Introduction

The Chartered Institute of Logistics and Transport is dedicated to shaping change in all aspects of logistics, supply chain and transport. CILT plays a vital role in the development of policy and guidance, producing regular submissions to UK, Scottish and Welsh governments, European Commission and other bodies as well as publishing reports and consultation responses which review and respond to recent policy proposals.

The Institute has no political affiliations and does not support any particular vested interests. Our principal concerns are that transport and logistics policies and procedures should be effective and efficient; based on objective analysis of the issues and practical experience and that good practice should be widely disseminated and adopted. To meet these aims, a great deal of work is undertaken by our network of Forums and policy working groups. CILT public policy is solely lead and developed by our members. Member input into policy reports and consultation responses ensures that CILT reflects the current concerns of the supply chain, logistics and transport professions.

UK Freight Planning to 2035

The CILT recently published a strategic policy document “UK Freight Planning to 2035”, which is available from the following link.
http://ciltuk.org.uk/Portals/0/Documents/News/cilt_freight2035.pdf

This work, undertaken at the UK level, makes the case that the importance of the UK’s freight infrastructure is of such magnitude that it requires strategic national direction. The report highlights a number of specific trends that are now influencing UK freight and logistics movements, as follows:

- Logistics centralisation, which drove increased tonne-km until around 2000 in line with the economy, followed by a decoupling of the relationship;
- Globalisation, which has driven massive growth in port traffic and specifically in container freight;
- Rail freight growth, which has been driven mostly by the need to move containers from the ports to central distribution points;
- Portcentric distribution, which has started to gain a foothold in the north-east and north-west England with large port-related distribution parks;
- Outsourcing of logistics services, where goods owners have handed operational execution to a range of service providers for transport and warehousing;
- Growth in internet fulfilment for consumer demand
The findings of the report, in the context of a UK-wide vision for freight and logistics provide a useful context for the response to the consultation questions, and is provided as an appendix to this response.

**Responses to Consultation Questions**

1. **Can you identify the main infrastructure and policy obstacles to the free flow of freight in Scotland, whether carried by rail, road, air or sea?**

   Rail freight wholly within Scotland is typically dominated by bulk flows of coal and daily flows of multi-modal containerised freight (including supermarket freight). There is a lack of seamless connections for Scottish multi-modal traffic onto rail freight services between the central belt and rest of UK. Availability of appropriate rolling stock, container types, gauge clearance, route capacity and the extent of electrification across the Scottish network are key issues. Overall, the relative cost and complexity of arranging rail freight limits the opportunities to specific long term freight flows, due to requirements to find flows suitable origins and destinations, commodity characteristics, and handling requirements that suit this mode.

   One constraint frequently highlighted are issues raised by rail freight terminals being tied to particular rail freight operators, and not providing truly “open access”. In an environment where there is a relatively slim network of rail freight services operating, this can be an issue for the development of new services. Funding for innovative services, and funding to source rolling stock (such as lo-loader skeletal wagons to enable full height shipping containers to be used) can also assist.

   Specific suggestions related to potential rail freight improvements are included at the end of this submission.

   Issues related to road haulage include safe and suitable rest, refreshment and parking areas, and overnight facilities. In parts of Scotland, driver recruitment is an issue. For some haulage companies, finding appropriately located haulage bases in competitive locations can be an obstacle. Planning and transport authorities may be able to encourage development of “freight / distribution hubs” to enable development of critical mass of facilities, services, and freight volumes.

   Air freight is frequently carried by road haulage overnight to key air freight hubs in England. To change this requires developing sufficient critical mass of capacity and freight volumes, in order to make Scottish air freight hubs and facilities viable.

   Within Scotland, the main sea freight flows are considered to be flows related to energy sector, bulk timber, fuels, and other short haul bulk (agricultural products). There is considered to be largely sufficient port capacity to accommodate this traffic, although port handing facilities, and efficient land side port access can be an issue. The future availability of mid-sized coaster vessels has been raised as a future threat to the viability of some of these services.
2. How can Scotland's rail, road, air and sea freight routes to the rest of the UK, to Europe and worldwide be improved?

The key trends highlighted in the UK Freight Planning to 2035 report highlight the significance of high volume sustainable linkages between key UK gateway ports (Felixstowe, Southampton, London Gateway etc), centralised UK distribution hubs (in and around Daventry area for example) and distribution hubs in the Central Belt of Scotland.

The central belt of Scotland provides an important distribution hub for Scottish freight flows. A strategic focus on improving interchange within modes, and between modes, on the key routes (M74, West Coast Mainline, East Coast Mainline, Grangemouth) is essential. Rail freight services between Central belt to gateway ports, and to Europe via Channel Tunnel are important for import / export flows, and ensuring appropriate terminal access, capacity, and handling capability are essential for these flows.

Other elements include:
- Road - A1 improvements, with the need to provide completed dual linkage to recently improved / or planned improvements in England.
- Rail – recent work has indicate that the main constraints are on infrastructure in England on the West Coast Main Line, due to a mix of train speeds, high gradients, and availability of rolling stock. There is the potential for future constraint on freight paths on the WCML due to the introduction of High Speed Rail services.
- Air – Mainly by road to English freight hub airports, reflecting the commercial offer provided at major UK hub airports, although some specialist freight via Prestwick.

3. How can the Scottish Government structure its freight grant schemes to support the switch of freight to more sustainable modes of transport?

Continued commitment to the Freight Facilities Grant is important. Along with Mode Shift Revenue Support Grant, these have the potential to support the transfer of certain flows to rail freight. However, the level of grant afforded to specific flows is available only for specific flows between origin and destination pairs (ie for North East Scotland, grant only available to other parts of Scotland or northern Wales). These trip patterns do not appear to represent the most likely potential for multi-modal traffic growth, and thus the grant becomes largely irrelevant, and reportedly under-utilised. Similarly, opportunities via the Freight Facilities Grant are not necessarily well utilised due to the design of the schemes.

Potentially, the range of freight grants should be more focused on reducing carbon, and supporting innovation, than on developing proven flows by particular types of transport.
A flexible and effective way to deliver beneficial change would be an investment programme in Freight Partnerships including national partnerships on things like freight facilities (i.e. a recasting of FFG to make it more useful). The investment programme should be designed to facilitate partnerships. We need government to work more closely with partners sharing responsibility and risk where that is the best way to deliver change.

4. Are there any European Union initiatives which could provide further opportunities for Scottish freight transport?

A strategic focus on the development of the European TEN-T multi modal corridor approach would be supported. Other European initiatives, which promote cross regional support and co-operation have been utilised successfully within Scotland to further understand freight issues, and enable pilot projects to be progressed, by local authorities and regional transport partnerships. Some of these projects have potentially national impacts and benefits, and engagement and support from Transport Scotland may be appropriate in some instances.

5. How can the freight industry make a contribution to greenhouse gas emissions reduction?

Building on previous strategies such as “freight best practice Scotland”, initiatives will include:

a) Continuing to promote efficient supply chains, maximising load efficiency, promoting the most appropriate mode;

b) Safe and Fuel Efficient Driving (SAFED) promotion;

c) Fuel monitoring and benchmarking;

d) Vehicle maintenance and operation (speeds, tyre pressures, avoiding congestion); and

e) Lorry and Trailer design, including engine technology.

Rail electrification, utilising electric freight traction, will make some impact on reducing the emissions associated with rail freight. Specific links include electrification from Dunblane – Perth – Aberdeen, and Dundee – Dalmeny.

There are opportunities for government can be smarter in the way is spends its money to help partner with leading practice (e.g. through mechanisms like FFG) to ensure that the incentives can be designed to help the industry do better.

6. Which policy changes, or infrastructure improvements, are required to increase the flow of goods through Scotland’s major sea ports?

The flow of goods moving through Scotland’s major sea ports are influenced by a range of factors, most importantly the relative position of the port with respect to national and international freight flows, and the capacity of the port’s hinterland to accumulate and receive sufficient volume of specific commodities to make shipping
services viable. Thereafter, the suitability of the port most be considered in terms of maximum vessel size, berth capacity, handling capabilities, and transport network connections to its hinterland including rail freight. The growing dominance of European and English deep water container ports most likely limits opportunities for significant expansions, however, feeder services may be viable.

Otherwise, growth in port traffic may be focused on specific commodities / industries, such as offshore oil and gas supplies, offshore renewables, timber, and agricultural products, and other bulk supplies.

Response compiled by Paul Finch, on behalf of CILT Scotland Policy Group
January 2015
Appendix
Key Findings from CILT’s UK Freight Planning to 2035 Document

“There seem to be two immutable facts on which a new vision for freight and logistics must be based:

• Dramatically increased private and Government investment in our major road and rail infrastructure will be needed as well as in ports, interchanges and warehouses, with an acceptance of the Government’s role in providing central infrastructure where it is not possible privately

• Supply chain structures and networks will need to change fundamentally if the economic and carbon goals are to be met, and this will involve leveraging new technologies and new locations alongside existing modes

CILT proposes the following measures as an integrated set of actions to drive new behaviours and practices and to attract new investment.

• First, replacement of VED and fuel tax for all Good Vehicles with a lorry-user charging system based on road occupancy. This would be a way to develop congestion management and encourage the desired supply chain redesign, as well as taking the externalities of freight transport into account; it would also create a level playing field between UK-registered and foreign trucks since the charging would apply to them as well. In the context of the RAC Foundation’s findings that fuel duty revenues will fall, the case for road-user charging for all traffic is an inevitability that will need to be addressed. This change should be linked to regulation on telemetry to create an industry-wide system to upgrade performance of the national fleet.

• Second, planning for urban hubs should be made a priority under the national guidelines and local authorities given powers to contract for these sites and mandate their use for categories of business in their areas. This would provide necessary consolidation and relieve congestion in our cities and major towns. It would also provide operating points for short-range low carbon vehicles and this model can be funded through private investment. This measure would again serve to transform supply chains, reduce empty running, lower carbon and ease congestion.

• Third, all major distribution parks should be planned with a presumption of rail connection and suitable sites identified nationally and facilitated with local authorities. This measure can be designed to bring down the high UK cost of development and make a more effective market where national need is balanced clearly with local interests. The national network should not be compromised by local concerns and that will require clear thresholds against a national vision for freight.

• Fourth, the national freight and logistics network should be planned based on integrated evidence and modelling that includes regulation of type and use and that provides a basis for informed discussion and policy development. Planning for infrastructure considered to be of UK national importance should take precedence over local agendas. The devolved governments should be engaged in the UK planning process to ensure that regional and national policy developments are synergistically aligned. Our island is so congested and commercial inertia so great that it is unlikely that market-driven solutions will emerge without some direct policy encouragement. This is not about subsidies;
it is about increased certainty and confidence so that institutions can get investment grade returns. Also, this should not be taken to imply that we propose any reduction in competition between and within preferred directions.