National Transport Strategy Delivery Plan (NTS2) Business Consultation

January 2022

About Logistics UK

Logistics UK is one of Britain's largest business groups and the only one providing a voice for the entirety of the UK's logistics sector. Our role, on behalf of over 19,000 members, is to enhance the safety, efficiency and sustainability of freight movement throughout the supply chain, across all transport modes. Logistics UK members operate over 200,000 goods vehicles - almost half the UK fleet - and some one million liveried vans. In addition, they consign over 90 per cent of the freight moved by rail and over 70 per cent of sea and air freight.

Response to consultation

Logistics UK is submitting this document in response to Transport Scotland's Business and Regulatory Impact Assessment (BRIA) Screening Report, which has been produced to accompany the NTS2 Delivery Plan

To support this submission attached are copies of,

- Logistics UK's latest Environmental Statement
- Logistics UK's response to Scottish Parliament Supply Chain Consultation
- Logistics UK's blue paper - "The route to Net Zero logistics"
- Logistics UK's Skills and Employment report 2021 (Business edit)

Within the response below you will see we have picked out the relevant sections where it is appropriate for Logistics UK to supply information on behalf of our members

4.1 Reduces Inequality

RI-5 "Minimise the connectivity and cost disadvantages faced by island communities……."

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 geographical peripherality becoming an economic challenge.

Scotland is a net exporter (unlike the UK as a whole) mainly due to its food and whisky exports to global markets.

Logistics UK has been working with Scottish Government and partners on various pieces of legislative and policy work that support Scotland's supply chain infrastructure, including (but not exclusively): National Transport Strategy (NTS); National Planning Framework; Strategic Transport Projects Review and of course Clean Air for Scotland Review

RI-7 Enhance the impact and accessibility of the Scottish Transport Statistics…

Logistics UK would welcome this, it is often difficult to break down national transport statistics to a "Scottish" level. We would be happy to support Transport Scotland with any future work in this area.

4.2 Takes Climate Action

There is much more detail on this area in the attached papers: "Route to Net Zero logistics" and Logistics UK's latest environmental statement. Brief overview outlined below.

We seek to ensure that our industry can continue to supply businesses and consumers with the goods they require every day whilst reducing any social impacts – including carbon dioxide emissions and air pollution. The logistics industry wishes to play a positive role in helping reduce emissions.

Our vision for the environment 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 negativities

It is imperative that decision makers consider each of these four aspects when deciding new policies or developing new technologies to improve the environmental performance of freight, as each is essential to delivering a sustainable logistics industry fit for the future.

The Scottish Government's ambitious target of net-zero emissions by 2045 provides a very clear end goal. The current challenge is to identify the necessary steps required to enable industry to achieve this as efficiently as possible. Although it might be fun to imagine a future where all our goods are delivered by drones or droids, we need a realistic system capable of delivering the 193 billion tonne kilometres of goods moved within the UK each year

CA-6 Promote efficient and sustainable freight transport, particularly the shift from road to rail

Modal shift

• Mode shift from road to rail and waterborne freight can deliver environmental benefits. Government should not dictate which mode is selected but should instead provide a policy framework that enables rail and water freight to offer an alternative to road so that each mode is able to play its optimal role in the supply chain.

• Government should continue to support its Mode Shift Grant programmes designed to encourage modal shift and achieve environmental benefits. Government should also re-introduce Freight Facilities Grants in England and Wales. These fund capital improvements enabling the replacement of equipment with greener alternatives, but currently operate only in Scotland.

Rail capacity

• Rail freight has the potential for strong growth but is constrained by lack of capacity. Government must continue to invest in the Strategic Freight Network, to relieve bottlenecks, increase paths and improve reliability, as well as continue progress with HS2, ensuring it releases capacity on the conventional network for rail freight.

Waterborne freight

• River and canal freight has the potential to bring goods to the heart of our cities in a sustainable, eco-friendly way. Urban planning policy should ensure that riverside water freight infrastructure is preserved and enabled for freight use, which can be challenging given the pressure for waterside residential developments.

Planning

• The planning system has been a cause of major frustration for the logistics sector across all modes, including the loss of infrastructure to housing development, the slow process for gaining approvals for new infrastructure and increasing pressure on freight operations in urban areas when housing is permitted near existing facilities. Logistics needs a planning system that supports green growth, with expansion permitted provided clear sustainability criteria are met.

• We also urge Government to account for and fully value logistics when considering housing and other development proposals, including provision for HGV parking, safeguarding existing facilities and supporting additional logistics infrastructure, such as dedicated spaces for deliveries and

CA-7 Decarbonise Scheduled flights

Aircraft and Shipping

• Technical emissions standards, as well as policies to support business in meeting these goals such as emissions trading schemes, for both planes and ships are set at the global level through UN agencies (ICAO and IMO). The UK Government should continue to engage constructively in these international bodies to ensure challenging but achievable targets are met. Logistics UK does not advocate the UK developing a unilateral aviation emissions trading scheme as this would distort markets in these global sectors.

CA-8 Decarbonisation of ferry services

Ninety per cent of goods coming into the UK arrive by sea and 15% of domestic freight is moved by water. A commercial water vessel can carry up to 1,500 tonnes of goods – 75 HGVs worth. Port connectivity is key when considering decarbonisation.

The International Maritime Organization (IMO) (the UN agency for maritime) has adopted mandatory measures to reduce emissions of greenhouse gases from international shipping, under IMO's pollution prevention treaty (MARPOL); these are the Energy Efficiency Design Index (EEDI) which is mandatory for new ships, and the Ship Energy Efficiency Management Plan (SEEMP).

With excellent maritime facilities nationwide, ensuring ports and wharves have good road and rail connections can support environmental goals and regional development. With more effective Government support to promote modal shift, and policy frameworks that protect and expand our inland waterway freight infrastructure, these water-based modes could grow even further and reduce pressure on our congested roads, working towards decarbonising the logistics sector.

CA-10 Support strategically co-ordinated investment in the charging network …

The Government must commit to ensuring public refuelling and chargepoint infrastructure can be rapidly developed, installed and is accessible for use by commercial vehicles, with the strategic road network a priority. There must be a clear plan set out by Government to ensure this is in place to allow a seamless transition to zero tailpipe emission technologies.

Energy infrastructure, including costs connected to supplying increased power to commercial fleet premises, is one of the biggest barriers to fleet decarbonisation at scale and Logistics UK has called for urgent action from Government to ensure the right power supply infrastructure is in place to provide sufficient power at depots and homes where commercial vehicles are stationed.

When setting procurement criteria for public charge point infrastructure, the tender requirements must ensure that all public charge point infrastructure, including in residential and rural tourist areas, is accessible for use by commercial vehicles, with access from the strategic road network a priority. For larger commercial vans to be able to use public charge points, power cables must be long enough, and the charge point space must be long, wide, and tall enough.

Additionally, logistics operators seek centralised billing systems for using public charge points that do not require burdensome administration and that provides payment and utilisation data in a standardised format, whichever CPO network or charge point is being used. The billing system must allow for vehicle identification and for mileage to be entered so that energy usage can be tracked.

This requirement should apply to all charge points regardless of which administrative authority they are managed by, to avoid commercial vehicle drivers travelling unnecessary miles to locate specific charge point networks.

Clear and unobstructed signage from main roads to charge points should be provided, to raise the profile of charge point locations and provide prospective electric vehicle drivers with confidence they can easily locate charge points from their planned route.

4.3 Helps Deliver Inclusive Economic Growth

EG-1 Review train services to better align capacity with demand……

Logistics UK sits on the Scotland Freight Joint Board run by Transport Scotland and Network Rail. There has been significant success in growing levels of freight being moved by rail during the pandemic. This was mainly due to the fact that reduced passenger services were running, which in turn opened up capacity for freight trains.

More detail below on this.

EG-2 – Resilience of rail network

To facilitate some modal shift away from road, investment is required in the Scottish rail infrastructure. Improving gauge clearance, capacity, and the environment with electrification of the network. Logistics UK support Network Rail's Industry Growth plan for Rail Freight in Scotland. Primarily the objective is to grow rail freight by 7.5% between April 2019 and March 2024. The strategy focusses on 4 actions and recent commodity studies indicated that the growth will come from 3 main areas: Internodal (food, drink, chilled and frozen); Forest Products; and Aggregates

Logistics UK are working closely with the Scottish freight joint board group (SFJB) to support the work that they do with Transport Scotland to monitor progress against this growth strategy. Everyone on this group recognises the importance of road and rail freight working together to come up with workable solutions

Rail freight has the potential for strong growth but is constrained by lack of capacity There has been some progress during the Covid pandemic in Scotland, with freight trains being able to take advantage of the quieter network as passenger trains reduced in number. This clearly demonstrates that if capacity is available on the network there is a demand for freight trains to run, under the correct conditions.

We are working with the new Great British Railways organisation to ensure that the new structure allows more freight to be moved by rail. Scotland has led the way here, with freight growth targets now adopted for the whole UK.

EG-3 Improve resilience of road network

There are key routes within Scotland's network that need continuous 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.

Logistics UK continues to feed into the Strategic transport projects review (STPR) which feeds into the NTS. Whilst supporting Scotland's ambitions to reach Net Zero by 2045, it is important to recognise the importance of maintaining and improving Scotland's trunk road network, to ensure connectivity with the rest of the UK and beyond.

It should be recognised that nearly 90% of Scotland's freight is moved by road. This fundamental picture is not going to change drastically in the future even if we make a further success of rail and water freight. Therefore, it is vital to the Scottish economy that the road infrastructure continues to be invested in, to keep pace after the years of under-investment since 2008 (as per Transport Scotland's "road asset management plan")

Another important dimension not to overlook 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.

Finally, the lack of safe and secure parking across the Trunk Road Network, has been highlighted as a major barrier to attracting a younger and more diverse workforce to our industry. We would therefore ask that this issue is considered whenever Scottish Government is assessing any major road infrastructure projects across the country.

EG-8 Identify opportunities to ensure gateways to and from international markets are resilient….

Air/Sea:

In Scotland, private ports predominate and, as well as being nodes for transfer of goods from land to water, they support a large range of related industries and functions, ranging from full scale manufacturing and processing to storage and consolidation of cargo in transit.

Most international freight arrives or leaves the UK by sea and the Scottish share of UK port traffic was just over 14% at 71.4 million tonnes (in 2014). The three major ports (Clydeport, Forth Ports and Aberdeen) carry the bulk of all Scottish throughput.

A huge proportion of the goods leaving Scotland for non- UK destinations are moved by ships and planes which leave from England.

The most significant airport for the Scottish supply chain is Heathrow, and the most significant ports are the English southern ports (Felixstowe, London Gateway, Southampton, and Dover).

It is important that the Government and MSPs understand this relationship and the trend in international shipping and aviation to hub out of key central locations in northern Europe.

With Scotland too far north to be a main port of call, it is therefore reliant on quality road and rail links to these hubs. Improving Scotland's aviation and shipping supply chain is not exclusively about airports and ports in Scotland

EG-11 Meet the changing employment and skills demands of the transport industry and upskill workers

There is much more detail on this within the attached paper – Skills and Employment Report 2021. I have attached the business edit, if a copy of the full report is required please get in touch.

As a brief summary:

The economic shock of the COVID-19 pandemic coupled with the impact of Brexit on the availability of EU drivers have drastically altered the logistics workforce in the UK.

What was a chronic shortage of HGV drivers became acute. The number of drivers in employment fell 72,000 to 236,000 during from Q2 2019 to Q2 2021, making the workforce 23.4% smaller than it was at the outset of the pandemic. More than a third of EU HGV drivers have left the industry since Q2 2019.

Over the same period demand for logistics has soared. Some 28% of all retail sales now take place online, up from 20% in February 2020, according to the ONS. Without further progress on training, visas rules and HGV facilities, the details of which we outline below, shortages will exacerbate existing disruption to supply chains, contribute to inflation rising beyond the Bank of England's 2% target and hamper the UK's development as a modern, digital economy. Over the short term, it may be that consumers notice reduced ranges at online retailers and longer delivery times this Christmas.

Though the HGV driver shortage is most severe, there have been substantial decreases in the availability of staff for many Level 2 qualified roles, from fitters, mechanics and technicians to forklift drivers and warehouse staff. Level 2 roles make up more than 67% of the UK logistics sector, against a national average of 40%, and can only be replaced by either training or immigration.

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