TRANSPORT FOR THE NORTH

Scrutiny Committee

Subject:	TfN's Freight Strategy – Update on Activity
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Sponsor:	Tim Foster, Director of Strategy and Programmes
Meeting Date:	Thursday 4 March 2021

1. Purpose of the Report:

1.1 This report presents an update on the progress towards developing a TfN Freight Strategy. The report is for update, to generate discussion and information.

2. Executive Summary:

2.1 This report presents a summary of the work done to date and a forward look of activity to develop a Freight Strategy for TfN. The TfN Freight Strategy is being developed within TfN supported by Atkins and will cover road, rail, warehousing and port activity. The draft strategy will clearly articulate the key investments in road and rail required to support a strong and growing freight and logistics sector in the North.

2.2 The key issues are very similar to those that were highlighted in the Enhanced Freight and Logistics Analysis report that TfN published as part of the evidence base to support the development of the Strategic Transport Plan. They are around a lack of opportunity to move freight on the railway over the Pennines, an overall lack of capacity on the North/South routes and a lack of certainty on future policy direction of fuel supply and use. Where over 90% of freight in the North is moved by road, the challenge to decarbonise the fleet of vehicles that do the movements is great as is ensuring that the road network is free flowing and resilient to challenges such as congestion and incidents.

2.3 The work on the draft strategy is now close to completion and will be presented to the TfN Board in March for final approval. The intention is to undertake a consultation in 2021/22 before the strategy is formally adopted.

3. Consideration:

3.1 Freight was considered as a holistic part of the Strategic Transport Plan. It was informed by evidence from industry and the TfN 'Enhanced Freight and Logistics Analysis'. Following progress made on developing the business case for Northern Powerhouse Rail, work on the Strategic Development Corridors and the TfN Investment Programme, the next step is to produce a Freight Strategy that will enable Board to agree strategic freight priorities for TfN and then be clear with industry and partners on how to take freight projects and programmes forward.

3.2 In April 2019, the National Infrastructure Commission published evidence drawn together by Vivid Economics on the Value of Freight. They reported that 'the cost of the UK freight system is equivalent to around 4% of GDP. We estimate that the UK spends up to £80 billion per year on road freight, rail freight and warehousing. Of this, road freight accounts for around £38 billion; rail freight for around £1 billion; and warehousing for £20-38 billion. Labour costs make up around one third of road freight and warehousing costs.'

3.3 The freight and logistics sector is therefore a considerable section of the UK economy, and was identified as a key enabling capability in the Northern Powerhouse Independent Economic Review. The sector represents a huge opportunity for the North given that over 33% of goods enter through the Northern ports and 25% of GB freight starts in the North and the same proportion of journeys end in the North.

4 Development of the TfN Freight Strategy

4.1 The TfN Freight Strategy is being developed within TfN supported by Atkins and will cover road, rail, warehousing and port activity. The draft strategy will clearly articulate the key investments in road and rail required to support a strong and growing freight and logistics sector in the North. In summary, the strategy will be broadly made up of 3 sections:

- Existing freight market and policies (includes policy and literature review);
- TfN freight aspirations (includes unconstrained demand and long list of required interventions); and
- Potential intervention list and business case pipeline (initiatives/interventions to be modelled, results of modelling and shortlisting of interventions for the pipeline).

4.2 The strategy takes a multimodal approach and considers capacity constraints on the networks by using demand information generated by the modelling and analysis tools developed at TfN. In terms of road and rail there will be consideration of the importance of well-connected terminals that feed the main warehousing clusters of Warrington in the North West and Wakefield and Doncaster in the East.

4.3 The key objective of the strategy is to identify which interventions included in the TfN Investment Programme and Economic Recovery Plan that would strengthen the sector and the North's economy by being accelerated and will set out the key road and rail priorities for TfN to take forward with partners, the industry and delivery bodies.

4.4 The work is also closely aligned to TfN's decarbonisation work, as well as wider industry plans for decarbonisation. Gauge clearance and electrification of key rail routes can play a significant role in modal shift of road freight-based containers onto the railway making a positive contribution to decarbonisation of freight by over 76% reduction in emissions from current HGV fuels. Each freight train we currently have on the network contains a mix of both 20- and 40-foot containers. The average number of containers is about 50 per train. If you run 1 train per hour over the Pennines, you could save over 10,000 lorry journeys a week. That's the equivalent number of lorries that leave the Port of Immingham per day. It's also the same number as the Port of Dover handles. Contrasting the media reporting of both ports suggests the North has a much more free flowing more easily accessible network.

4.5 By 2050 it is anticipated that all HGVs will be either hydrogen fuelled or EVs. At the last Partnership Board, it was also highlighted that future autonomous vehicles may be less distance and time sensitive – therefore using existing road infrastructure better. The freight strategy will need to consider this future scenario as it may be 'green' road freight and 'green autonomous' road freight will be the most important future consideration. Green vehicles still produce pollution damaging to health, noise and congestion including emitting what is known as embodied carbon – particulates released from the tyres and road surface and other vehicle parts from use. This also need consideration within the strategy to give a balanced discussion.

4.6 Emerging themes from the literature reviewed to date are consistent across the 30+ papers that have been reviewed. All analyse the recent trends that despite the decline of coal traffic, there has been strong growth in intermodal and construction traffic over the last two decades. This trend continues in the consistent and strong future demand growth forecast across documents from TfN, Network Rail and Transport for Greater Manchester who have all recently published freight forecasts.

4.7 There is strong policy support for rail freight as contributing towards decarbonisation and reducing road-based congestion if more freight was moved by rail. There is also mention that enhanced rail freight activity makes a healthy contribution towards economic efficiency from the Department for Transport, Network Rail and the Rail Freight Group among others. Some benefits would be more pronounced with further electrification. The current electrified network too limited for further electrification of freight services as there would need to be significant industry investment in electric or bi-mode (diesel and electric) engines. There is no suggestion from literature that the market is inefficient.

4.8 Most of the reviewed reports concentrate on capacity congestion points and network restrictions over and above lack of electrification for freight on the railway. The evidence of capacity constraints is largely anecdotal, but it is reinforced by slower than historic journey times that make rail less competitive. The analysis that will be included in the strategy to support this will be calculations based on where trains have to be held for passengers to pass or where there is time waited to use the allocated path on the network. This will show how suppressed the market really is.

4.9 The common rail themes for the north include:

- The lack of quality TransPennine freight paths with sufficient gauge clearance which will allow the largest containers to use the network. The impact of this is the lack of penetration of northern ports (Liverpool, Humber, Tyne, Tees etc). The gauge cleared TransPennine route Diggle is seen as a means to take freight traffic off the M62. This is a key theme from the latest TfN, Transport for Greater Manchester and Network Rail papers.
- Changes to road freight activity likely to be brought about by the UK exiting the European Union, changes to the way drivers from the EU can drive in the UK, pinch points and decarbonisation.
- Availability and quality of paths for accessing Trafford Park and other inter-modal termini. There is an apparent requirement for more options for additional rail linked terminal capacity on top of Trafford Park with the example of iPort Doncaster being right back up to capacity of 6 trains per day.
- Key locations on the west coast and east coast main lines such as Winwick and Doncaster require investment to support additional freight activity.
- Rail freight ambitions, excluding decarbonisation, are significantly less ambitious than for passenger network. There is a high potential for additional rail freight capacity taken in smaller steps as other improvements and enhancements are developed and delivered.

4.10 The common road themes for the North include:

- The strength of the north relies on its potential to increase multi-modality with prospect of a shift from road to rail being one of the priorities in the agenda.
- The North’s eleven ports can play an equally important role in the intermodal domain, and expand their market share dependent on the accessibility constraints both on the road and rail sphere being resolved.
- Impact of Brexit on southern port might open an opportunity to increase the activity on Northern ports, which may result in additional pressure in the road network.
- Congestion and reliability are the main issues experienced by road freight in the Northern road network, particularly in the East-West connection due to limited capacity of the current infrastructure.
- The freight market in the North is heavily dominated by road with 87% of the tonne kilometres transported.

- Freight market in the North is expected to grow by over 30% until 2050 across all modes.
- There are very few road enhancement schemes with a primary objective of supporting freight – the business case for most road enhancements is driven by time savings of individuals. This is unlike some rail enhancements which can in some cases can be almost exclusively driven by the needs of freight.

5. Next Steps

5.1 We will agree the draft strategy with TfN Board in March 2021. The work to date has been a comprehensive trawl through existing literature to ensure the recommendations we make will be recognisable to industry and partners. Any previous recommendations or policy positions from organisations such as Network Rail or Department for Transport are being checked to see if they have either been delivered or are still a priority.

5.2 The work on the freight strategy is being overseen by the Strategic Oversight Group comprised of TfN officers and partner officers. Additionally, consultation and engagement will be planned, where possible and appropriate, with LEPs, TfN's Major Roads Group, Officer Reference Group and the Freight and Logistics Working Group. From the private sector we will contact Ports, Freight Operating Companies, Logistics UK, Road Haulage Association, Rail Freight Group and other businesses who have a keen interest in our work. We will also make use of other networks through the Department for Transport, Network Rail and Highways England where possible.

5.3 Following the agreement of the draft Strategy, we envisage that a brief period of consultation will be required in the summer of 2021 before the strategy is formally adopted.

5.4 Following the approval process, the intention is to further develop the priority areas and secure investment through industry processes. This will provide certainty to partners and industry on TfN's position on freight and logistics investment in the North's transport network.

6. Conclusion:

6.1 Delivery of a Freight Strategy is an important step in TfN's development. It will demonstrate how TfN understands the needs of the freight and logistics sector and supports making the case for investment in the transport network over and above the needs of the passenger.

7. Recommendation:

7.1 It is recommended that the Committee note progress and timescales outlined in this report. A further update on progress will be presented at the meeting on the 4 March.

List of Background Documents:

There are no background papers to this report.

Required Considerations

Equalities:

Age	No
Disability	No
Gender Reassignment	No
Pregnancy and Maternity	No
Race	No
Religion or Belief	No
Sex	No
Sexual Orientation	No

Consideration	Comment	Responsible Officer	Director
Equalities	A full impact assessment has not been carried out at the current time because the strategy is not at an advanced enough stage of development.	Lucy Hudson	Tim Foster

Environment and Sustainability

	No

Consideration	Comment	Responsible Officer	Director
Sustainability / Environment – including considerations regarding Active Travel and Wellbeing	A full impact assessment has not been carried out at the current time because the strategy is not at an advanced enough stage of development.	Lucy Hudson	Tim Foster

Legal

	No

Consideration	Comment	Responsible Officer	Director
Legal	Work on the Freight Strategy follows from the Strategic Transport Plan, which is a key function of TfN within the Sub-national Transport Body (Transport for the North) Regulations 2018.	Deborah Dimock	Julie Openshaw

Finance

	No

Consideration	Comment	Responsible Officer	Director
Finance	TfN Finance Team has confirmed there are no financial implications at this current time.	Paul Kelly	Iain Craven

Resource

	No

Consideration	Comment	Responsible Officer	Director
Resource	TfN HR Team has confirmed there are no resource implications at this current time.	Stephen Hipwell	Dawn Madin

Risk

	No

Consideration	Comment	Responsible Officer	Director

Risk	A risk assessment is not required for this report.	Haddy Njie	Iain Craven

Consultation

	No

Consideration	Comment	Responsible Officer	Director
Consultation	A public consultation has not been carried because the report does not propose any new strategy or service provision at this current time. Planned consultation will commence at an appropriate time.	Deborah Dimock	Julie Openshaw