LOGISTICS UK

Transport Committee Call for Evidence: Strategic road investment

Logistics UK submission

Introduction

1. Logistics UK is one of the country's largest business groups, supporting, shaping and standing up for safe and efficient logistics. We are the only organisation representing the entire logistics sector.
2. We represent a sector delivering an increasingly innovative, productive and sustainable system of essential national infrastructure. This system ensures the availability of the products that households, businesses and public services rely on every day, and is supporting the UK's transformation for the future. Our membership of over 20,000 includes global, national and regional businesses and SMEs spanning the road, rail, sea and air industries as well as the buyers of freight services, such as retailers and manufacturers.
3. For an efficient logistics industry, free flowing roads with minimal delays are crucial. Road freight is an essential enabler of all business activity: in 2020, road accounted for 89% of all freight traffic, playing a crucial part in the UK's supply chain[1]. It also plays a key role in facilitating and supporting other freight modes. Transport infrastructure spending continues to be needed to improve roads across the UK, nationally and locally, to enhance capacity and reduce unreliability. Appropriate policies and funding are also needed to help provide facilities for drivers to attract sufficient resource to the industry.
4. Logistics UK was broadly supportive of RIS2 and felt it went a long way towards addressing infrastructure needs; providing that the Government ensured sufficient long-term funding is in place to deliver improvements both during and beyond the RIS2 period. We are therefore concerned that many of these schemes have not progressed as planned.
5. We are actively engaged with the development process for RIS3 and will continue to highlight the need for investment strategies to support the growth and efficiency of the logistics sector.

Management of the RIS enhancements portfolio to date

6. RIS2 is an ambitious programme of enhancements that seeks to address many of the capacity and reliability issues affecting large parts of the UK's Strategic Road Network (SRN). Logistics UK believes that the Government and National Highways should be applauded for the scale of that ambition.
7. We also appreciate that a number of factors leading to delays and cost overruns for these enhancements are beyond the control of National Highways. Complications caused by the Covid pandemic inevitably delayed progress in planning and delivering schemes, while the stark rise in inflation over the past year is a challenge affecting all parts of the economy.
8. However, it is evident from the National Audit Office (NAO) report on the progress of RIS2 that these factors were added to, and often compounded by, deficiencies in risk management. The net result of this has been a significant reduction in the number of completed schemes compared to what the logistics industry would have expected.
9. Delays to securing Development Consent Orders (DCOs) have been a major element of this[2]. As discussed further in this submission, in many cases these delays have been caused by a lack of harmonisation between transport and other policy agendas, such as the drive towards net zero. Logistics UK supports the UK's net zero ambitions and believes they can be realised by simultaneously addressing the nation's infrastructure capacity constraints.
10. Logistics UK is reassured by National Highways' and the NAO's assessment that lessons have been learned and that processes have been improved in order to better manage risks to the portfolio of enhancements. However, we remain concerned that many enhancements remain well behind schedule and that this may have a significant impact

[1] GOV.UK Statistical data set: Freight (https://www.gov.uk/government/statistical-data-sets/tsgb04-freight)
[2] National Audit Office: Road enhancements: progress with the second road investment strategy (2020 to 2025) (https://www.nao.org.uk/reports/progress-with-the-second-road-investment-strategy/)

on the scope and scale of new enhancements in RIS3, as well as National Highways' capacity to deliver future investment programmes.

11. It is worth noting that where schemes have been completed, members have recognised their benefits and the ways in which freight has been considered in their design. Notable examples include the A45/A6 improvements and the design of roundabouts on the A52 between M1 and Nottingham which have been cited by members as being well designed for truck usage.

Impact of delays and cost overruns

12. RIS2 was developed following extensive engagement with road users, including Logistics UK and our members. Many of the enhancements planned in it are a direct result of that consultation and thus reflect the needs of the country's logistics sector. Our members are therefore rightly disappointed that a lack of progress on schemes along routes they rely on is resulting in continued congestion, unreliability and inefficiencies.
13. In developing this response, Logistics UK has consulted widely with its members through regional freight councils. Members across the country have identified numerous schemes which have either been delayed or cancelled, with consequences ranging from increased operating costs to major safety implications. These include (but are not limited to):
    - A1 Morpeth to Ellingham (discussed further below)
    - M1/A38 Junction
    - A1 Newark to Doncaster
    - Lower Thames Crossing
14. Delays to approving and delivering enhancements can mean that any schemes are not fit for purpose by the time they are finally opened, either due to changes in road usage patterns or developments outside the remit of National Highways. Of particular concern to members are major housing developments being approved in the vicinity of roads which have already been earmarked as needing improvement. This is seen as an example of the frequently disjointed nature of planning and economic policy, with national, regional and local bodies all with a role to play.

Lessons to be learned from RIS2 for RIS3

15. As highlighted above, we are reassured that progress has been made in addressing the deficiencies in risk management and securing DCOs that have contributed to delays in the RIS2 enhancements portfolio.
16. There is a clear need for a more effective and efficient process around the planning of major enhancements to ensure schemes can move swiftly from concept to delivery, while also ensuring that due process and democracy are observed. We are pleased that the NAO reported improvements in this space, but a relentless focus on moving schemes through the planning system will be needed for the long term to avoid further delays to programmed enhancements.
17. As stated previously, Logistics UK welcomed the ambition of RIS2. The national road infrastructure on which our industry relies does not meet the needs of a modern economy; with a lack of driver facilities, outdated technologies and significant 'pinch points' all acting as barriers to the flow of goods across the country. The planned RIS2 enhancements go some way towards addressing these issues, but by no means do they represent a complete solution.
18. With planning for RIS3 well underway, Logistics UK cautions against the delays in the RIS2 pipeline being seen as a reason to reduce the scale and/or scope of the next roads investment strategy. We were pleased that the last spending review protected the sums allocated for investment, but with rapid increases in the rate of inflation, difficult choices will undoubtedly need to be made. Wherever possible, government's focus needs be on speeding up the delivery of enhancements, rather than curtailing ambition. The alternative is to further stymie the growth of our industry.
19. As identified throughout this submission, Logistics UK also believes that there is often a significant disconnect between the Road Investment Strategies and other areas of government policy, such as levelling up, devolution (particularly in relation to Mayoral Combined Authorities) and environmental/net zero policy. RIS3 must demonstrate alignment with these priorities and those set out in government's own Future of Freight strategy in order to be an integral part of a long-term vision for supporting logistics.

Is the Government's current and forthcoming roads investment programme meeting the current and future needs of consumers and business?

20. Spending for road infrastructure needs to continue to be well planned and stable over the long term. Government projections show road traffic continuing to grow[3], so this must be reflected in RIS3 and beyond. Our priorities for the way RIS funds are allocated include road maintenance, relieving congestion, infrastructure provision and facilitating connectivity between different logistics transport modes so that the entire freight network can be used optimally.

21. Road congestion is a particular challenge as it creates both economic and environmental problems costing the UK economy £9.5 billion in 2022 alone[4]. Having an HGV stuck in congestion costs £1.29 per minute to the operator, thus all congestion adds friction cost into the UK economy. Congestion also has a direct impact on fuel consumption and emissions; with vehicles continuing to use fuel when left idling and stationary.

22. Congestion can be tackled through a combination of investment in both new infrastructure and maintenance of existing roads. We are pleased that the recent Comprehensive Spending Review has continued to recognise the importance of roads and maintained crucial funding and this must continue in RIS3.

23. Logistics UK remains concerned that frequently allocated revenue budgets for maintenance are cut, only for the network to deteriorate and become unsafe and defective. Despite the Government's commitment to £6 billion of funding for local road maintenance between 2015 and 2021, according to the ALARM survey of local highways departments in England, overall budgets have dropped by 16 per cent, while the average shortfall in the 2021/22 carriageway budget risen almost 50% to £6.4 million per authority, with the total shortfall in the year exceeding £1 billion[5]. The Government's allocation of an extra £50million for councils for potholes and flooding in England in March 2019 was welcome news but more investment is needed to provide and preserve the quality of roads the UK requires. The economic benefits of high-quality maintenance should be fully assessed as this may be a highly effective means to improving transport performance in a value for money way for the Government.

24. Many of the enhancements planned in RIS2 have also been identified as being of critical importance far beyond their local area by Logistics UK's members, including the A303, A66 Northern Trans-Pennine, M42 and the Lower Thames Crossing (LTC).

25. Each of these routes, and many more besides, are either unreliable or frequently congested. This leads to unacceptable costs for hauliers, their customers and the broader economy. Where enhancements have not progressed as originally set out in RIS2, there is understandable frustration and disappointment among those members most affected.

26. As stated previously, Logistics UK is broadly supportive of both the ambition of RIS2 and the specific enhancements proposed within it. However, the delays which have been widely identified by the ORR, NAO and others mean that it can currently only be said to be partially meeting the needs of business.

27. Similarly, the reduction in the number of projects expected to be delivered under RIS2, while understandable in some cases, somewhat limits the economic impact RIS2 can be expected to have. A renewed focus on delivering the remaining RIS2 enhancements as swiftly as possible will ensure that further momentum and confidence in the programme is not lost.

28. In addition to creating the infrastructure that enables freight to be moved more efficiently, it is essential that government supports the development of far more facilities to provide for drivers. The lack of roadside facilities, and often the condition of those that do exist, has been a long-running issue for our industry, with government promising solutions but with little progress being made.

29. Drivers need somewhere to rest with good hygiene facilities and quality food options. Our members have cited a number of new road schemes, such as the A66, which promise numerous lorry parking spaces, but nothing like the facilities that are required. It must be a central plank of RIS3 that new enhancements, as well as existing major routes, are equipped with adequate facilities to support driver welfare.

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[3] National Road Traffic Projections (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1123542/national-road-traffic-projections-2022.pdf)

[4] INRIX 2022 Global Traffic Scorecard (https://inrix.com/scorecard/)

[5] Annual Local Authority Road Maintenance Survey 2022 (https://www.asphaltuk.org/wp-content/uploads/ALARM-survey-2022-FINAL.pdf)

Alignment with other policy priorities

30. Businesses need certainty to plan and invest and nowhere is this truer than in the logistics sector. A stable and predictable regulatory and taxation landscape, coupled with a clearly defined and delivered plan to improve the efficiency and reliability of infrastructure is essential for businesses to map out and achieve future growth.

31. Logistics UK has previously called for a long term, comprehensive plan for enabling efficient freight movement and the growth of our industry. We are therefore extremely supportive of the Department for Transport's Future of Freight strategy; a key aspect of which is the need to develop a 'National Freight Network'. This will require policy, investment and planning decisions to be strategically aligned to "enable the best freight infrastructure decisions for the UK economy, at local, regional and national level"[6]. Road investment strategies are a key part of this and must therefore be designed and delivered with freight at their core. RIS2, which pre-dates Future of Freight, was a step in the right direction and we expect further progress to be made in RIS3.

32. In many ways, the Government's ambitions around 'levelling up' match with those of our membership. Logistics is the backbone of our economy; enabling growth across the country and providing quality employment opportunities at all career levels. It is therefore critical that broader economic regeneration priorities are fully aligned with, and complementary to, the investment strategies of bodies such as National Highways. This inevitably means that decisions will need to be made which do not necessarily fit with the standard approach to assessing the cost effectiveness of road enhancements.

33. An example of this tension can be found with the A1 Morpeth to Ellingham scheme proposed in RIS2. This is a scheme with significant local business and political backing and was specifically included in the Union Connectivity Review[7] and North of Tyne devolution deal[8]. Yet it is still to see a decision made to grant a DCO, despite the Secretary of State receiving the application on 5 October 2021. After numerous extensions, the deadline for a decision is now 5 September 2023.[9]

34. While we appreciate that significant effort is made by DfT and National Highways to undertake broad engagement and consider all relevant strategies, this example highlights the problems that emerge when gaps open up between political imperatives and the reality of actually delivering major schemes. The net result of this is a likely loss of confidence among businesses that their priorities are being heard and acted upon.

35. Similarly, we see a disconnect between environmental policy and road investment strategies, which has been cited as one of the key factors in delays to securing DCOs. While we are fully supportive of the drive towards net zero, it is short-sighted for key policy priorities in one area to be regularly derailed by those in another. It is clearly important for the environmental impacts of schemes to be minimised, yet the outcome of delays in granting DCOs is a prolonging of the congestion those schemes are intended to address.

Technological enhancements

36. Logistics UK has been supportive of the roll-out of Smart Motorways; provided there is sufficient evidence that it is safe to do so. Our assessment of the safety of smart motorways is dependent on the published statistical evidence. We believe they provide a more readily achievable alternative to road widening schemes.

37. Smart motorways have clearly played an important role in increasing capacity, with smart motorways being able to carry 1,600 additional vehicles an hour in each direction. Safety concerns need to be addressed to ensure their benefits are not lost.

38. We understand the concerns regarding the safety of smart motorways and the rationale behind the pause and stock-take. However, this pause is inevitably preventing Highways England from achieving the aims of RIS2 and is holding up the delivery of enhancements which would alleviate congestion.

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[6] Future of Freight (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1085917/future-of-freight-plan.pdf)

[7] Union Connectivity Review (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1036027/union-connectivity-review-final-report.pdf)

[8] North East Devolution Deal (https://www.gov.uk/government/publications/north-east-devolution-deal--2/north-east-devolution-deal)

[9] https://www.gov.uk/government/speeches/deadline-extended-for-the-a1-northumberland-morpeth-to-ellingham-dco-decision

39. Logistics UK welcomes the progress Highways England has made in addressing the actions raised in the stock-take action plan, including the roll-out of stopped vehicle technology (SVD) and an emphasis on improving its effectiveness.

40. To further improve safety, Logistics UK supports the need for:

    - The use of dynamic hard shoulders to be removed and replaced with all lane running.
    - A significant increase in public awareness and education on safe use of the smart motorway network as many drivers find the inconsistent road formats confusing.
    - Greater police presence across the whole of the SRN to enforce the correct use of smart motorways.

41. While Logistics UK supports the development of smart motorways as a means to achieving increased utilisation from existing infrastructure, we still urge the government to view these roads as only a temporary solution to the lack of capacity on the UK's roads.

42. New capacity and the improvement of existing infrastructure will still be needed to address pinch-points. Businesses rely on effective and efficient road networks to keep goods moving across the UK and our members want to see a nationwide programme of road infrastructure upgrades.

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