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<b>Meeting:</b>	Transport for the North Chief Executive Consultation Call (Board)
<b>Subject:</b>	Freight Strategy
<b>Author:</b>	Lucy Hudson, Principal Policy Officer Freight and Logistics
<b>Sponsor:</b>	Tim Foster, Strategy and Programme Director
<b>Meeting Date:</b>	Tuesday , 27 July 2021

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**1. Purpose of the Report:**

- 1.1 To provide members with the draft TfN Freight and Logistics Strategy and next steps, as well as seeking agreement to move to the consultation stage.

**2. Recommendations:**

- 2.1 It is recommended that the Board agree to move to external consultation stage.

**3. Main Issues:**

- 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 a Logistics Strategy that will enable Board to agree strategic freight priorities for TfN and then be clear with industry and partners on how to take specific 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.

### **Development of the TfN Freight and Logistics Strategy**

- 3.4 The TfN Freight and Logistics Strategy has been developed within TfN supported by Atkins and covers road, rail, warehousing, inland waterway and port activity. The draft strategy will clearly articulate the key investments required and how TfN can play its role in supporting a strong and growing freight and logistics sector in the North. In summary, the strategy consists of the following sections:
- Our networks;
  - Our objectives;
  - Road and Rail considerations;
  - Future role of TfN analysis; and
  - Delivery of the Strategy and Recommendations.
- 3.5 There is the opportunity to re-shape the economy of the North to be more productive, efficient, and sustainable while at the same time improving the environment, health and wellbeing of the people living and working in the North. Delivering an efficient multi-modal freight network, that is integrated across all modes, is key to delivering against this and meeting the needs of industry, the economy, other transport users and the environment.
- 3.6 In planning such a network it is clear that interventions on the rail network cannot be considered in isolation of the highway network or vice versa. Rail freight is often dependent on road for distribution from rail heads, while removing freight from the strategic road network has widespread benefits for all users.
- 3.7 Building on studies and analysis undertaken by ourselves and bodies such as DfT, Network Rail, and Highways England, the aim of the Strategy is to undertake an overarching analysis of freight requirements across road, rail, port and inland waterways in the TfN area, identify key constraints or challenges on the existing networks, and provide a list of possible areas of work including developing business cases for interventions and policy solutions that will best support economic growth and decarbonisation. The strategy also sets out the key objectives for consideration within the context of TfN's role and articulates our policy positions in terms of Freight and Logistics.
- 3.8 The three main issues for road and rail are similar: network capacity and capability, terminal availability, and decarbonisation. However, they require different policy and investment responses.
- 3.9 The strategy takes a multimodal approach and considers capacity and capability 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 is consideration of the importance of well-connected terminals, particularly those that feed the main warehousing clusters of, for example Warrington in the North West and Wakefield and Doncaster in the East.

- 3.10 The key driver of the Freight and Logistics Strategy is to accelerate our Investment Programme interventions that would best support the strengthening of the North's economy and accelerate the move to zero carbon in line with the draft TfN Decarbonisation Strategy .
- 3.11 Additionally, it identifies the freight and logistics objectives TfN needs to deliver the strategy effectively which will inform the review and revision of the Strategic Transport Plan and Investment Programme published in 2019.
- 3.12 Set in the context of the Northern Transport Charter ambitions of Championing and Inclusive and Sustainable North, securing a Long-term Northern Funding Settlement, putting the North's rail passengers first and leading Strategic Transport delivery, this first TfN Freight and Logistics Strategy will move the debate forward on supporting the ambitions that will enhance the North's economic strength and ambition.
- 3.13 The work is also closely aligned to TfN's decarbonisation agenda, as well as wider industry plans for the adoption of zero carbon. 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. Running one train per hour over the Pennines 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 freely flowing and easily accessible network.
- 3.14 By 2050 it is anticipated that all HGVs will be either hydrogen fuelled or Electric Vehicles. As we have previously highlighted to the Board, future autonomous vehicles may be less distance and time sensitive – therefore utilising existing road infrastructure more efficiently. The freight strategy considers 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 needs consideration within the strategy to give a balanced discussion.

- 3.15 Emerging themes from the evidence review show a high degree of consistency. All the analyse confirms 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.
- 3.16 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.
- 3.17 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 is included in the strategy to support this is based on calculations where trains have to be held for passengers to pass or where there is time where freight trains have to wait to use the allocated path on the network. This shows how suppressed the market really is at key locations but also where the existing capacity will actually support expected growth in the market.
- 3.18 The key recommendations within the Transport for the North Freight and Logistics Strategy are as follows:
1. Continue working on proposed TfN highways schemes and programmes as previously published in the TfN Investment Programme and subsequent studies ensuring the freight dimension is advocated strongly within the Strategic Case. This includes partner led schemes – adding support where required;
  2. To develop policy support levers for the development of new freight warehouse location clusters in the North - particularly (1) where supported by more detailed forecasting of the warehousing market across all modes, (2) where such terminals are rail connected and (3) where such terminals are not on the same rail line as Trafford Park or existing rail terminals to increase the opportunity for modal shift from road haulage to rail;
  3. To ensure High Speed 2 Phase 2b and Northern Powerhouse Rail supports the existing freight traffic and releases capacity and

capability for existing freight and freight growth. This should focus on those route sections where capacity is likely to be constrained which includes the West Coast Mainline north of Golborne, Midland Mainline through Sheffield area, East Coast mainline 2 track section via Durham and the routes across Manchester. Additionally, it should include areas of opportunity. This may require the development of alternative freight priority routes which would need to be examined closely once the Northern Powerhouse Rail routes are agreed to ensure existing rights remain unaffected;

4. Detailed consultation to understand the demand forecasts within the business case for the Trans Pennine Route Upgrade option which includes freight gauge enhancement and that the network capacity for the forecast extra traffic is reserved;
5. Development of a more detailed programme with Network Rail for decarbonisation of rail freight and electrification investment. This work should establish the timings required for investment in electrification to meet the Paris Agreement especially if freight is diverted onto alternative lines so that the level of programme urgency is known;
6. Develop plans for recommended locations for rail connected warehousing working alongside partners and their emerging timescales for Local Plans with particular recognition of any changes to the planning regime soon to be implemented;
7. Remain actively engaged in using and analysing emerging evidence of the effects of Brexit, Covid 19 and other recent economic shocks. Understand and communicate how this affects the movements of freight on an East-West and North-South basis, how demand for and access to ports changes and potential change in uses of freight terminals including distribution centres. This should then be utilised in business case development and the refreshed TfN Strategic Transport Plan; and
8. Develop a suite of policy related interventions relating to air quality, impacts of urban delivery on consolidation/distribution centre locations, detailed understanding of road freight movements including vans, heavy and light good vehicles and Smart Motorways and future uses of infrastructure.

### **Next Steps**

- 3.19 The work on the freight strategy is being overseen by the Strategic Oversight Group comprised of TfN officers and partner officers. The Freight and Logistics Working Group have received the draft Strategy for comment and have shared additional case studies and localised detail for inclusion. There was strong feedback that there needed to be more focus on Decarbonisation and the objectives and recommendations needed to be viewed through the 'zero carbon lens'.

We have amended the draft strategy in light of this strong feedback and held some discussions on a one to one basis where requested.

- 3.20 Following the agreement of the draft Strategy, we envisage that a brief period of public consultation will be required in the autumn of 2021 before the strategy is formally adopted by the Board. We will engage directly with Ports, Freight Operating Companies, Logistics UK, Road Haulage Association, Rail Freight Group, Local Enterprise Partnerships, representative businesses organisations and individual businesses where appropriate. We will also make use of other networks through the Department for Transport, Network Rail and Highways England where possible.
- 3.21 Given the importance of rail to the Strategy there is a clear interdependency with the Integrated Rail Plan. TfN has delayed finalising the strategy with the Board in the expectation of the IRP being published this summer. We now recommend moving to consultation in the autumn, irrespective of whether the IRP has been published, with the recommendations offering sufficient flexibility to respond to the IRP. The strategy sets out TfN's strategic role in securing investment, ensuring enough flexibility to respond to Government policy and advice changes in the future.
- 3.22 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. This activity is factored into TfN's business plan.

### **Conclusion**

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

## **4. Corporate Considerations:**

### ***Financial and Resource Implications***

- 4.1 TfN Finance Team has confirmed there are no financial implications at this current time.

TfN HR Team has confirmed there are no resource implications at this current time.

### ***Legal Implications***

- 4.2 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.

***Risk Management and Key Issues***

4.3 A risk assessment is not required for this report.

***Environmental Implications***

4.4 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.

***Equality and Diversity***

4.5 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.

***Consultations***

4.6 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.

**5. Background Papers**

5.1 There are no background papers to this report.

**6. Appendices**

6.1 The Freight Strategy is included as an appendix.

**Glossary of terms, abbreviations and acronyms used (*if applicable*)**

a) TfN	Transport for the North
b) GDP	Gross Domestic Product
c) DfT	Department for Transport
d) IRP	Integrated Rail Plan

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