Government policies are preventing people from joining the sector, through a combination of bureaucratic Apprenticeship Levy rules, withdrawal of COVID-19-secure tests and the effect of immigration restrictions that inhibit qualified foreign drivers from being able to obtain work visas. The time for talk is over: Government must act now in partnership with industry to secure the future of logistics.

Scotland

In 2019/20, there were 27,875 starts in Modern Apprenticeships in Scotland, which is an increase of 2.2%

on the previous year. Transport and logistics starts in the year to 31 March 2020 increased by 18.7% compared with 2018/19.

Although in Scotland the uptake of apprenticeships is overall a better story, than the rest of the UK, freight and logistics businesses are struggling to recruit employees into what is a vital sector for the economic recovery of Scotland, after the effects of the coronavirus pandemic.

The cost of HGV Driver training is £7,000 on average. Hauliers do cover training costs for new recruits but are financially stretched due to the pandemic. Overall, the apprenticeship system is failing logistics - just 11,254 people have begun in road and rail client bodies and the supply chain since 2016

Logistics UK's key asks for skills and employment

Skills – Alongside our ask of UK Government to secure funding resources and training avenues for Scottish Logistics businesses to utilise Apprenticeship/Training Levy commitments. We would ask Scottish Government to provide access to funding to help businesses, quickly re-train those who have been made redundant during current economic crisis and restart their career in the logistics sector.

About Logistics UK

LOGISTICS UK is one of the biggest business groups in the UK, representing the entire logistics industry. Its role, on behalf of over 18,000 members, is to enhance the safety, efficiency and sustainability of freight movement across the supply chain, regardless of transport mode. Logistics UK members operate over 200,000 goods vehicles – almost half the UK fleet – and some 1,000,000 liveried vans. In addition, they consign over 90% of the freight moved by rail and over 70% of sea and air freight.

Logistics UK's mission is to make logistics safer, cleaner and more efficient. We seek to ensure that our members can supply our towns and cities with the goods they require every day, whilst reducing any social impacts – including air pollution. As information about the health impacts of some atmospheric pollutants has grown, the issue of lowering local air quality emissions has risen in its importance. The logistics industry accepts that emissions need to reduce compared to their historic levels.



18,000 members make us one of the biggest business groups in the UK, representing the entire logistics industry.



Our members operate **over half** of the UK lorry fleet.



300+ staff and associates are here to support the industry.



Our members consign over **90%** of rail freight and **70%** of UK exports by sea and air.



We handle over **50,000** queries from our members every year.



Over **200,000** heavy goods vehicles are controlled by our members.



We train over **10k** people every year.

For further information or to arrange a meeting please contact
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