

Water Council Meeting Thursday 09 November 10.30 – 12.30

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Hybrid Meeting held at Logistics UK, 20 Victoria Street, London, SW1H 0NB and via Teams

Meeting minutes

Attendees:

- Chair – Emma Leam-Saville, DFDS
- Secretary Alexandra Herdman, Logistics UK
- Ellis Shelton, Logistics UK
- Mariefi Kamizouli, Logistics UK
- Dr Nishatabbas Rehmatulla, Decarbonising UK Freight Transport
- James Hookham, Global Shippers Forum
- Robert Constant, Company of Watermen & Lightermen
- Amy Swash, UK Major Ports Group
- Tim West, Robert Wynn & Sons
- Geoff Lippitt, PD Ports
- Chris Broughton, PD Ports
- Lee Wilshire, Wood Hall and Heward
- Aart Hille Ris Lambers, DP World Southampton
- Craig Brown, Thames Clipper Logistics
- Sally Dixon, Manston Airport
- Mike Burns, Weightmans
- Julius Deane, Carrs

1. **Welcome and Housekeeping (see annex for conduct of meetings)**

Emma Leam-Saville introduced herself as the new chair of Water Council.

The Chair welcomed members and reminded them of Logistics UK's conduct of meetings.

2. **Introductions**

All members and staff introduced themselves.

3. **Updates since last meeting and on Logistics UK's wider activities**

Mariefi Kamizouli, Head of Economics and Productivity at Logistics UK gave a presentation on Logistics UK's recent activity, including:

AUTUMN STATEMENT

Logistics UK wrote to the Chancellor ahead of the Autumn Statement. Logistics UK's budget asks come under four distinct sections:

- **A fair transition to a green economy** across the UK that enables businesses to develop and move to greener energy and fuels in a cost-efficient way, with partnerships on innovation and charges that reflect the value that logistics delivers within communities across the UK.
- **Innovative and integrated national infrastructure**, with planning, regulatory and tax reform, infrastructure investment and R&D partnerships to enable the sector to deliver an increasingly productive and strategic logistics network, supporting economic growth across the UK.
- **Skills partnerships to support a thriving sector**, reflecting the breadth of high quality roles across the logistics sector and supporting aspiration in communities across the country.
- **Simple borders and regulations to boost trade and investment**, enabling UK businesses to trade across Europe and around the world and create investment opportunities in the UK.

LOGISTICS PERFORMANCE TRACKER

Logistics UK received 201 responses to the tracker survey. There was a key focus on employment, vehicle availability, well being and trade barriers. There was a notable increase in HGV driver age.

PRODUCTIVITY REPORT

Logistics UK commissioned Oxford Economics to produce the [Productivity Report](#) that was launched earlier in 2023.

In 2014 the UK was in fourth place with other major economies but now we are in 19th place. There are different reasons for this. In the report we looked forward to 2025 and what we can do to increase productivity. This includes case studies and recommendations on how to improve our position. Including what help we need from the government.

SKILLS AND EMPLOYMENT UPDATE Q2 2023

The [Skills and Employment Update](#) is Logistics UK's quarterly assessment of the UK's logistics labour market. The key take aways were that there are fewer drivers and warehouse workers.

Members raised the lack of modal specific data. Mariefi asked what is lacking terms of data to show evidence from water freight. Members discussed that as the sector is disparate the volume of responses to the research may be small.

Geoff Lippitt highlighted that the treasury only talks about international trade in relation to water due to the sheer volume of water freight involved in importing and exporting.

Robert Constant re-iterated that we need a water freight growth target.

ACTION: Logistics UK to focus on modal specific questions targeted at multimodal members.

ACTION: Members to share net zero roadmaps with Mariefi.

Members are invited to contact Mariefi on mkamizouli@logistics.org.uk to discuss any other data.

PUBLIC AFFAIRS

Ellis Shelton, Policy Advisor at Logistics UK gave a Public Affairs update including an overview of events and reports that have been launched since 8 June. These include Next Generation Van Conference, fringe events at the Labour Party and Conservative Party Conferences, West Midlands Mayor Andy Street addressing Digital Transformation in Logistics Conference, and a Generation Logistics visit to DIRFT with then Transport Minister Richard Holden.

Since 8 June, 15 parliamentary questions have been asked that were proposed by Logistics UK, covering topics such as low carbon fuels and logistics skills.

Further details of all these items can be found in the slide pack sent to members with these minutes.

4. Consortia Block Exemption Regulation (CBER) update

James Hookham, Director of the Global Shippers Forum gave an overview of the Global Shippers Forum and presented to the Council the findings of the EU Commission's review of the CBER and the decision not to renew it. Members can refer to the attached slides for greater details.

MDS Transmodal were commissioned to produce an extensive quantitative review of supply and demand over 2020 – 2021.

The European Commission published a total of six documents on the decision. James recommended the [Staff Working Document](#) as best document to read for information. An exec summary is also available.

The CBER was evaluated under five standard criteria as required by the EU's 'Better Regulation Guidelines'. The following are extracts from James' presentation.

Criterion	Conclusion
Effectiveness	<ul style="list-style-type: none"> Small number of 'unique' consortia and profile of large carriers showed limited promotion of competition Carriers did not cite CBER as a reason for joining a consortium Carriers did say why generic Horizontal Guidelines were insufficient
Efficiency	<ul style="list-style-type: none"> Large carriers continue to over-order capacity and strive for market dominance Commission concluded carriers' compliance costs with Horizontal Guidelines are insignificant
Relevance	<ul style="list-style-type: none"> Benefits of consortia not shared with consumers during 2020-23 due to non-maritime disruptions and congestion. Evidence of relevance inconclusive because of absence of 'counter-factuals' and of the cause and effect of consortia impacts.
Coherence	<ul style="list-style-type: none"> CBER is not established EU transport policy Revised Horizontal Guidance would still permit consortia operation, and better addresses co-operation in vertically integrated businesses GHG reductions from liner shipping are not reliant on the availability of CBER and consortia.
EU added value	<ul style="list-style-type: none"> Transport Users asked for more supervision and intervention by national competition authorities, not less, as was intended

Criterion	Test	Conclusion
Effectiveness	Was it effective in fulfilling expectations and meetings its objectives?	Does Not Fulfil Criterion
Efficiency	Was it efficient in terms of costs-effectiveness and proportionality of actual costs to benefits?	Does Not Fulfil Criterion
Relevance	Was it relevant to current and emerging needs?	Evidence Inconclusive
Coherence	Was it coherent internally and externally with other EU interventions or international agreements?	Evidence Inconclusive
EU added value	Did it produce results beyond what would have been achieved by Member States acting alone?	Does Not Fulfil Criterion

The Previous review of the CBER found that the third column was green.

However, this does not mean that consortia are not allowed or is illegal. If shipping lines wish to co-operate they can do so under the generic [Horizontal Guidelines](#) or the [Specialist Block Exemption Regulation](#).

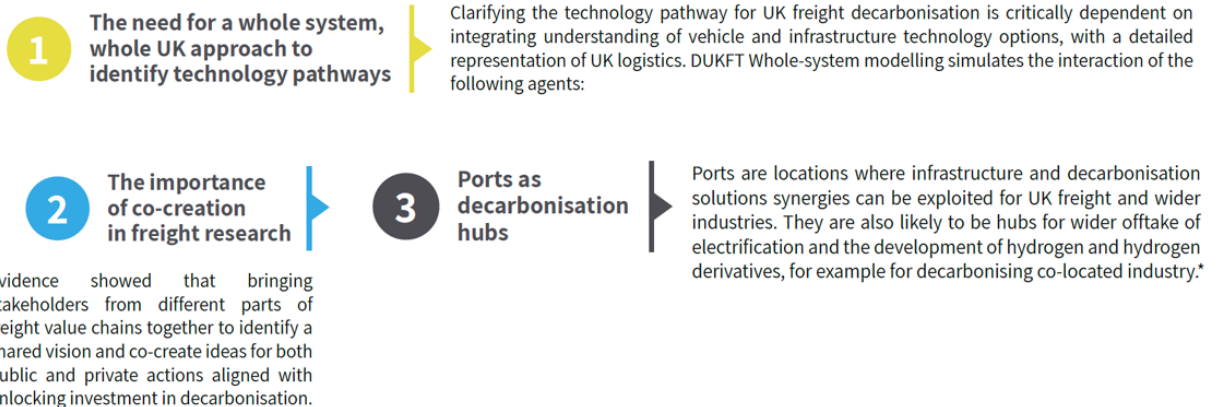
One member asked if there was a right of appeal. James replied that in theory there is no right of appeal and it would be difficult to backtrack but that it is likely efforts to appeal are already being made.

5. Decarbonising UK Freight Transport – Maritime

Dr Nishatabbas Rehmatulla from the Decarbonising UK Freight Transport team presented on their latest report, '[Accelerating Investment for Decarbonising UK Freight Transport](#)'. Please refer to the meeting slides for further details of Dr Rehmatulla's presentation.

Dr Rehmatulla explained that this report was the first occasion that freight was looked at as a whole and was not just focussed on water/maritime. He explained the main findings of the report as per the below image:

Key findings



Problem in the freight sector overall is that we need multiple options for multiple modes. Narrative has been this way.

The report found that the previous narrative that there was a need multiple options for multiple modes to be incorrect and that there are no technical challenges to decarbonise road freight via electrification. And that the same applies to rail and for coastal shipping.

What is required is a significant amount of electrification infrastructure and grid capacity.

The room then opened up for discussion, the key take aways of the conversation were as follows:

- Dr Rehmatulla explained that gaseous fuels are not suitable for maritime because they take up too much space, so dense fuels are better suited for vessels.
- Dr Rehmatulla explained that sulphur oxide helps to cool the air and reduce warming, but usage of this is very stringent. The overall benefits are much more than the smaller harmful effects
- It was advised to the group that when purchasing new vessels or retrofitting to ensure they are ammonia ready or dual fuel.
- One member expressed the view that shore power has been left to the market and nothing is going to happen this way and that we need a demand led grid supply.
- Planning remains an issue for accessing charging at piers and wharfs.
- Concerns were raised over the availability of green fuels.

6. Discussing the need for a 'Maritime Zero Council'

Ellis Shelton led a roundtable discussion on whether there is a gap for a Maritime Zero Council.

Members questioned how this would be different to other bodies already operating including the Maritime Council and Clean Maritime Council.

Ellis explained that the proposals for a Maritime Zero Council as raised at the Maritime and Ports APPG were vague but he understands this would be a stand alone council and would not replace anything already in existence. It was clear that the Maritime Zero Council would be strictly decarbonisation. Those present at the APPG were undecided, with the room evenly split about whether this should be pursued.

Logistics UK members agreed that more details of the proposals are required before a position on whether to support a new Maritime Zero Council could be decided.

It is important that if a new council was created that it is not another talking shop. We would need to know how it will be structured, how it will drive change and innovation and what the overall benefits of it would be.

ACTION: Logistics UK to find out more about the proposals.

Several members re-iterated the need for the maritime sector to speak with one voice on the matter to make it clear to government the direction we wish to go.

ACTION: Logistics UK to reach out to other representative bodies.

7. Inland Waterways Update

Ellis Shelton, Policy Advisor, updated members on Logistics UK's policy work on Inland Waterways.

Ellis ensured members were aware that the DfT were planning to review both the Mode Shift Revenue Support (MSRS) and Waterborne Freight Grant (WFG) schemes. These schemes will be reviewed to explore how to continue helping the sector decarbonise by shifting freight from road to rail or water through two schemes.

Alongside this, Ellis also shared the details of their meeting with DfT, to discuss the Waterways. The meeting focused on five broad subjects: economics, planning, business case viability, viable opportunities and government ownership.

On economics, it was highlighted that a reinstatement of the Freight Facilities Grant (FFG) or similar scheme would be a positive step for the waterways in England. On planning, it was stressed that land and property around waterways is often attractive to residential and non-freight uses. Such developments directly reduces the space available for freight uses. The 'Protected Wharves' scheme in London is a good initiative and options for such protections elsewhere need to be considered. On business case viability and viable opportunities, it was argued that freight by water addresses important externalities – environmental and potential social – for the UK economy. It also faces an unlevel playing field in the UK against other freight modes where infrastructure is essentially free (roads).

Lastly, on government ownership, Ellis stressed to members that they had been adamant

with DfT that inland waterway usage for freight in particular is hindered by its 'ownership' within UK government. Inland waterways sit within the portfolio of DEFRA where, inevitably, the focus and resources are directed towards environmental matters. These are of course important, but the usage of these waterways as economic arteries is a distant second. A shared ownership of the freight usage area by the Department for Transport could bring more focus and expertise.

ACTION: Logistics UK to share submission on freight and planning consultation.

Water Council member Pamela Mounter has sent a communications piece put together by the Inland Waterways Association and Commercial Boat Operators Association that will be shared with the minutes.

8. Future Council Meetings

Alexandra Herdman and Ellis Shelton presented the proposed meeting structure for 2024.

Members will receive place holders for draft 2024 meeting dates. This will include two in person/hybrid meetings of the Water Council, one in person meeting of all modes, and a virtual meeting.

DFDS has offered to host a visit on site in spring/summer with the date to be finalised soon. Logistics UK is keen to involve members as much as possible and all members are invited to host Water Council or other meetings on their premises.

Members agreed the hybrid format is working well.

Ellis Shelton gave an overview of meeting structure for 2024 as follows:

First meeting, **set**:

Set the objectives of the Council for the working year ahead.

These objectives are to be formulated and agreed upon by both the Secretary and Chair of the Council and then presented to members of the Council.

Second meeting, **assess**:

Assess on-going developments and current performance/output.

The Secretary will present to the Council, demonstrating their progress so far and their plan moving forward.

Third meeting, **scrutinise**:

Scrutinise the Secretary's and Council's effectiveness in achieving completion of the set objectives.

The Secretary and Council will assess its level of success, highlighting and recommending any possible areas of improvement.

9. AOB

Tim West asked if the Inland Waterways Group is it intended to be continued. Alexandra Herdman confirmed the group, which meets on an ad hoc basis, will continue and as we

work towards a response to the upcoming MSRS review the group can expect significant interaction and contact from Logistics UK.

Tim West asked if Logistics UK intends to research and provide data for inland waterways as it has done for other modes. Alexandra Herdman confirmed she will be discussing this with the policy information team at their next meeting.

There being no more business, the Chair closed the meeting.