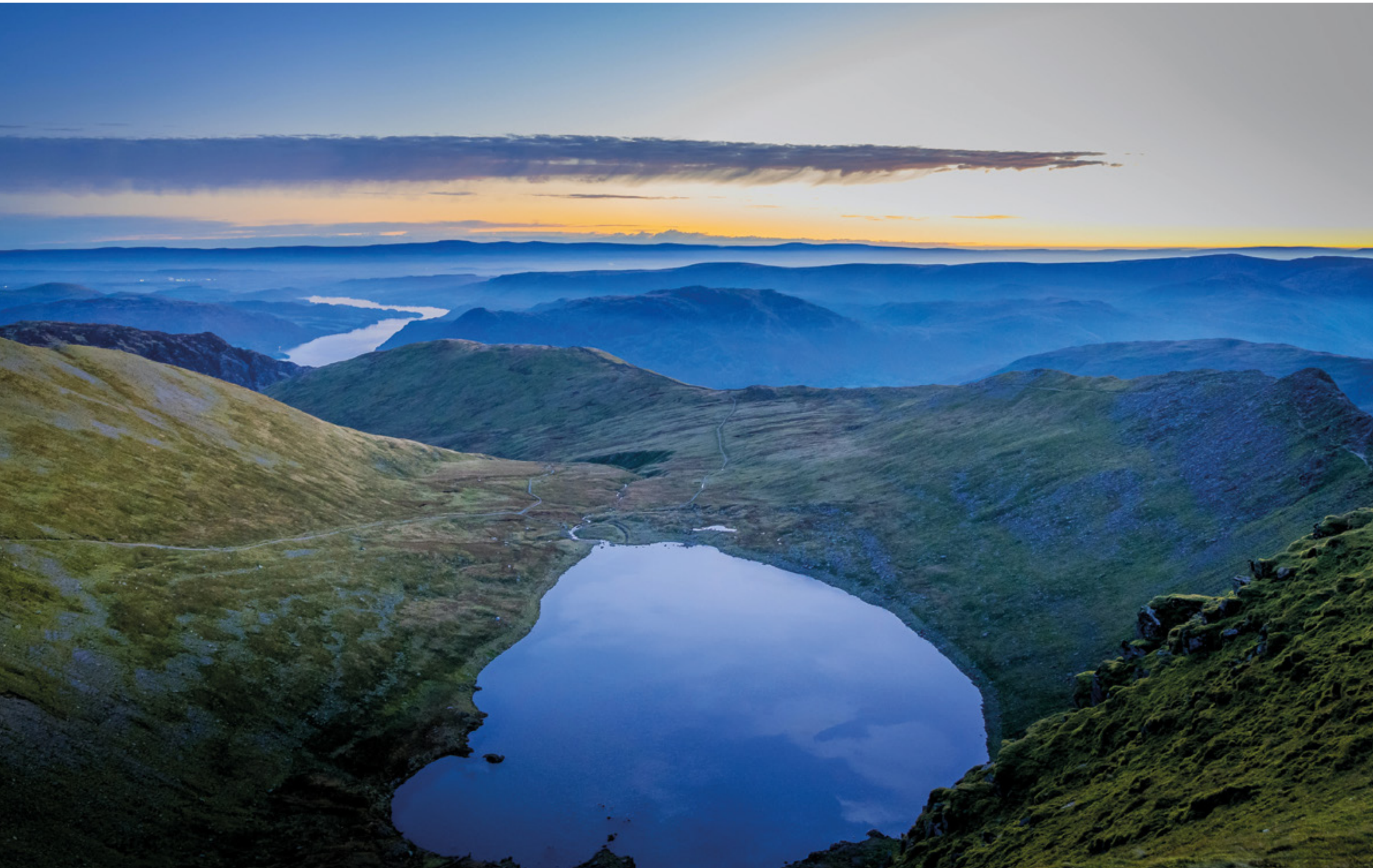
Northern England Logistics 2021

Produced by Logistics UK policy

A Manifesto for Local and Mayoral Elections



Introduction

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Logistics UK

"Over 80% of commuting trips and 87% of freight movements use the road network in the North, which equates to more than 120.4 billion km travelled across the North's road network every year."[1]

Logistics UK continues to work closely with transport stakeholders across the north of England, to ensure recognition of the vital role that freight and logistics play in the regional and local economy. We have worked with: Transport for the North; Transport for Greater Manchester; Liverpool City Region; West Yorkshire Combined Authority; North East Freight Partnership; the various regional transport partnerships; the various Local Enterprise Partnerships, as well as all of the relevant local authorities and other stakeholders.

"Evidence shows that a step-change in economic growth in the North can only be achieved through significant improvements in transport connectivity... Understanding and supporting the needs of the North's freight and logistics sector and our international gateways will be vital."[2]

By working closely with our partners, we look forward to supporting and advising the ongoing work on both Regional and Local Transport Strategies to help achieve the transport ambitions for the region.

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 the cost of training staff, as well as the economic impact. Despite these challenges, the goods and services that the north of England requires have continued to be delivered by this vital part of the local economy.

This document outlines the key areas where the freight and logistics industry can support the transport ambitions of the towns and cities in the north of England 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 *Transport for the North Strategic Transport Plan 2019*
2 *Transport for the North Strategic Transport Plan 2019*

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Environment

The Government's target of net-zero emissions by 2050 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 the environmental work of the City & Regional Transport Partnerships, which subsequently feed into the Regional Transport Strategies.

Logistics UK's key asks for the environment

1. Allow Logistics UK to support local Government and Regional Transport Partnership work, 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 Government 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 Report[3] 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.

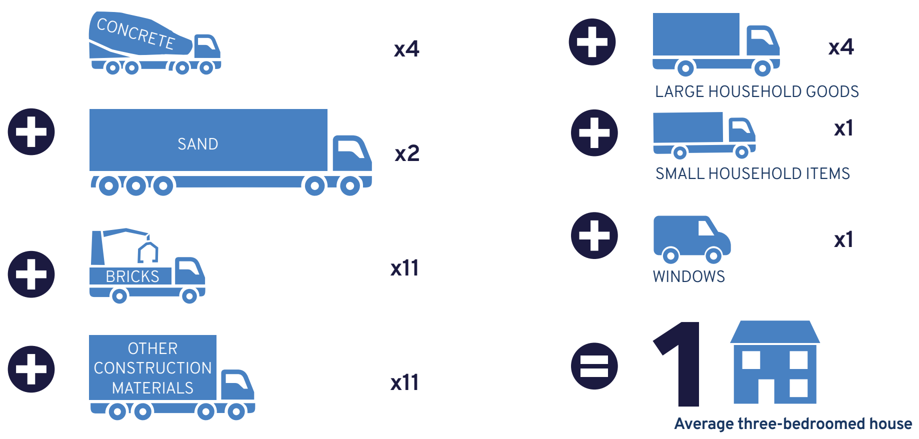
Consolidation centres

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 Liverpool, 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



3 www.logistics.org.uk/evreport

Economy

The towns and cities of the North of England depend upon reliable logistics to deliver food, clothes, documents, medicines, building and construction materials.

Our industry delivers a constant supply of goods and services for the residents of the north of England. We provide vital support to the workers and visitors in the region, supporting jobs, clearing waste and ensuring the town and cities have all of the commodities they require, 24 hours a day, seven days a week.

For the north of England region to recover from the economic impacts of the coronavirus pandemic, goods and services need to be able to continue to move freely around the cities, towns and villages in the area.

Low Traffic Neighbourhoods

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 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 the north of England are not unfairly targeted or penalised when Government or local authorities legislate for strategic changes in local towns and cities (eg, Clean Air Zones, 20mph speed limits, parking restrictions, etc).

Efficient urban deliveries

Connectivity

"The Strategic Transport Plan and the pan Northern Transport Objectives, support complement and align with the four main goals of the Governments Transport Investment Strategy: Reliability & Congestion; Economic Growth; UK Competitiveness; and Housing". [4]

Logistics UK recognises the importance of connectivity for the north of England and supports Transport for the North's Strategic Transport Plans which identifies seven Strategic Corridors that focus on infrastructure improvements across all modes (road, rail, air, and ports).

- **Connecting the Energy Coasts** – non-carbon energy and research assets in Cumbria, Lancashire, North Yorkshire, the North East and Tees Valley.
- **West and Wales** – important economic centres of Cheshire, Liverpool City Region and Grater Manchester with strategic connectivity into North Wales and the Midlands.
- **Central Pennines** – improving strategic east-west connectivity - North Yorkshire, West Yorkshire, East Riding and Hull and Humber through to greater Manchester, Lancashire and Liverpool city region.
- **Southern Pennines** – improving strategic east-west multi-modal connectivity as well as cross-border to the Midlands.
- **West Coast-Sheffield City Region** – advanced manufacturing clusters and assets in Cheshire East, Warrington, Cumbria, Lancashire, Greater Manchester and Sheffield city region, with improved connectivity to Scotland and the Midlands.
- **East Coast Scotland** – strengthening rail connectivity and capacity along East coast mainline, as well as parallel lines: Durham Coast, to improve strategic connectivity to the Tyne, the North East, Tees Valley, City of York, Sheffield and North Yorkshire.
- **Yorkshire-Scotland** – strengthening road connectivity between the Midlands, the Sheffield region, West Yorkshire, North Yorkshire, East Riding, North East Lancashire, Tees Valley, the North East, the North of Tyne and Scotland).

Within these corridors, there are key routes that have been identified as requiring investment for East-West connectivity within the region.

Trans Pennine Road

The A66 is a key national and regional strategic link for a range of traffic movements for east/west journeys in the North of England and provides vital connections for freight and businesses in the regions.

The route carries high levels of freight, with 25% of the traffic being heavy goods vehicles (HGVs) – more than twice the national average for a road of this nature. Highways England have identified the key strategic routes that need to be improved to provide a better service; the A66 is one of these.

While the A66 plays a crucial role in the life of nearby communities, it is also essential for journeys across the UK. It offers the most direct route between the central belt of Scotland and the eastern side of England and connects the north east to the north west and Midlands.

4 *Transport for the North Strategic Transport Plan*

Trans Pennine Rail

It is important to see full electrification, digital signalling, more multi-tracking and improved freight capacity as part of the 'Integrated Rail Plan'. Also, a fully gauge cleared route (W10/12) to be embedded and full electrification within the Trans Pennine Route Upgrade (TRU) project.

Upgrades will allow more freight services, replacing thousands of diesel lorries, and support additional east-west connectivity. There is not enough width and height on the rail routes to allow ISO containers (which are 9ft 6in) on the rail network, and a programme of gauge clearance is needed if rail is to play its part in moving freight by sea shipping routes into and out of the North of England.

Multimodal – role of ports and airports

"A third of the UK's freight currently moves through the North's ports".[5]

It is also important to recognise the important role that both ports and airports play in the economic success and growth within the north of England. Key to this success is improved connectivity and access. Road and rail-based transport needs to be able to access and egress from ports and airports to ensure efficient movement of goods.

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.

Manufacturing businesses are one sector within the North of England that rely upon air freight capacity to move high-value, low-volume goods around the world within their supply chains. Improving air connections and capacity for air freight will help with economic growth targets for the area as a whole.

"The strength of the North's logistics sector is its true multimodality. The Enhanced Freight and Logistics Analysis shows a 33% increase in tonnes lifted within the North by 2050".[6]

Logistics UK's key asks for connectivity

Network resilience (all modes) – Secure future investment in North of England's infrastructure to ensure the region 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 the area's economy.

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 the region's and Government's vision for carbon reduction in transport.

5 *Transport for the North Strategic Transport Plan*
6 *Transport for the North Strategic Transport Plan*

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.[7]

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 survey[10], 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.

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

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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.

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 –Our ask of UK Government to secure funding resources and training avenues for Logistics businesses to utilise Apprenticeship/Training Levy commitments. We would ask 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.

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

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

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

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

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

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

For further information or to arrange a meeting please contact

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