



All roads point north



Against a backdrop of trade deals, increasing online commerce and the need to decarbonise economies, the importance of northern supply chains has grown rapidly in recent years.

Prior to the outbreak of COVID-19, rarely had the North of England felt more critical to the future of UK politics and, indeed, business.

The fall of Labour's 'red wall', which for decades had symbolised the economic disparity between north and south, may have been greeted by some observers as the death knell for regional equality. However, it ultimately represented a region ramping up its demands for greater support.

The economic impact of coronavirus will undoubtedly be a major obstacle – and much like Brexit, a distraction of government focus – to the future progress of the regional economy. However, in more sure-footed times, we must remember that the ball was firmly placed in the government's court via the 2019 General Election, with a clear obligation to deliver on its promise of levelling up the playing field in the UK. While we welcome the 'new deal' recovery plans announced by Boris Johnson this summer, it must translate into an equitable distribution of support measures that directly benefit the regional economy.

Whatever shape the economic recovery from COVID-19 takes, and in whatever form we leave the EU over the next 12 months (or longer), the region must stand ready to do business and make the most of the shift in international trading relationships that have traditionally benefitted London and the South.

With the right support, the North's private sector – our ports, airports, manufacturers, landowners, property developers, constructors, urban planners and logistics operators – can all lead the way in ensuring this opportunity is taken.

In this report we assess the region's state of readiness through the eyes of those in the know – from influencers of long-term regional planning to those operating businesses reliant on our transport networks.

Amid the ever-changing political narrative and unparalleled challenges that have presented themselves in recent times, I hope it provides some clarity on the opportunities on the horizon and the work that needs to be done

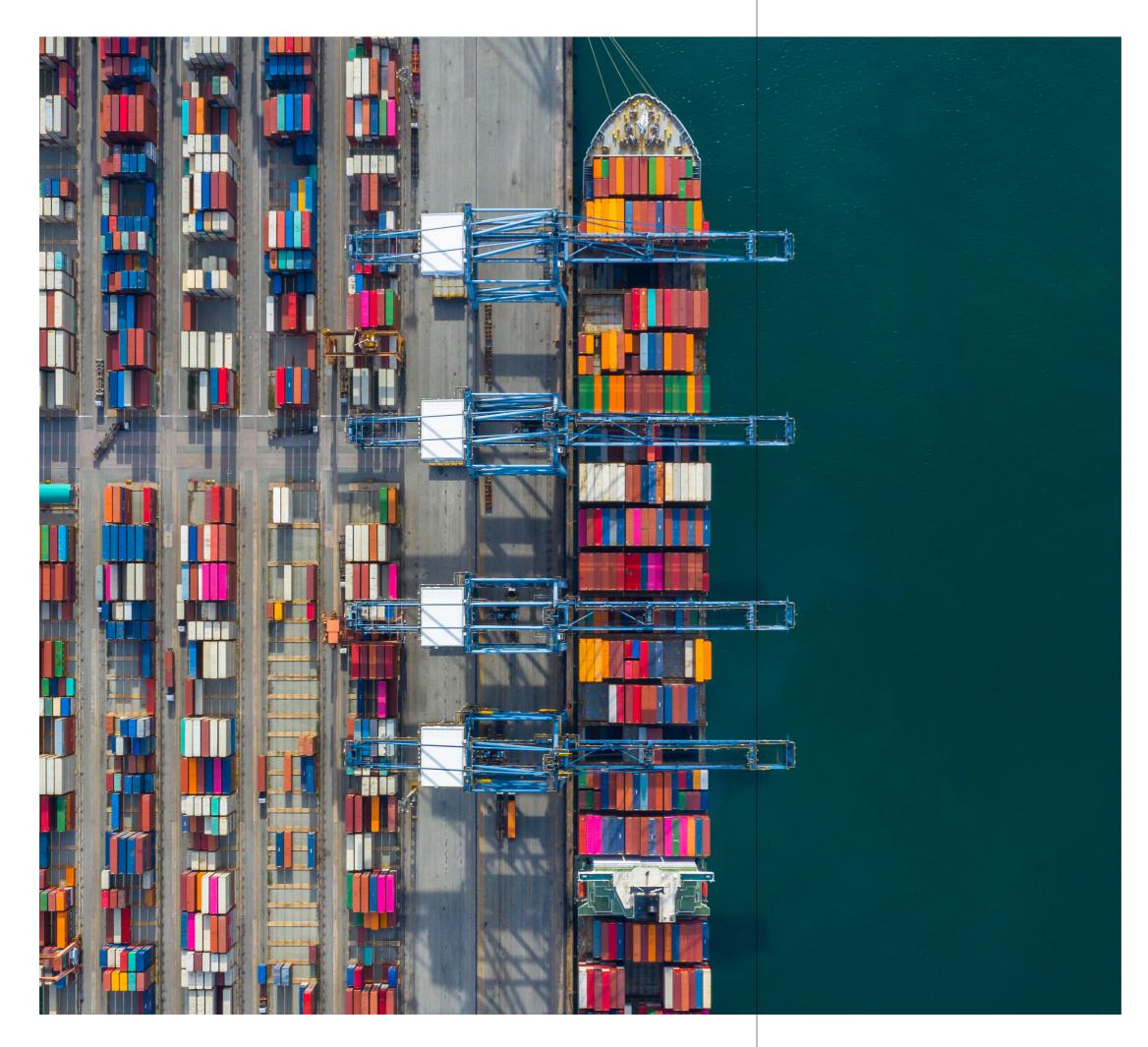
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Northern supply chain infrastructure: Are we on the right track?

The UK is at a historic crossroads as far as international trade arrangements are concerned.

The vote to leave the EU has seen British businesses pay greater attention to their trading relationships with regions outside Europe – a development that will have a dramatic impact on the demands placed on northern freight and logistics infrastructure in the near future.

The dawn of a northern freight renaissance?

Our long-standing relationship with the EU as a trading partner has seen ports on the south and east coasts, including Grimsby and Immingham, London and Southampton, emerge as the UK's busiest.

But the potential for the balance of trade to shift in the coming years means that the significance of other entry and exit points is rapidly evolving. With the United States and South America poised to grow in significance as trading partners, the North – home to the country's second busiest trading hub (Port of Liverpool) at the height of the industrial revolution – is set to rise in prominence once again.

The opportunities for supply chain businesses across the North are potentially enormous as this re-balancing takes effect, with volumes of freight and requirements for supporting services such as warehousing and distribution likely to increase significantly.

But fundamental change in the region's freight and logistics infrastructure is necessary if the North is to become a gateway to the UK for the rest of the world.

Northern roads suffer from decades of underinvestment, as do the railways. At the same time, rail freight capacity is opening up on some specific routes as the need to move coal around

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diminishes. This is driving an appetite to look at how multi-modal logistics hubs – that is, those that can manage more than one mode of transport – could be adopted by new areas of commerce currently wholly dependent on the road network.

The big question raised by these issues is whether the North's infrastructure would be able to cope with a significant and sustained uptick in demand caused by increased freight traffic from the Port of Liverpool and, if not, what action needs to be taken to ready the region to be a true trading powerhouse?

Road-blocks to growth

Arguably the biggest barrier facing the region's logistics infrastructure is the limited capacity for moving freight, whether by road or any other means.

The Strategic Road Network (SRN) – the major 'A' roads and motorways managed by Highways England – suffers from bottlenecks, not just in the North, but across England as a whole. Highways England's own research shows that sectors heavily dependent on the SRN employ 7.4 million people and contribute £314billion in GVA to England's economy. These sectors are likely to grow by 35 per cent by 2030 so the network will need support from all areas to help cater for this growing demand.

This means that multi-modal transport approaches, primarily incorporating rail freight, will need to play an increased role – but, as well as opportunity, this shift has its challenges.

The North boasts a wealth of freight assets, including seven airports, a group of major ports, shipping canals, three rail-freight interchanges, five intermodal terminals and a strategic road and rail network. However, these are not being used to their full potential for a number of reasons.

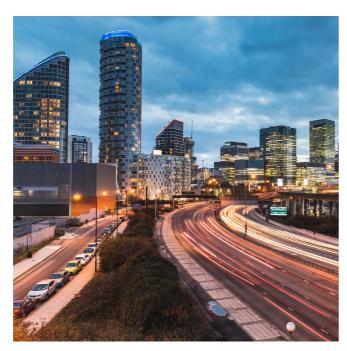
At the heart of the issue is a lack of joined-up infrastructure, which makes alternatives to road travel difficult to access for most purposes.

Another major hurdle is the availability of distribution and warehousing, for which demand currently far outstrips supply – particularly in terms of high-quality space. Non-transport infrastructure, especially in terms of grid capacity, needs to be improved to allow for any substantial new warehouse development.

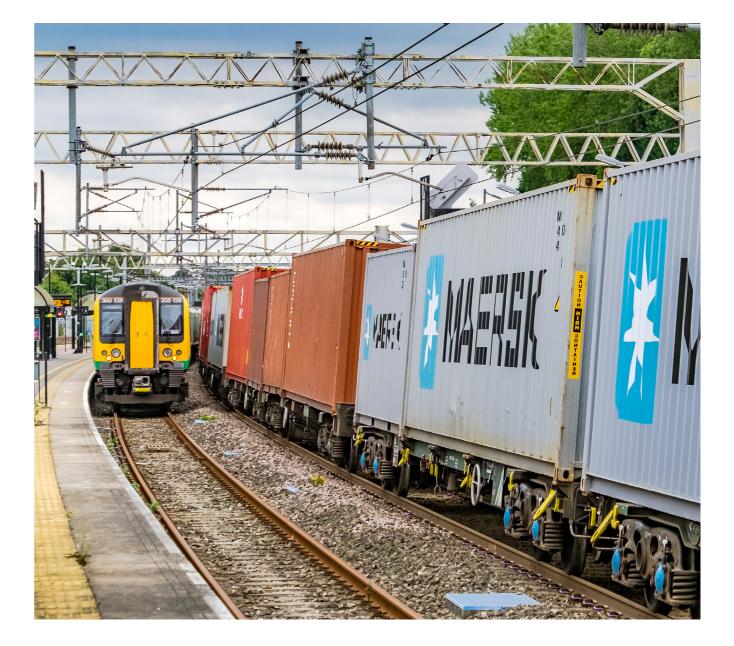
East-west connectivity

The North's rail freight capacity is also limited by the difficulty in moving standard 8-foot-wide by 8ft 6intall intermodal containers.

Existing trans-Pennine routes do not allow for container freight because they do not have the right loading gauge. Put simply, the bridges and tunnels that freight passes through are too narrow or low in many places to allow standard containers to fit safely.







Clearly, this is a significant hindrance to logistics operators, especially where just-intime manufacturing processes are concerned. Unsurprisingly, most businesses choose to use the Liverpool-Humberside M62 corridor instead, placing it under a large amount of stress.

The current plan

Despite the widespread lack of investment, several significant developments are underway or planned to help improve transport links as a whole across the North – something that will have a positive impact on the ease with which freight can be moved across the region.

The Northern Powerhouse Rail programme and the Great Northern Rail project will together see multibillion-pound investment in the region's rail network and rolling stock. The two projects will add capacity by lengthening trains and platforms and increase efficiency through electrification, making multi-modal approaches more feasible.

Unfortunately, most of this strategic investment is focused on passenger transport rather than freight. The additional space to move the goods this will free up is likely to be limited at best, so this investment alone will not solve the key capacity issue.

Looking further ahead, HS2 is set to unlock further capacity on the existing rail network for freight.

However, with transport spending in the North per head currently only a quarter the amount that is spent in London – and significantly less than across the South as a whole – much more needs to be done to make the region's freight and logistics infrastructure fit for purpose and ready for growth.

Significant improvements are required if the North's transport infrastructure is to match today's demands. It will take an even bigger shift in gear to allow the region once again to become the UK's go-to option for shipping goods to and from the rest of the world

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Infrastructure: Super-charging the northern economy



Anthony Hatton

Director of strategic projects, Peel Group

"Despite the importance of freight to the economy, we don't have a national or regional freight strategy."

There is hardly a bigger issue in our region than how to supercharge the Northern economy. And, at a time when the national debate is focused on how the UK economy will look in years to come, now seems a particularly opportune time to consider the topic.

The North is a powerhouse in its own right, with the North West alone delivering GDP comparable to that of Portugal. Any large economy relies on several crucial factors to keep it ticking, one of the most important of which is world-class infrastructure. Our region is no different.

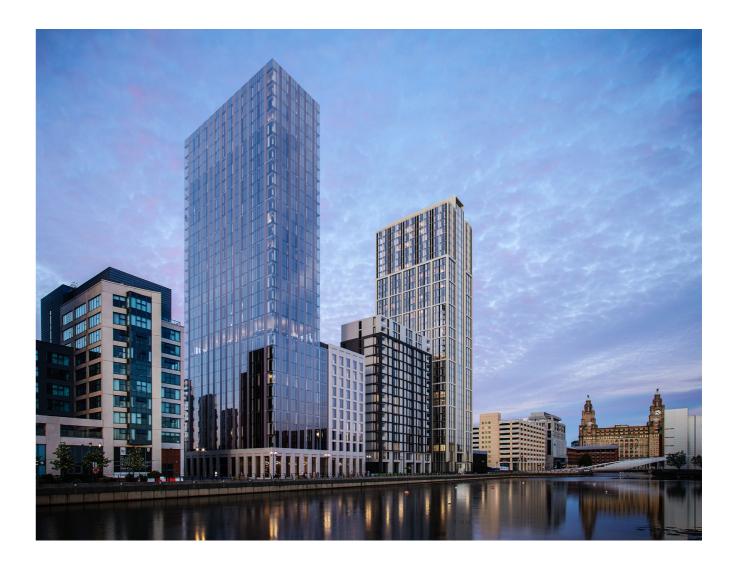
Often, debate focuses on the infrastructure with which the public has direct interest - the passenger rail network, smart motorways or HS2.

Yet freight is no less important, with us all relying on it for a functioning economy. Without an effective freight network, our supermarket shelves would be empty, our manufacturers would not have components to assemble products and our hospitals would run out of life-saving drugs.

The challenge is that, as the economy becomes more complex, the freight network requires ongoing investment to ensure it can support innovation and growth.

This is part of the rationale behind Peel Port's Liverpool2 project. They have invested £400m to create a new deep-water container terminal that will allow large vessels to call directly into the region. This will reduce road and rail congestion nationally, caused by transporting freight to and from the North via southern ports.

But while the UK is generally well versed in economic and spatial planning, and despite the importance of freight to the economy, we don't have a national



or regional freight strategy. What would a freight strategy address? For me there are three key areas that need to be taken into consideration when planning a more effective future for freight.

Firstly, there is the interplay between the public and private sector investments. Network Rail and Highways England are among those crucial to building, maintaining and operating our transport infrastructure, yet much of the investment in the freight network, is driven by the private sector. It means that regular, constructive dialogue between the two is essential for defining the future and why at Peel we place such importance on maintaining strong relationships with our stakeholders.

Planning for freight networks must be integrated with economic and housing growth. Suitable large sites close to urban areas are critical for modern manufacturing and

logistics operations – their location and connectivity have a direct impact on the efficient movement of freight. Long term planning of the freight network should inform spatial planning, including safeguarding land to develop new employment sites and associated road and rail connections. Yet a lack of proactive planning for such sites locally often relies on developers making the need case in the face of restrictive local policies. A National Policy Statement informed by a Freight Strategy would help. There is general consensus that we should support the use of sustainable and public transport to make best use of existing road and rail capacity but we must also reduce congestion on our transport networks by building quality homes near to employment sites.

Finally, energy and the environment must sit at the heart of any strategy as we continue to address climate and air quality issues. All of us have a stake in a network that is lower carbon, which includes shifting more freight on rail. There are difficult issues to address, like making sure clean air zones – clearly a good thing – don't jeopardise the livelihoods of those businesses and self-employed hauliers we rely on to deliver the goods that form the foundations of our economy and healthcare system.

We will continue to work with local and national stakeholders to define a positive vision for freight while investing strategically to ensure the region's infrastructure supports the North bid to be a stronger, more productive economy •



View from the front line: Back to basics



Richard Whiting
Chief executive,

NWF Group

"Our drivers are facing more and more road closures as a result of repairs or upgrades."

Almost all groceries in the UK are delivered by road. It's an issue that's fast becoming more challenging – particularly in the North.

To be as efficient as possible as a distribution-focused business, our trucks need to be fully loaded at all times. If a major route like the M1 or M6 is closed, we can quite often find that five or six of our trucks are stuck, and it's getting worse year-on-year. We've invested in technology to ensure that, if one of our vehicles is stuck on the road, the closest alternative driver is diverted to make the next collection. But the onus cannot just be on businesses to find solutions.

Most of the government infrastructure investment we're aware of is focused on rail – although not on freight. If better rail services reduce the amount of traffic on the road, that could help us, but it's investment in road infrastructure which is key.

Smart motorways have the potential to help increase capacity,

although they are arguably only a short-term fix. Equally, their rollout has been called into question due to safety concerns. Regardless of whether we widen our roads in future or not, it's important that we go back to basics to look at delivering efficiencies elsewhere.

Our drivers are facing more and more road closures as a result of repairs or upgrades. For example, we have had real problems accessing our Nantwich site from the motorway because there have been issues with potholes and disruption when they are being repaired. That causes real delays and it has to be considered whether the cost savings of reduced highway maintenance are beneficial to the economy in the long-term.

It's also imperative that we consider the role public transport can play in reducing traffic on our motorways and A-roads and in towns. About 500 people work at our Nantwich site. For us to grow we need to have easy access for our workers. Around five per







cent come to work by bike but the rest come by car because the public transport links are poor.

Developers inevitably have a role to play in that respect as well – working with councils to bring forward sites responsibly so that they are properly serviced and don't exacerbate existing problems for local residents and commuters.

We've just invested in a new 240,000 sq ft site in Crewe, which is far more accessible for staff. We were very fortunate to find it because of the paucity of large, top-quality warehousing facilities in the North West.

Developers have been understandably risk-averse ever since the economic downturn, but a period of greater stability will hopefully lead to greater speculative development in the coming years. If we don't have the rail links to service them, it's crucial that we have the roads to do so

International ambitions: Accessing ports



Gary
Hodgson
Managing Director
(Port Logistics), Peel Ports

"If the country is serious about the efficient movement of goods as well as passengers, the next phase of investment in trans-Pennine rail must include more capability and capacity for freight"

The North has opened its doors wide in recent years as it looks to increase its billing on the international stage. While the region's economy accounts for almost a fifth of the goods entering and leaving UK ports, there is accelerated interest in the North as an access point to the wider UK and this is set to fuel further growth in the ecade ahead.

Investment is critical if we are to deliver on the region's ambitions and ensure any increase in international trade is properly supported.

Technological investment has been a major factor in reducing some of the long-standing bottlenecks that this report rightly highlights. For example, private investment in a state-of-the-art Terminal Operating System across the container terminals at the Port of Liverpool has reduced average truck turnaround times to below 40 minutes in the past year.

Productivity can often seem an abstract concept, but it is

investment like this – delivered by the private sector – that can make the difference and allow a haulage driver to safely complete an extra trip within their working day.

Putting the point of arrival and departure to one side, there are still significant hurdles to overcome so businesses can ship products closer to their end destination, create shorter supply chains and, ultimately, reduce the costs and carbon emissions associated with moving international goods.

To do this, we need to work in partnership with local and national authorities to look at effective road and rail interventions that ultimately lead to better productivity and therefore reduce the cost of inland travel – whether by road or rail.

Speaking specifically about East-West freight movement, there are two clear ways of delivering tangible benefits in the years ahead and enabling us to expand the hinterland of goods imported by sea into the North West and



beyond. Chief among them is delivering greater access to the north of Liverpool via the A5036, which would significantly benefit commuters as well as the haulage and wider business community.

The planned enhancements to the Bootle Branch Line is a significant step forward enhancing connectivity and capacity of rail freight, which in turn facilitates opportunities for business growth by assisting the movement of cargo in and out of the North West.

Further into the journey is the more well-documented issue of trans-Pennine travel which is restricted – on a practical cost basis – to the M62 or rail travel via Lichfield. Getting freight on the rail is vital but, until we can reduce 'there-and-back' journeys by rail to under 12 hours, the strain put on the road network is unlikely to abate.

The old adage in the world of logistics is that 'freight doesn't vote'. Almost £3billion is earmarked to improve East-West rail routes in the next five years, but this won't open routes up by improving gauge clearance or improve capacity for freight by easing passenger demand on the network through longer trains.

Despite the current outlook, the devolution of power in the North is holding our freight network up for closer inspection and fostering a much longer-term view than in the past. As a result, there is reason to be optimistic that additional action will be taken to link up ongoing investment in port and warehouse facilities with a stronger transport network across the region.

Closer to home, the Port of Liverpool's own private rail network has the capacity to support 20 trains per day. Current demand sees up to 10 trains from our Bootle rail terminal each day. It's my hope that, in years to come, we will be talking about trains destined on a clear route to the east coast having filled that capacity. If we wait too long though, it's clear that opportunities will have been missed

"We're encouraging European manufacturers to reroute their goods to Liverpool and that is gaining momentum but the port is still underutilised because most food importers see the South East as the centre of economic activity in the UK."

Richard Whiting – Chief executive, NWF Group

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Rail: The sustainable choice



Andrew Brady

Chief executive officer, EMR UK

"Using rail, we can move 1,000 tonnes of material in one movement, removing 40 HGV road movements." As a metal recycling business, sustainability has always been at the heart of what we do. However, with a national depot network, the transport challenges facing us have grown enormously since we opened our first site in Rochdale and have made it more difficult and more expensive to be as green as we can be.

We exist to recover sustainable raw materials by recycling products, buildings and infrastructure when they've come to the end of their useful lives. When our recycled metals and plastics are used in new products, manufacturers in the UK and overseas save up to 90 per cent of the CO2 compared to using virgin materials. However, one of the biggest environmental challenges is moving them between our sites and to our customers in the most sustainable way.

We now process 10 million tonnes of metals and plastics every year worldwide, 4.5 million of which originate in the UK. Much of this is still moved within the UK by road, despite the fact that many of our sites are connected by water and rail. This happens because road transport in the UK is currently often less expensive than water or rail, despite its higher carbon

impact. If we're to deliver a more sustainable future, investments in rail and port-to-port water connections must be a priority.

To put it into context, using rail, we can move 1,000 tonnes of material in one movement, removing 40 HGV road movements. Alternatively, using the example of our Continental European business or our business in the USA, the use of barges or small vessels allows transport of 1,500 to 3,000 tonnes in a single movement. Currently the cost of such movements is considerably greater in the UK, meaning that the economics still favour road transport. The environmental and cost benefits of moving to rail or water are significant.

Providing grants or aid to help companies make better use of the rail or water infrastructure would be a major step forward and contribute to taking HGVs off the road. Moreover, it would provide a welcome alternative to all concerned with the movement of bulk goods



The road ahead



So often the debate on the health of the northern economy has focused on the performance of our economic centres – and indeed those towns that risk being left behind.

However, as we face into this Brave New World and inevitably look to jump-start the economy, it's clear that much of the lifeblood of the region lies in its ports, industrial estates, distribution parks and the arterial routes that serve them.

Digesting the views in this report, we can be confident that, even in times of adversity, the private sector possesses the ambition and initiative to capitalise on the opportunities presented to it. But it must also be given the tools to facilitate prosperity.

The effects of COVID-19 will undoubtedly slow centralised investment in infrastructure but we must continue to lobby, within reason, to ensure any slowdown does not put the North's progress on permanent hiatus.

Improving road capacity – whether through new roads or public transport – and enhancing the role of rail in freight movement should evidently be areas of focus for both local and national authorities if the North is to realise its potential and begin to balance the national economy.

Not only is it a point of encouraging healthy trade for our goods-based industries but also to create greener supply chains that ensure that economic recovery and growth aren't generated at the cost of the planet.

There is no better alternative to long-term, consistent policy and, undoubtedly, carefully considered investment in infrastructure will be a critical factor when we look back on the trials and tribulations of this government.

So, while we recognise the challenges that lie in the road ahead, it's imperative that we are not beholden to them.

In true entrepreneurial spirit, northern businesses must set their own course to deliver firstly on their recovery and then on their ambitions – as they have always done – be it through innovation, investment or sheer determination. We are a region of pragmatists after all. The road ahead is undoubtedly a bumpy one. However, it is our responsibility to be onhand to take full advantage when it begins to clear again \blacksquare

Mark Rathbone

Head of sectors, Brabners

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