



Department
for Transport

Freight Council Fourth Meeting

13:00 to 15:00, Monday 01 March 2022

Venue: Virtual via Microsoft Teams

Attendees

Ministerial attendance

- Hon. Trudy Harrison – Parliamentary Under Secretary of State for Transport (Chair)

Member attendance

- David Wells, CEO, Logistics UK
- Shane Brennan, CEO, Cold Chain Federation
- Kevin Richardson, CEO, Chartered Institute of Logistics and Transport UK
- Chris Seaton on behalf of Clare Bottle, CEO, UK Warehousing Association
- Tim Morris, CEO, UK Major Ports Group
- Christopher Snelling on behalf of Karen Dee, CEO, Airport Operators Association
- Ben Hodgson on behalf of Amanda Francis, CEO, Association of International Courier and Express Services
- Robert Griggs on behalf of Tim Alderslade, CEO, Airlines UK
- Robert Windsor, CEO, British International Freight Association
- Richard Ballantyne, CEO, British Ports Association
- Jonathan Chatfield on behalf of Jacqueline Starr, CEO, Rail Delivery Group
- Maggie Simpson, Director General, Rail Freight Group
- Gavin Simmonds on behalf of Sarah Treseder, CEO, UK Chamber of Shipping

Department for Transport senior official attendance

- Petra Wilkinson, Director, Maritime
- Haroona Chughtai, Co-Director, Motoring and Freight
- Dan Moore, Director, International Rail

Other government departments (OGDs) attendance

- Cabinet Office
- Department for Levelling Up, Housing and Communities
- Department for Work and Pensions

Actions

- 1) Freight Council members to submit written responses on the first draft Future of Freight to the Future of Freight (FoF) team containing evidence and feedback requested.
- 2) Logistics UK to share a copy of the prospectus for the industry-led communications campaign.
- 3) Department for Transport (DfT) senior officials to ensure the team working on driver facilities is engaging with Council members.

Readout

1. Welcome and introductions

The Minister opened the meeting, highlighting the need for more empirical evidence from members to justify intervention for the identified problem areas for the sector, and feedback on the success metrics to help assess the effectiveness of the policy interventions within the FoF plan.

2. Freight Council reform proposal

The Minister asked the group to share feedback on the Freight Council reform proposal. A paper outlining the proposal was circulated ahead of the meeting.

David Wells, Logistics UK (LUK)

- Ambitious proposal.
- Will be difficult to attract an individual with the specified board-level experience and understanding of government operations on a non-paid basis.
- Structure is arguably top heavy and bureaucratic with too many groups and meetings.
- Bigger businesses have more resource to commit to feed into such forums. As a consequence of this, SMEs can be overlooked.
- The trade association model helps to mitigate this risk.
- The proposed changes potentially undermine the trade association model which facilitates cross section representation of the sector and a democratic view of what industry should be doing. This prevents large business from skewing the direction and outputs of the Council.
- Reform will require careful handling.

Petra Wilkinson (PW) outlined the rationale behind the proposal, highlighting the scope to change the proposal if current members of the Council feel the structure

proposed is too complex. The aim of the restructure is to secure wider industry participation to allow the group to shift its focus towards implementation of the plan, and to give the group more permanency. Suggested that funding for the industry co-chair could come from the group, rather than government.

The Minister reiterated that the proposal was not developed as a result of the group being ineffective, but instead to help increase the status of freight and logistics in political minds and the general public. Specific details such as the exact focus of each Working Group and how success will be measured still need to be developed and, in any case, will be informed by discussions with the appointed industry co-chair.

Tim Morris, UK Major Ports Group (UKMPG)

- Broadly supportive of the proposal.
- Bringing more companies in on a case by case basis could help to prevent large company dominance.
- Industry co-chair will be key to keeping the group on track and manageable.

Ben Hodgson, Association of International Courier and Express Services (AICES)

- Proposal would enable Council to meet more frequently and discussion to move from broad strategy to implementation.
- This would be valuable and help move the group away from discussing the landscape of the freight sector including problems and obstacles, to more granular discussion on actions that can be taken to tackle identified problems.
- More meetings could be productive and lead to impactful change so long as they result in more action focussed activity.
- Agree with the identified risk regarding skewed impact from bigger members, but bigger members are also the ones capable of the biggest impact.
- Establishing working groups has been beneficial to AICES internally. Careful handling is necessary to reach a balance between big and small industry input, but it is viable.
- Highlighted that JCC (HMRC forum) is an exemplar in respect to structure.

Minister highlighted that reform of the Council also presents the opportunity to involve Ministers from other government departments shaping policies critical to freight operations, such as planning (Department for Levelling Up, Housing and Communities).

Robert Windsor, British International Freight Association (BIFA)

- Echoed comments made regarding the effectiveness of the HRMC led JCC forum.
- Need to strike a delicate balance between large and small players in the market.
- Considerable divergence in size in the sector needs to be reflected.
- Logic behind the reform proposal is apparent.

Shane Brennan, Cold Chain Federation, CCF

- These forums are vitally important and managed well can ensure ongoing dialogue and opportunity for discussion around strategic direction of policy relating to freight.
- Key issue is ensuring idea behind the Council is time bound. Indicating permanency is not enough to give sense of direction.
- The purpose of the Council (i.e. its governing terms) should be explicitly tied to the outputs of the FoF plan. That would give clearer sense of direction around the different structures required for the Council and what the Delivery Groups would set out to achieve.
- This clarification would eliminate concerns around excess bureaucracy.

Chris Seaton, UK Warehousing Association, UKWA

- In principle, UKWA believe the proposed changes can be very positive.
- Construction Leadership Council operates a similar model to the one proposed and has been working very effectively for several years.
- Emphasised the need for a mode-agnostic industry co-chair.
- On raising the status of freight, communication within the sector as well as beyond is fundamental.
- Advocating the Council and securing buy-in from within the sector should also be an objective of the Council co-chair and the wider FoF programme.

Kevin Richardson, Chartered Institute of Logistics and Transport (CILT)

- Structure looks cumbersome.
- Prefer one entity responsible for monitoring progress and setting pace/agenda, i.e. eliminate the proposed Steering Group.
- Respective trade associations have policy groups staffed by people who are currently operators. DfT have made good use of these e.g. during the stakeholder engagement phase of FoF. These should continue to be utilised.
- Welcome inviting wider industry input, but at the Working Group level rather than senior level of the Council.
- Echo concerns regarding difficulty of attracting a high calibre co-chair without pay but agreed that it's the right direction of travel and a co-chair is necessary.
- Reiterated that we should not be talking about freight, but instead using the all-encompassing term "supply chains".

Jonathan Chatfield, Rail Delivery Group (RFG)

- Broadly supportive. Being clear on purpose is vital.
- Umbrella Council with smaller Delivery Groups will enable the group to transition to the “nitty gritty” of doing the work.
- Must avoid duplication. Group should take data and information being developed elsewhere to inform detailed discussions but avoid repetition (e.g. undertaking to explore same issues being explored by similar groups elsewhere).

Maggie Simpson, Rail Freight Group (RFG)

- Going back to NIC recommendation on the need to improve understanding and consideration of freight within central, regional and local government – we have come a long way since then.
- Reforms potentially take us away from some government action that is needed– e.g. changing the planning system.
- Support the reform and evolution of the Council, but not at the expense of shifting responsibility of delivery of the plan entirely to the sector because many elements of the plan are not within industry’s gift to deliver.

Robert Griggs, Airlines UK

- Difficult to get representation right and the Council could become unmanageable if membership grows significantly.
- Pointed to the Jet Zero Council (JTZ) as an example in terms of lessons learned – some Airline UK members are concerned about it becoming too unwieldy.
- On the other hand, the JTZ has seen some good progress made on sustainable aviation fuels as a result of the expertise offered by individual companies who are members of the group.
- The model does have potential to enable progress of implementation if the right balance is struck in terms of representation and participation via the Working Groups.

Gavin Simmonds, Chamber of Shipping (CoS)

- Strongly support the recommendation to appoint a mode-neutral, industry co-chair. Might be appropriate to identify that person from a mode neutral Trade Association.
- Agree with comments made on the significance of the government piece within this programme.
- Agree with the suggestion made to combine the Council and Steering Group to reduce complexity.

Christopher Snelling, Airport Operators Association (AOA)

- Delivery Groups suggestion looks good.
- Disagree with those who think the Steering Group function should be eliminated. A Steering Group would be beneficial as an interim level to push things forward.
- Also support the move towards appointing an industry co-chair but share scepticism about the chance of securing one on an unpaid basis.
- Agree with those who have expressed preference towards the Council being comprised of just trade associations at the top level. Adding private companies could compromise effective functioning of the group.
- Also concerned about inviting individual companies to help navigate the strategy due to their inherent focus on their own interests rather than the sector as a whole.

2. Feedback from the group on the draft Future of Freight plan

David Wells, Logistics UK (LUK)

- The draft plan is too focused on current government activity and requires more actions/intervention.

PW set the scene by emphasising that this is an extremely early draft that requires stronger industry input. Draft needs more examples of industry investment and action in identified priority areas (e.g. Decarbonisation and Innovation & Technology). Sharing at this stage is not custom, but a decision has been taken to enable the group to see the draft to illustrate the Department's commitment to ensuring this work is genuinely a joint industry-government initiative. An updated version of the plan with the group's comments incorporated will be shared in due course.

Chris Seaton, UKWA

- As a starter for ten, it is a really good document.
- Appreciate the efforts made by the Department to share the document at such an early stage.
- Transition to net zero: need greater clarity regarding the direction of travel on issues such as alternative fuels to enable the sector to invest accordingly. Currently, the draft does not touch on scrappage schemes and funding to fund stranded assets created as a result of move towards net zero.
- People and Skills: 8% of the UK workforce is in logistics in some way or another. Freight career advice section needs to factor in the need for logistics to feature on the national curriculum.
Apprenticeship levy – industry has put in £700m. One size fits all is not working for the sector, further exploration is necessary to ensure the scheme is flexible and works for the sector.
- Planning: planning reform needs to align with other government objectives. E.g. government's objective to build 300,000 new houses per year alongside projected increase in e-commerce will lead to 21m square feet of warehousing requirements per year. The planning system needs to take into account the

freight and logistics requirements that arise as a result of wider government objectives.

Geography is also pivotal; planning needs to accept that warehousing will not be built in all corners of the UK because of staffing and road infrastructure constraints. Planning permission needs to be unlocked for certain places where freight infrastructure is best suited.

- UKWA are undertaking research to understand the infrastructure requirements across the country. The BPA have also published a report (part funded by the UKWA) which looks at warehousing demand in different regions. **Chris agreed to re-circulate this report.**

Haroona Chughtai (HC) *highlighted that government requires support to understand the operational delivery of the systems and processes that the sector need to deliver. The FoF plan sets out immediate priorities which have emerged as a result of engagement with the sector, but empirical evidence is needed to help the Department understand the direction industry wants to go in and the timeframes for doing so. Empirical data will help to unlock funding for targeted interventions. Maritime 2050 is an exemplar as a joint industry-government initiative, and this strategy should strive the same level of ambition.*

The Minister emphasised that decarbonisation requires a strong understanding of future energy charging requirements and location prioritisation for alternative fuels and a hydrogen distribution network across the UK. More than ever, government needs to understand what already exists and what the sector has planned in the medium and long term, particularly where critically significant national infrastructure needs to be developed.

HC also highlighted the need for more intelligence on the problems encountered by the sector with local planning authorities, country councils and district councils.

Maggie Simpson, RFG

- Freight isn't about a particular corridor; freight distribution is nationwide. Likewise, levelling up isn't about a specific region because all regions of the UK need to have excellent freight distribution.
- Rail freight sections need to be updated. Written feedback will be submitted to assist with this.
- The focus in the plan is on commercial freight and retail freight. Bulk freight is missing, with no section covering construction, steel and agriculture material or other bits of rail freight that are so important to the sector.
- The issues for bulk freight are not different, but it does need to be woven into the narrative.
- In rail sector, 40% is retail and 60% is bulk.
- Decarbonisation: there is no clear pathway regarding decarbonisation or the infrastructure supporting decarbonisation. This should be acknowledged in the plan.
- Equally, the state of public finances is well understood by the sector. More transparency regarding this would strengthen the plan.
- The plan should seek to address difficult issues with honesty rather than avoid them completely.

- More specific initiatives to set out what other government departments are doing in respect to freight is also needed.

Tim Morris, UKMPG

- Some sections are excellent, such as planning and infrastructure optimisation (strategic freight network in particular). Now we need to determine how we take things forward.
- In other areas, there is too much reiteration of existing government activity (e.g. skills – some DWP and DfE initiatives).
- Focus should be on what is new and novel. This would make the document more accessible and impactful.
- Good to see a resilience section. This would not have been the case 18 months ago. Joint thinking on how we deliver on the goals of that section is needed to prevent just government or just industry being overburdened with work.

Kevin Richardson, CILT

- Driver facilities illustrates some of the challenges with planning and freight. E.g. in the context of building strategic rail freight interchanges and national parks, it is not in National Highways' remit to evaluate the schemes by considering truck parking facilities.
- Many freight-related issues currently fall through the gaps. The plan could seek to resolve some of these issues by identifying where the gaps are and who should bear responsibility, i.e. whether it's a local or national issue.
- Plan currently needs to be more coherent and specific on timing.
- No reference to BEIS and Home Office (particularly on borders).
- Key policies at a high level are valid, some short and some long term.
- Infrastructure Optimisation: Strategic freight network – what would be the purpose of identification? Whose responsibility is it to do something with it, e.g. government or the commercial sector?
- Decarbonisation: need to consider decarbonisation of supply chains in total. Focus in chapter is currently on UK road and rail network. This approach risks missing carbon impact of the international supply chains supporting the UK road and rail network. Successful decarbonisation of the globe requires a collective international effort, so wider scope is necessary here.

Christopher Snelling, AOA

- Agree that international supply chains have to be decarbonised for air freight connectivity and sea freight, but for air freight that is being dealt with by the Jet Zero council. There is no different process for decarbonisation of freight for air than passenger, decarbonising passenger planes will also decarbonise air freighters.
- Support the current approach of the documents to not touch on the specifics of international decarbonisation policy but instead focus on the infrastructure aspects, otherwise scope is too wide for one document.

David Wells, LUK

- Long document but good read.
- Support the focus on efficiency, reliability, resilience and sustainability.

- Individual chapters should reference back to these 4 objectives, although noting that improving one of these objectives could contradict another objective. For example, on sustainability, a net zero ambition could make the sector less efficient due to more journeys, longer delivery times.
- Suggest the plan sets out how the chapters interact with one another in respect to the 4 objectives mentioned above.
- Ambition around the safety of the sector, its employees and the operations is one area currently missing from the document.

FoF officials highlighted that the content in the document is aligned with the priorities identified throughout the stakeholder engagement phase of the programme. Safety is something that can be explored in more detail. One way to address this is by highlighting safety-related activity that already takes place and acknowledging that no specific intervention is currently needed. One area of cross-over is driver facilities and associated safety and security concerns, but officials will look at safety issues as a whole.

The Minister reinforced the need for evidence from the Council to illustrate a problem and ideas on how progress will be measured if safety is to be incorporated into the plan.

Robert Windsor, BIFA

- Driver facilities and welfare is one area of particular concern. The UK scores low for secure parking compared to Europe.

Haroona confirmed that there is a team within DfT looking at driver facilities and lorry parking. Will ensure this team is engaging with the Council if it isn't already doing so.

Ben Hodgson, AICES

- From an express perspective, particularly agree with the points made on planning and the reference to engaging the planning department.
- Local authorities struggle with the planning guidance. One area is the balance between airport expansion and noise complaints from residents living in new homes built near airports.
- Many restrictions are in place to reduce noise, but airports continue to struggle to stop housing developments being built near airports which will increase noise complaints.
- The position on consolidation centres is interesting. AICES support this position so long as it does not lead to area-mandated consolidation centres.
- Members already do a lot of consolidation; e.g. depots outside of cities for the last mile of delivery are effectively already consolidation centres.
- Evaluation of freight is also interesting, good to see that DfT are grappling with the high value, low volume goods in circulation within the freight system.
- Resilience: plan does seek to drive cross modal resilience e.g. by seeking to understand average journey times across major nodes and understanding capacity utilisation across modes, but would benefit from being more explicit by referencing cross-modal resilience.

David Wells, LUK

- Many infrastructure decisions are dependent on business case relying on the value of freight and the value of movement on that route.
- The department has done lots of work in this space, but more is needed to ensure effective decisions are made on road and rail allocation.
- LUK have asked members if they would be prepared to share the value of their freight movement but industry is reticent to share this data because of its commercial sensitivity.
- Trade associations cannot convince operators to disclose this information on an anonymised basis. Government will struggle even more so.
- Honest conversation is needed across government with operations to increase data sharing.
- LUK support the ambition to increase understanding of the value of freight in the system.

Christopher Snelling, AOA

- May need to move away from idea of the value of the freight in the vehicle, but instead focus on the value to the customer (e.g. manufacturing and retailers). Value metrics might include efficiency, reliability and effectiveness of freight to their supply chains.
- Classic widget example – widget from Japan might only cost £5 but its value is significant when consideration is given to the fact that it is essential to keeping a car factory open.
- Will take a cross-departmental effort to have these discussions with freight customers (e.g. retailers) because freight is not on their top list of priorities, but that might be the best way to assess the value of good quality freight to UK plc and the wider population.

The FoF team outlined the programme timeframes for publication and reiterated the need for strong written evidence from the Council to support the content of the plan.

3. Update from Logistics UK on their communications campaign to promote the freight and logistics sector

The Minister opened this agenda item and handed over to LUK for an update.

LUK provided an update and talked through the prospectus for the campaign, which is to be shared post the meeting for each member to circulate to their membership to identify sponsors.