

Written evidence submitted by the UK Major Ports Group (RDF0020)

Thank you for the opportunity to contribute to the Transport Select Committee's Call for Evidence on road freight. Road freight is a vital part of the connectivity mix for the UK's ports. With ports being the gateways for 95% for all of the UK's imports and exports the safe, efficient and sustainable operation of the UK haulage sector is therefore a key part of the UK's trading capability. It also sits within a mix of freight modes that are key for a resilient strategic freight network for the UK. So whilst we will provide some perspectives on the road freight specific aspects of the Call for Evidence's themes of ***"Infrastructure, including roads, ports and airports, with a particular focus on capacity, resilience and interoperability"*** and ***"The effect of border procedures on road freight"*** we will also seek to place road issues in the broad freight mix context.

About the UK Major Ports Group

I write as Chief Executive of the trade body which represents the operators of the UK's largest ports, the UK Major Ports Group ("UKMPG"). UKMPG represents nine of the top ten UK port operators who, via the 40 ports they run, handle three quarters of all the port volumes entering and leaving the UK and invest more than half a billion pounds each year in the UK's ports and surrounding coastal areas. These ports include 13 of the largest 15 ports in the UK and the largest ports in England, Scotland and Northern Ireland. Appendix A to this document shows the UKMPG members and puts them in the context of the rest of the UK ports sector.

Ports and road freight

The Department for Transport's 'Transport Statistics Great Britain 2020' estimates that 79% of domestic UK freight is moved by road. Although the percentage for major ports will be notably lower than the UK average given the amount of rail freight handled, it's the case that most major ports will see more than 60% of the freight they handled moved in and out of the port by road haulage.

The largest ports have introduced systems for managing the access and flow of road haulage in and out of ports, 'Vehicle Booking Systems' ("VBS"). Although VBS systems are not always popular with hauliers they serve a number of important functions through evening out 'peaks' – they reduce congestion

(and therefore emissions) in the immediate area of the port and they enhance the operational efficiency of the port and the ongoing supply chains.

In terms of operational efficiency, many major ports actively measure and manage turn around times for hauliers whilst on port, with KPIs to monitor performance (e.g. around 30 minutes at large container terminals). It is very much in the ports interests, as well as the hauliers, that goods are picked up or dropped off as quickly as possible.

Ports are also playing their part in addressing the wider issues about sustainability and road haulage. Movement of road freight is an important part of the ports work on improving air quality. In locations such as Southampton there is a financial incentive scheme to encourage the use of greener vehicles. And a number of major ports are developing plans to act as ‘zero emissions hubs’ for the generation and supply of green energy (e.g. electricity, hydrogen) for a range of other port users including road haulage.

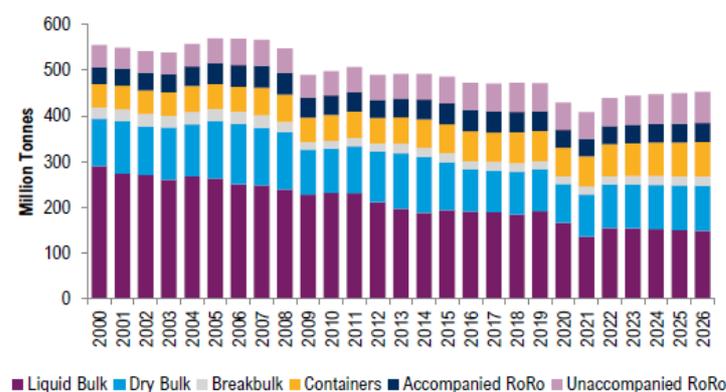
“Infrastructure, including roads, ports and airports, with a particular focus on capacity, resilience and interoperability”

The UK’s ports, often in the past overlooked, have shown remarkable **resilience** over the last 2 years, remaining operational and handling trade though the combined major pressures of the pandemic, the early stages of Brexit border changes and surging demand for some types of cargo (e.g. deep sea container traffic from Asia).

We recognise that our partners in the road haulage sector have equally worked incredibly hard during this period to keep goods flowing. Like ports, road hauliers have had to adapt and on occasion cope with sub-optimal conditions and changes.

The UK major ports sector is a largely unheralded major success story for the UK – unique in Europe and unusually globally in being owned and operated independently of Government. This model works. It consistently delivers

UK Ports throughput projection by cargo type



around £600 million of private investment a year to maintain and grow the **capacity of ports** and surrounding transport infrastructure. It grows jobs

and productivity – often in communities that otherwise experience significant deprivation. It acts as an entrepreneurial catalyst for stimulating investment wider than the port itself. It provides choice and cost competitiveness for UK businesses and consumers. Although there can be pinch points in periods of particular disruption – issues at Dover when there is Channel disruption and at Felixstowe as post-pandemic demand for consumer goods has surged are widely covered in the press – in the large majority of circumstances the UK has good ports capacity. That is particularly in view of the recent declining trend in volumes of freight and the modest outlook on an aggregate basis (see above for a current forecast produced for UKMPG by shipping specialists Drewry).

Ports and major shipping lines have been flagging for some time concerns about the availability of HGV drivers and the knock-on impact to the **capacity of road haulage** as it pertains to maritime trade. Sadly, we were not surprised that the issue has arisen to the extent that it has. We continue to work with customers and supply chain partners to play our role in alleviating the issues and support sensible measures such as increasing testing capacity, taking temporary measures on CPC requirements etc. We also support calls for a greater strategic recognition of freight in the planning system, where facilities such as HGV parking and driver facilities fall prey to being ‘nobodies’ problem’. No or poor facilities contribute not only to short term issues of effectiveness of road freight but also the long-term issues of attracting new entrants into the sector.

The impact of driver shortages has been felt by ports, notably in the build up of cargoes within ports. We have found that cargo owners have used ports as default storage areas as they have been unable to secure road haulage to move the goods or the inland supply chain (e.g. warehouses and distribution centres) has been too congested to ‘accept’ the goods. Ports themselves have therefore taken action such as increasing the amount of freight carried by rail (although that is demand-constrained by available freight paths and track access) and increasing space for handling and storage.

As highlighted in the ‘Ports and road freight’ section above, there is extensive interoperability between ports and road freight, with the improvement of the efficiency of that **interoperability** a real focus for continuous improvement.

Interoperability in a broader context – road haulage in the freight mix

As significant freight hubs, major ports inevitably take a multi modal view, with

both rail freight and freight by water (coastal shipping or via inland estuaries and waterways) important alongside road haulage in our thinking.

Work done for UKMPG by transport specialists MDS Transmodal has identified a 'Strategic Freight Network' of key arteries for freight in the UK (e.g. trans Pennine, M1 / M6 corridors). This network is shown on a map in Appendix B with road and rail freight converted into a common currency of HGV loads. In most cases these tend to be routes of both road and rail freight.

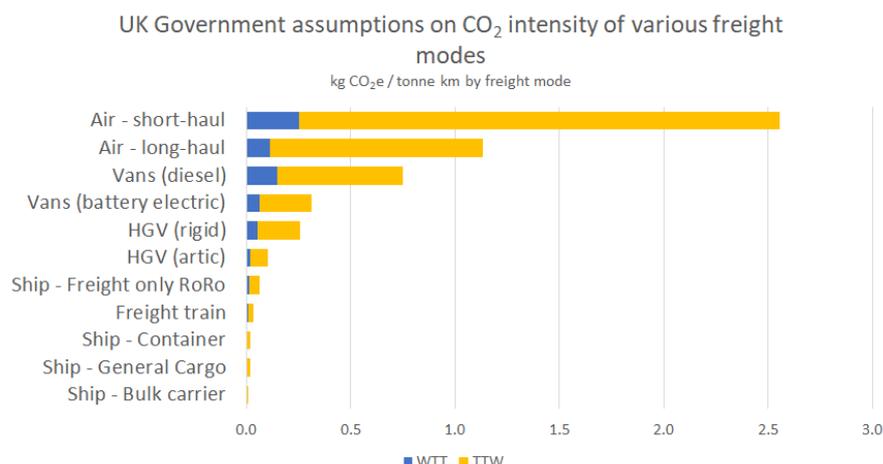
We welcome the increasing recognition of the value of taking a cross modal approach, such as through the Department of Transport's ongoing 'Future of Freight' work and the pilot project done jointly by Network Rail and National Highways on the Solent – Midlands 'freight corridor'. These are good initiatives but (a) they need to be widened and (b) studies and strategies need to turn into action.

In terms of 'action' UKMPG would suggest once it's been identified where the key routes are and what the network is it is formerly recognised in some way and that work on this network is prioritised. Not just for new roads / rail, recognising that's practically unlikely. But in terms of upgrades, ensuring freight is not descoped during the passenger upgrades on these routes (as was the case with trans Pennine rail freight) and prioritising debottlenecking work (which is where the £14.2bn of value comes from on the map). Authorities should also take into account the 'value of the route' in assessing individual projects on the route, so the whole route doesn't become a hostage to the weakest specific business case (e.g. rail freight from Felixstowe to the Midlands).

For road haulage alone this would mean a greater ability to prioritise investment on both routes and supporting infrastructure (e.g. HGV facilities) on routes where road haulage is the best choice and reducing congestion on other routes through better optimisation with rail freight.

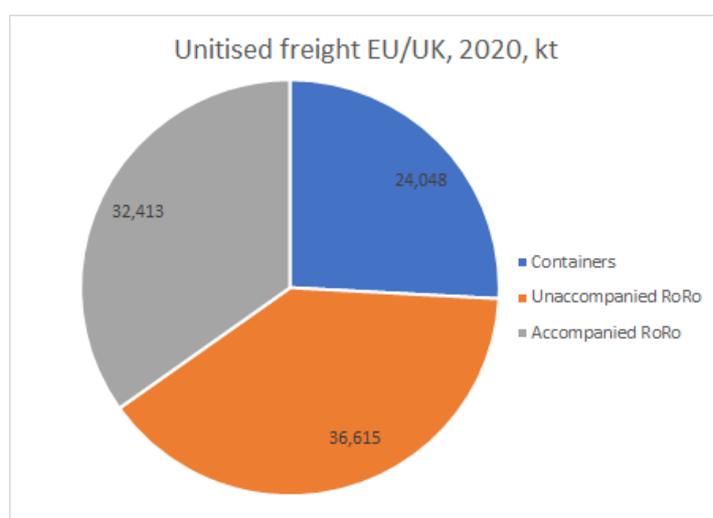
It would also do more to increase the amount of freight carried by rail, a missed strategic opportunity for the UK to improve freight transport efficiency and also reduce emissions (recognising the much lower 'emissions intensity' of moving freight by rail rather than by road – see below). Research by UKMPG and the Rail Freight suggests that there is sufficient demand, currently constrained, to double the amount of shipping containers carried on rail by

2040.



“The effect of border procedures on road freight”

The vast majority of media and political attention concerning road haulage and border processes has concentrated on truckers with drivers (‘accompanied RoRo’) moving through Dover and Eurotunnel. These are of course important routes and entry points in their own right. But the picture and resilience risk is broader.



More unaccompanied freight units (trailers and shipping containers) move between the EU and UK than accompanied units – roughly twice as much in tonnes carried terms according to figures for 2021 from the Department of Transport (see left). These unaccompanied units and a small volume of accompanied RoRo move through a range of

ports outside of the Kent-France ‘Short Straights’ (e.g. Tilbury, Harwich, Hull, Tees, Liverpool).

When these unaccompanied units land there is obviously a requirement for them to be moved by hauliers in the UK. Therefore this traffic should be very

much be in scope for thinking about border processes and road haulage. And yet too often it has been an afterthought. ***Border processes at other ports should be accorded the same focus in terms of the efficiency of border processes and the free flow of freight as at those ports that predominantly handle accompanied RoRo flows.***

The Government has implemented a whole new customs model ('pre-lodgement') and system (the Goods Vehicle Movement Service "GVMS") essentially to service the accompanied RoRo freight flows. It was only on the 15th November that the Government finally conceded that elements of the GVMS system should be open to the movement of unaccompanied freight units. Whilst this is clearly welcome in terms of improving the movement of road haulage picking up and dropping off units it is very late in the day and industry has been left on its own in terms of bearing the costs and resource requirements of systems adaptation.

Some other elements of the border process continue to be stacked against unaccompanied goods flows and the haulage that services it. A key example is in the provision of border checking facilities (Border Control Posts "BCPs"). The Government is building and paying for inland BCPs in some locations, notably Kent. Elsewhere, BCPs are being built on ports by the port operators, funded through a combination of Government investment and around £100 million of investment from the ports themselves to make up shortfalls in Government funding.

The key current concerns of the majority of port operators are:

1. The frustrating management of the process of programme management and accrediting Border Control Posts which is, at best, significantly delaying the delivery of these facilities; and
2. Any clarity on the means of cost recovery for Border Control Posts and any assurance of a common approach between Government facilities in Kent and facilities on ports elsewhere in the UK. Customers have faced similar charges in relation to existing BCPs that service trade between the UK and non-EU countries for decades and there are well established, well-functioning models for doing so.

The market should dictate choices of routes, modes and ports. All that UKMPG asks is that there is a reasonable level playing field between ports and as little regulatory distortion as possible in order for the market to work effectively.

Doing so provides choice and competition for UK businesses and clear incentives for the ports themselves.

Not addressing these concerns right now presents risks to supply chain resilience for UK businesses, including for the road haulage market servicing the unaccompanied freight market and undermines the UK's successful ports sector.

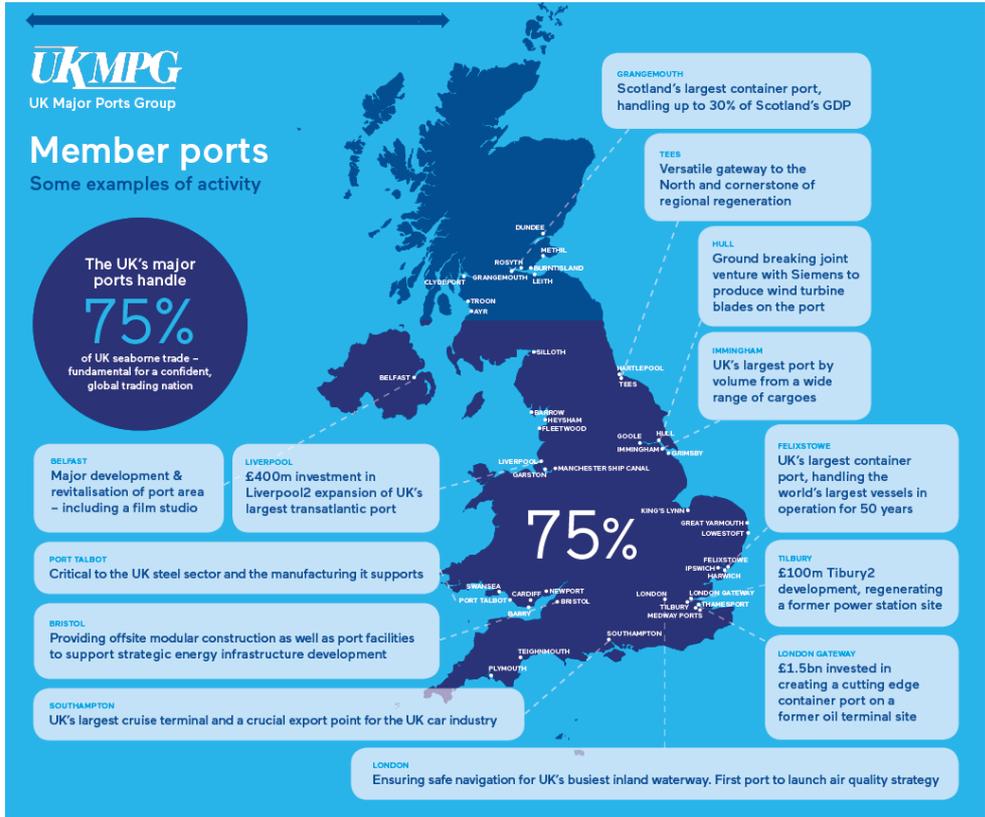
Borders procedures and resilience – utilising the full capacity of the UK ports network

As highlighted above, the 'unaccompanied' movement of freight to and from the EU occurs in a range of ports around the UK right now. And there is considerable additional capacity in these regions. A map of modelling of such additional capacity done for UKMPG by MDS Transmodal is shown in Appendix C to this submission. Ensuring that we have the best possible border processes in all locations means that UK-EU trade resilience is improved. That is both through the availability of the ports themselves. But also through spreading the burden of road haulage more evenly across the UK.

We would be delighted to discuss any of these matters further with the Committee.

November 2021

Appendix A: UK Major Ports Group Members



UKMPG Members

- ABP ASSOCIATED BRITISH PORTS**
Associated British Ports
www.abports.co.uk
 - Belfast Harbour**
Belfast Harbour
www.belfast-harbour.co.uk
 - THE BRISTOL PORT COMPANY**
Port of Bristol
www.bristolport.co.uk
 - DP WORLD**
DP World UK
www.londongateway.com
www.dpworldsouthampton.com
 - PORT OF LONDON**
Forth Ports
www.forthports.co.uk/ports/#
 - HUTCHISON PORTS**
Hutchinson Ports UK
www.hutchinsonports.com/en
 - PORT OF LONDON**
Port of London Authority
www.pla.co.uk
 - PD PORTS**
PD Ports
www.pdports.co.uk
 - PEEL PORTS**
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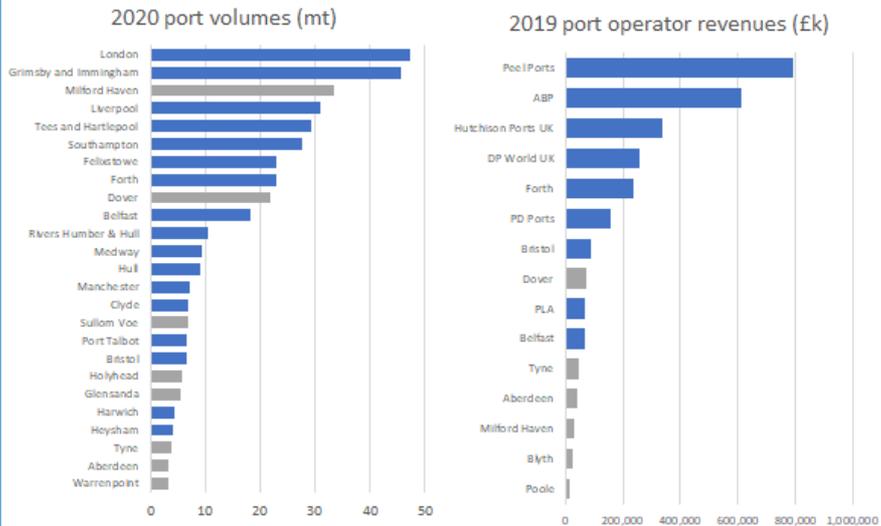
UKMPG members in the context of the wider UK ports sector

UKMPG members shown in blue

Volume statistics from Dept for Transport

Revenue figures from Accounts filed at Companies House

Tim Morris
CEO,
UK Major Ports Group



Appendix B: A Strategic Freight Network for the UK



Appendix C: Additional port capacity across the UK for handling EU trade

