

Transport reform is needed to let freight drive recovery

Freight transport and logistics is seriously underestimated in terms of its contribution to the economy. Apart from the intrusion caused by countless lorries, its scale is largely invisible and unreported. The reality is that it accounts for 6-10 per cent of the cost of all goods and services. Largely taken for granted until it goes wrong, over the past 20 years it has punched above its weight, contributing disproportionately to national economic performance. Its ratio to sales has declined by 50 percent, but that trend is reversing as strategies for freight and logistics come back into corporate focus.

Our paper released this week; [UK Freight Transport: setting a coherent strategy and direction for 2020 and beyond](#), argues that this trend requires a new vision for national freight and logistics policy as neither the current performance trajectory or national policy frameworks will secure the Government's growth agenda and climate change goals.

There have been five attempts to define transport policy over the past ten years, and there is no better time for change as a wide range of new government initiatives combine to reinforce the urgency for a rethink.

These include the tight budgetary constraints set by the Comprehensive Spending Review on the Department for Transport; the drive by the Treasury to introduce private funding to bridge that gap; the focus of the Department of Business on growth; the Localism Bill which will create a new planning landscape through which transport policy must be delivered; and the fourth carbon budget, which provides scenarios for improvement and calls for structural change in freight and logistics.

To meet these a more integrated freight policy is required – one supported by better data and modelling. It is not simple, but the benefits are enormous; a 1 per cent improvement in the productive economy is worth billions of pounds and will certainly be greener.

However, the complex interactions of capacity and flows of freight with passenger movements; have never been well represented in policy planning for freight - and data is presently flawed, fragmented and inconsistent. For instance, more than 1million vans and foreign-registered HGVs are going unrecorded.

Private sector investment will be crucial to sustaining both the growth and carbon agendas. Hard-nosed financiers will demand clarity of vision, precise measures and clear outcomes. Radical measures will be need to cover a combination of taxation to promote more efficient use of resources, regulation to drive more efficient, safe, clean and fair operations and planning processes that enable innovation and investment to deliver a step change. Formalising this bundle of measures requires a cross-departmental vision supported by a quality evidence base.

So the challenge is both an organisational – to secure inter-departmental and stakeholder integration – and technical in that the new horizon must be defined. After five previous attempts, the need is self-evident; grasping this nettle has the potential to sustain Britain's leadership in freight and logistics.

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