

Growing the UK inland water freight sector: lessons from the Thames

freight
by water





FREIGHT TRANSPORT ASSOCIATION

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Author: Alex Veitch, Head of Global Policy, FTA, with contributions and editorial comments from Freight by Water members

Production: Hilary Kingdon

Design: Tracey Garrett

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About Freight by Water

Freight by Water is the leading UK network for the promotion of short sea, coastal and inland water freight, managed on behalf of its members by the Freight Transport Association. Previous reports have provided guidance and information on the benefits of water freight. This is the first policy and regulatory paper by the group, and future reports on other aspects of the UK water freight sector will be considered.

Please visit www.freightbywater.fta.co.uk for more information.

Executive summary

This paper proposes solutions to policy and regulatory barriers which are impeding the growth of the UK inland water freight sector.

The paper uses water freight on the Thames as a case study to illustrate and justify our recommendations, however the issues raised are relevant to the UK as a whole and are pertinent to national and regional transport authorities and planning authorities. The key recommendations are as follows.

Planning authorities should

- require water freight as part of planning consent wherever suitable
- carry out enforcement during development to ensure water freight is being used as required
- scrutinise planning applications that seek to change safeguarded wharves to protect against deliberate non-use
- ensure that new developments do not compromise support services (boatyards and supply)

Local and regional authorities should

- improve coordination and develop a regional strategy, using London as an example

National authorities (England, Scotland and Wales) should

- ensure that transport authorities champion water freight, coordinating across other departments

- amend freight grants to provide equal support to water and rail freight
- promote careers and qualifications in the water sector to address the skills gap

Planners, public authorities and water freight promoters should

- not view water freight in isolation and recognise it can be used as part of an urban supply chain
- investigate what other cities are doing to use water transport in solving environmental issues
- consider developing projects through nationally or European funded projects

Strategic Water Network

- The report concludes by introducing the concept of a Strategic Water Network, which would set out the priority freight routes for inland waterways and potentially guide planning and investment decisions

Freight by Water and its members are keen to discuss the issues raised in the report with industry partners and decision makers, to achieve further growth in the UK inland water freight market.



Water freight in the UK

In total, 95 per cent of UK imports and exports are transported by water and each year UK ports handle over 500 million tonnes of freight. The majority, around 80 per cent, is international traffic, but 15 per cent is domestic cargo travelling around the coast. The remainder is connected with offshore installations and sea dredging, and freight moved on inland waterways.

There are a wide variety of companies using water freight within their supply chains, due to its versatility, environmental benefits and the range of services offered. Materials shipped include food and drink, textiles, timber, grain and household waste, from organisations including high street retailers, Network Rail and the organisers of the Glasgow Commonwealth Games.

Further information and guidance for shippers considering water freight is available from *Making Use of Water Freight* available at www.fta.co.uk

The UK Department for Transport (DfT) publishes statistics on the UK water freight market¹. Key trends are summarised below.

- *Inland waters traffic* (traffic carried by barge or sea going vessels on the inland waterways network (rivers and canals)), increased by 8 per cent to 1.5 billion tonne-kilometres. This was mainly due to a 30 per cent increase in goods moved by the River Thames attributable to increases in the movement of oil products and of dry bulk (39 and 26 per cent respectively)
- *Coastwise traffic* (traffic carried around the coast from one UK port to another), fell by 2 per cent to 19.4 billion tonne-kilometres
- *One-port traffic* (traffic to and from offshore locations, such as oil rigs and sea dredging), fell by 21 per cent to 6.4 billion tonne-kilometres

This paper focuses on inland waters traffic.

Domestic waterborne freight goods moved and lifted, 2014

	Goods moved (bt-k)				Goods lifted (mt)			
	2013	2014	Percentage change		2013	2014	Percentage change	
Inland waterways 	1.4	1.5		8%	43.0	46.8		+9%
Coastwise 	19.9 ^r	19.4		-2%	38.4	40.0		+4%
One-port 	8.1 ^r	6.4		-21%	17.7	17.9		+1%
Total	29.1 ^r	27.0		-7%	90.5	94.9		+5%

* The sum of the individual components will not equal the total due to double counting between the inland and coastwise port figures.

^r Figures revised due to update of processing methodology.

Source: DfT

¹ www.gov.uk/government/collections/maritime-and-shipping-statistics.

UK inland waters: the Thames region

The Thames region² provides a useful case study for inland water traffic in the UK for two main reasons. First, it is the busiest inland waterway in the UK, carrying nearly 60 per cent of all goods lifted on this network³. Secondly, water freight in the Thames region has excellent growth potential. This is due primarily to the severe pressure on London's road infrastructure, which is causing authorities to actively promote alternative modes to reduce congestion.

Currently 90 per cent of London's freight is moved by road, and with London's population set to grow from 8.6 million to around 10 million by 2030, the capital's transport infrastructure is going to be under increasing strain. The FTA Manifesto for London 2016⁴ illustrated the scale of this issue by calculating the number of lorries and vans required to meet London's increased housing needs (see below).

Water freight is part of the solution to London's transport capacity crunch. Material delivered or collected by barge can remain on board until needed, enabling loading and unloading to take place at the most convenient times, avoiding traffic disruptions.

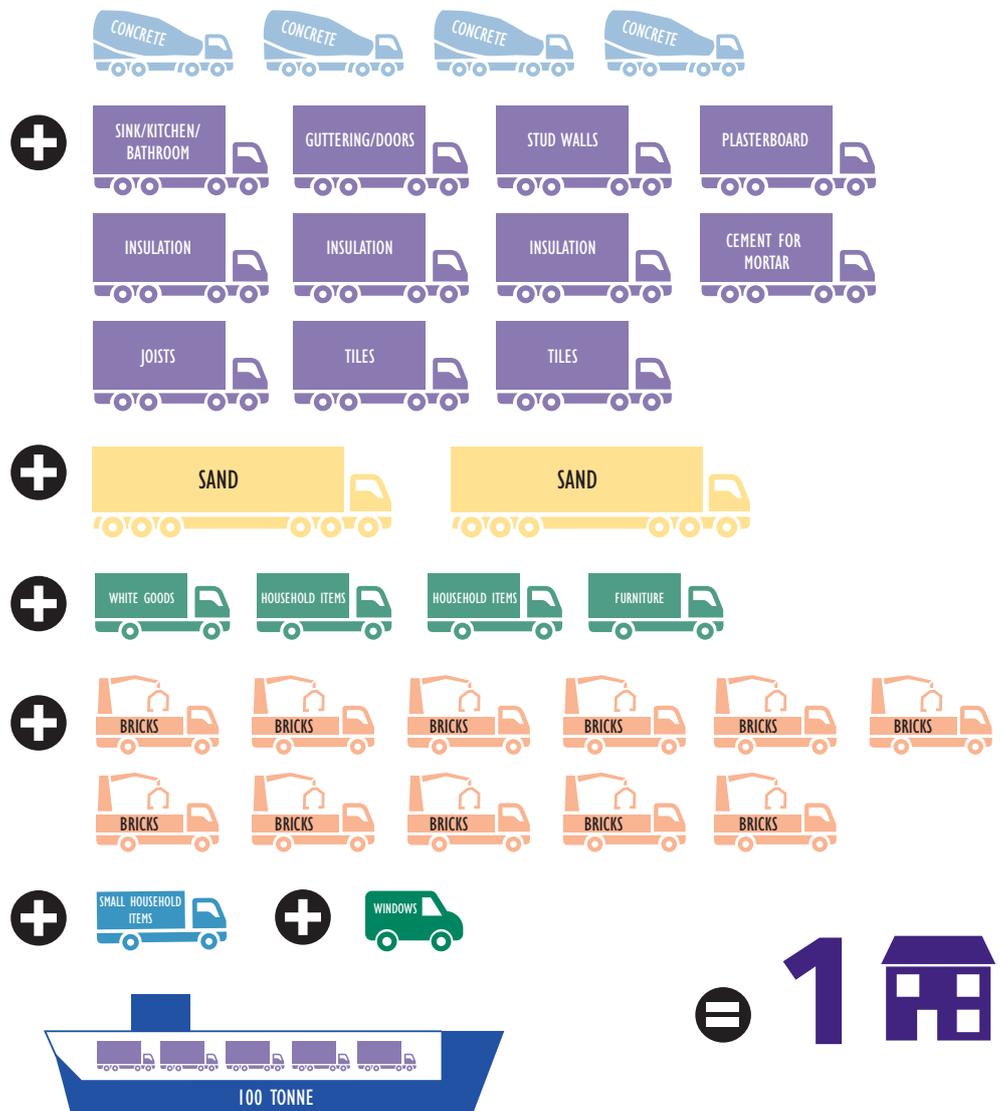
In addition, barges on the Thames are capable of carrying up to 1,000 tonnes, while one HGV can carry 20 tonnes and a van can carry just 7 tonnes. Over 2.8 million tonnes of freight were transported on the Thames in 2013. These services help keep over 120,000 lorry movements a year off London's roads.

However, the growth potential of water freight in London (and elsewhere in the UK) is constrained by a variety of planning and regulatory issues. These barriers are explained below, and options are presented to address them.

Delivering the house

Freight is always only used when there is a purpose to it, and even at its most efficient it can take more than you think to get the job done. For example, building houses. It has been suggested that London needs 59,000 new homes every year. If we are going to have these houses, we will need lorries to supply the building and fitting of them.

One average sized three-bedroom house requires at least 34 freight vehicle movements to be brought into existence. If you tried to deliver this one house by van instead of lorries, you would need almost 270 of them. By contrast a water barge can carry approximately five times as much weight as a lorry.



² Understood for the purposes of this report as the River Thames serving the Greater London area.

³ Ibid.

⁴ FTA, London Elections 2016: A Freight Manifesto.

Planning issues

Water freight as a condition of planning consent

Planning authorities should engage early in the process with developers to ensure they are fully aware of water freight opportunities and that they build this into their applications. As far possible, planning authorities should make the use of water freight a condition of planning consent. This ensures that water freight is fully embedded into all stages of the project.

An excellent example of this is the Thames Tideway Tunnel project which is making extensive use of water freight during its construction⁵. Freight by Water can support planning authorities through its guides to using water and our links to experts across the water freight sector:

Enforcement during the building phase

There are examples where the requirements to use water freight during the construction phase of the project have been circumvented. For example, developers with riverside sites often gain their quickest and best returns from properties overlooking the water. This creates an incentive to build these developments first, which in turn restricts possibilities to access the river to bring in or take away material, as residents tend to complain about environmental issues (primarily noise).

Another issue that arises is that second and third tier contractors, who lack experience in water freight, may not use this option, preferring the more 'tried and tested' road freight option. It is vital that planning authorities, having required water freight as part of the consent process, provide enforcement to ensure that the requirements imposed are being met.

Safeguarded wharves

A critical issue for inland water freight, both in the Thames area and across the UK, is the status of safeguarded wharves. Safeguarding does not preserve and protect wharves from development or alternative uses indefinitely and without justification. Indeed, it is good practice for such designations to be reviewed to confirm whether the safeguarding remains necessary or appropriate.

However, the burden of proof lies with the developer who, essentially, needs to build a compelling case that a wharf has no realistic chance of future use in the water sector. Unfortunately, there are cases where a developer that has acquired a wharf



prevents it being used for water traffic for many years, with the sole objective of demonstrating that it has no value for water freight and that its safeguarded status should be removed.

A clear example from London is the Orchard Wharf case. This is a disused, but safeguarded, wharf that the Port of London Authority (PLA) has been working for several years to reactivate⁶. The PLA sought a compulsory purchase order which was objected to by the developers who owned the wharf, and the case went to public enquiry.

At this enquiry the objectors confirmed that they intended to 'land bank' the site until safeguarding was removed⁷. The Inspector cited this as a strong argument in favour of compulsory purchase to safeguard the wharf. Planning authorities are asked to look carefully at justifications given by developers seeking to overturn safeguarded status, and challenge this where necessary.

More broadly, it is vital that long-term planning strategy takes account of safeguarded wharves and the value they can play in offering freight transport options. In the Budget Speech on 18 March 2015 the Chancellor of the Exchequer devolved

5 For more information see www.pla.co.uk/About-Us/Thames-Tideway-Tunnel-Project

6 Port of London Authority, www.pla.co.uk/Port-Trade/Safeguarded-Wharves

7 DfT Decision Letter, Orchard Wharf Compulsory Purchase Order, 16 September 2014 www.gov.uk/government/uploads/system/uploads/attachment_data/file/355227/160914-orchard-wharf-decision-letter.pdf

planning powers over wharves in London to the Mayor, removing safeguarding from Whitehall regulations.

The then Mayor of London welcomed this change, stating that it means he 'will be able to potentially take forward new developments for new homes and commercial use'⁸. We encourage the new Mayor to also consider the importance of maintaining wharves in order to grow and develop the inland water freight sector.

Boatyard and fuel supply facilities

It is important for planning authorities to ensure that in the event of a decision to redevelop fuelling and maintenance facilities, alternative sites are provided and relocation costs are covered.

A clear example of this in London is Badcocks Wharf, which has been redeveloped for residential purposes and which housed the last major boatyard on the central part of the Thames⁹. As a condition of planning consent the developer was required to provide an alternative – in this case a new site at Bay Wharf.

However, there was a long-running and expensive dispute over which party should cover the cost of relocation expenses¹⁰. Planning authorities should seek to avoid such complications when evaluating development applications.

In the Thames area there is also increasing pressure on fuel services. Currently, vessels on the Thames can only access fuel from the Pace barge moored between Westminster and Lambeth bridges or by waterborne tanker from Purfleet. Additional sites are needed to meet increasing demand.

Recommendations: planning authorities should

- require water freight as part of planning consent wherever suitable
- provide enforcement during the building phase to ensure water freight is being used as required
- scrutinise planning applications that seek to change safeguarded wharves to protect against deliberate non-use
- ensure that new developments do not compromise support services (boatyards and supply)

National policy issues

Grant support

An issue of direct relevance to inland water freight across the UK is grant support. There are grants available to support modal shift from road to rail and water transport, delivered through two schemes, the Mode Shift Revenue Support (MSRS) and Waterborne Freight Grant (WFG) schemes.

- Mode Shift Revenue Support (MSRS) assists companies with the operating costs associated with running rail and inland waterway freight transport instead of road (where rail/inland waterways are more expensive than road)
- Waterborne Freight Grant (WFG) assists companies with the operating costs, for up to three years, associated with running coastal and short sea shipping instead of road (where short sea/coastal shipping is more expensive than road)

Uptake to the WFG scheme has been limited. Since 2009 a total of 3 applications have been made, all of which were successful and resulted in four awards¹¹.

- In 2009, an award of €2 million was made by the Scottish Government in respect of a shipping service between Rosyth and Zeebrugge. In the same year, an award of £791,927 was

made by the Department for Transport in respect of a feeder service between the Port of Felixstowe and Teesport

- In 2012, the Department of Transport made an award of £1.2m for a new waterborne freight service between Warrenpoint in Northern Ireland and Bristol
- In 2014, an award of £960,000 was made by the Scottish Government for a shipping service between Corpach (near Fort William) in the Highlands of Scotland and Tilbury

There are two improvements that should be considered for the WFG scheme to increase uptake. The first is that grants should be made available for longer than three years (as in the MSRS scheme). Second the scheme in England should include funding for capital costs as is the case in Scotland¹². More broadly Freight by Water wishes to engage with grant fund managers to try to increase the accessibility and publicity surrounding the schemes, to increase the number of successful applications.

4.2 Skills gap: promoting careers in the water sector

The industry is failing to attract the numbers necessary to ensure that sufficient trained crew are available in future to meet demand. In the Thames market there has been a fall

8 GLA Press Release 18 March 2015, Mayor welcomes Budget that recognises London's extraordinary potential.

9 Thamescraft Dry Docking Services Ltd.

10 The Guardian, 20 September 2013, Greenwich boatyard closure could leave Thames traffic up the creek.

11 DfT Freight Grants Team, personal communication, 19 April 2016 and 5 May 2016.

12 Known in Scotland as the Freight Facilities Grant and also available for rail operators.

in qualified watermen, both in towing and passenger vessel operations, due primarily to retirement (see table).

Period	Approximate numbers holding both towing and passenger vessel qualifications	Average loss of qualified personnel per year
Pre 2007	700+	
2007–2012	500	40
2013–2017	250	62.5
2018–	<150	100

Source: *Company of Watermen and Lightermen*

The Thames Tideway Tunnel (TTT), which is using river transport extensively as part of its construction logistics approach, estimates that around 100 new recruits with a Boatmaster Licence will be needed in 2019–20.

There are industry schemes aimed at addressing the skills gap highlighted above. The Watermen's Company has around 183 active apprentices and older trainees, most undertaking a 5-year programme of training that recognises the Marine and

Coastguard Agency's age limits for certain operations. However, some 68 of these should by now have completed their training. This demonstrates that many start and then for a variety of reasons delay qualifying. The company recruits around 20 or so additional apprentices each year.

Another training group, the Thames Training Alliance, comprising employers and the Port of London Authority, has 13 apprentices, 9 of whom are in the Watermen's Company scheme. This analysis indicates that the skills gap identified by TTT is not likely to be met and more work is needed to encourage younger people to gain the necessary skills and qualifications.

Recommendations

National authorities should:

- amend the water freight grants regime to provide equivalent support to rail freight grants
- promote careers and qualifications in the water sector to address the skills gap

Governance issues

National leadership

Inland waterways cut across local, regional and national boundaries within the UK. In England and Wales the lead Government department for the development of water freight is the Department for Transport (DfT) (including freight grants). However, the Department for Environment, Food and Rural Affairs (Defra) is responsible for supporting waterways, while the Department of Communities and Local Government is the lead on planning issues.

A similar division of responsibility arises in Scotland where Transport Scotland is the lead agency, with planning responsibility held by the Planning and Architecture Division of the Scottish Government. At the UK level, it is important that the Department for Transport and the Scottish Government play the lead role in promoting the inland water freight sector, providing a 'focal point' for the sector, and supporting Freight by Water members and other industry partners in dealings with other Government departments and agencies.

Local and regional leadership

The Thames region provides a positive example of coordinated action at a regional level. In London the Port of London Authority, the Mayor of London and the GLA play a wider strategic role, with London boroughs responsible for planning and development issues.

Providing a wider strategic framework is essential to the water freight sector. Having a regional strategy can provide grounds to contest development applications that may hamper its delivery, for example by changing the use of an individual safeguarded wharf.

Other regions have different governance arrangements and the London regime is not directly applicable. However, London does offer a useful example of how to develop a more strategic approach to the inland water freight market.

Recommendations

- Local and regional authorities should improve coordination and develop a regional strategy, using London as an example
- National authorities should ensure that transport authorities champion water freight, coordinating across other departments



Learning from Thames passenger services

Although this paper concerns the freight sector, it is useful to briefly summarise the recent success of passenger services on the Thames and see what lessons can be learned.

MBNA Thames Clippers is the fastest and most frequent fleet on the river with departures from major London piers every 20 minutes. Services stretch from Putney to Royal Arsenal Woolwich, and cater for all, from early morning commuters to families wanting a day out on the river.

Having grown from a one-boat operation in 1999 to a fleet of 15 catamarans, they now carry over 3.8 million passengers a year in a comfortable, relaxed environment. While the success of the Clippers service can be attributed to many different factors, the following three issues can offer learning points for the freight sector:

- 1 Infrastructure investment in piers has improved connectivity, as part of the Mayor's River Action Plan, which is vital in attracting passengers
- 2 Targeted operating subsidies have been employed in the short term to allow time to establish the customer base and refine the service offer. All the established services are now almost entirely self-funding
- 3 The River Concordat Group, a body including the PLA, British Waterways, boat operators, pier owners, London boroughs and Transport (TfL), addresses strategic issues on the River Thames in order to grow London's river passenger services

For more information, please see www.thamesclippers.com

Learning from other cities

The UK is not alone in facing problems related to poor air quality, traffic congestion and increasing urban populations. It is a global challenge and cities with usable waterways running through them are looking at ways to exploit their presence and incorporate water freight into the city logistics toolbox. Planners and national bodies should explore what other cities outside the UK are doing and consider these ideas for use here. Two examples of how water freight is featuring in the delivery of goods in urban area are given below.

For a number of years Utrecht in Holland has been using its waterways to deliver beer and other goods to 60 catering businesses located along its canals. Known as the 'Beer Boat' this service is owned and run by the city authority using an electric powered craft and funded from the air quality budget¹³.

Paris is also taking steps to make better use of the River Seine. A leading supermarket chain, Franprix, has used the river to make the initial part of the delivery to its central Paris stores

since 2012. Standard 20-foot containers are loaded onto barges and moved from a depot located on a tributary of the Seine to the centre of Paris, where they are transferred to lorries for the 'last mile' of the delivery journey. Franprix stocks 135 of its 350 stores in the city and says that using the river takes 2,600 lorries off the road each year, the equivalent of 300,000km of lorry journeys¹⁴.

Recommendations

Planners, public authorities and water freight promoters should:

- not view water freight in isolation and recognise it can be used as part of an urban supply chain
- investigate what other cities are doing to use water transport in solving environmental issues
- consider developing projects through nationally or European funded projects

¹³ Delivering the future, PTEG, February 2015, page 15.

¹⁴ Industrial River Logistics, Estate Gazette, 21 May 2016, page 40.

Conclusions: toward a Strategic Water Network?

This paper has illustrated the size and importance of the inland water freight sector in the UK, highlighting its potentially significant contribution to alleviating road traffic congestion in London. It has analysed the various planning, policy and organisational barriers impeding the growth of water freight and made recommendations to overcome them.

The themes emerging from this analysis are the need for clear governance and leadership, coordination between organisations with different roles and responsibilities, combined with investment in facilities and operations. The importance of these factors is evident in the growth of London Thames passenger services.

Learning from the London experience, the UK should consider the case for a national Strategic Water Network (SWN), or at least assess the concept. This would facilitate targeted investment in strategic water facilities and, crucially, interchanges.

Providing water-based options for shippers requires integration with road and rail freight and ports – both inland and coastal. The SWN concept would facilitate this, as it would clarify which river facilities have strategic priority and should be protected through the planning system.

Members of Freight by Water are ready to engage constructively with industry partners and decision makers at all levels to develop this concept further, and progress the other policy and regulatory issues raised in the paper.

Tel: 01892 526171* Fax: 01892 534985 Web: www.fta.co.uk

Freight Transport Association Limited

Delivering safe, efficient, sustainable logistics

Hermes House | St John's Road | Tunbridge Wells | Kent TN4 9UZ

Registered in England Number 391957

*Calls may be recorded for training purposes

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