



THE BRITISH
CHAMBERS OF
COMMERCE

Running on Empty

A Transport Survey
by the British Chambers
of Commerce

November 2007

A report prepared by the
British Chambers of
Commerce (BCC)

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Chambers of Commerce

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The British Chambers of Commerce

The British Chambers of Commerce (BCC) is the national voice of local business.

The BCC is the national body for a powerful and influential nationwide network of Accredited Chambers.

The BCC serves not only its 100,000 member businesses, which in turn employ well over 5 million people, but also the wider community.

No other business organisation has the geographical spread across extensive multi-sectoral, multi-sized businesses achieved through local Chambers of Commerce. Lying at the heart of their local community, Chambers reach and serve all businesses, with special emphasis on providing services to their members.

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Foreword



High quality transport infrastructure is critical to the success of any economy. It is a vital part of the chain that links businesses with customers and suppliers, while the ability to travel further and faster opens up new markets and increases economic activity. There is increasingly a consensus that economic growth is directly attributed to the quality of a nation's infrastructure. However, the members of the British Chambers of Commerce in this year's survey have made it quite clear that the UK's infrastructure is not fit for purpose and continued underinvestment is now having serious effects on the competitiveness of British business.

Our roads are now so congested that the cost to business has risen to a staggering £17.5 billion per annum yet with rising car ownership there has been no subsequent increase in capacity. Our railways are overcrowded and expensive while the provision of alternative modes of transport in the face of a possible introduction of congestion charging in some cities is inadequate.

As a result of these problems this year's survey shows a significant hardening of opinion across all fronts. Last year the members of the British Chambers of Commerce offered a clear signal to the Government that they would be prepared to consider road pricing as a realistic and workable solution to rising congestion. However, the results from this survey show a 9% fall in support for the implementation of such a scheme to 78% reflecting the widespread concern that the Government is failing to take the initiative on this issue. The business community demands a transparent and comprehensive debate on road pricing if support is not to decline further.

Even more concerning is the perceived effects that our crumbling transport system is having on business. The worsening condition of the UK's transport infrastructure is now a major influence on a business' decision on where to locate and is inhibiting inward investment into the regions. Businesses are experiencing further increases in costs, loss of man hours, loss of business and recruitment difficulties compared to the previous survey.

Where alternatives do exist to the road network, such as rail freight, there is concern that the Government is not doing enough to incentivise modal shift. Even though nearly three quarters viewed rail freight as the most viable alternative to road the limited take-up is largely due to a lack of access and availability. As we face tougher environmental limits there must be a sustained effort to encourage more sustainable use of the country's transport network.

Despite a continued lack of prioritisation from the Government BCC members have shown leadership in adopting measures to reduce congestion and their environmental impact. Just under half of respondents indicated that they had already introduced work from home schemes while a third had implicated staggered work times in response to the environmental agenda. However, the survey indicated that the Government must do more to push better greener vehicle technology. Tax incentives to encourage the green use of vehicles were also suggested. The survey indicates that partnership between business and government is the best way forward to reduce the country's green house emissions.

Investment in high quality infrastructure must be prioritised by the Government. For too long it has been neglected to the point that it is now constricting economic growth and harming the environment. This survey lays bare the view of British business and we call on the Government to act rapidly and decisively.

David Frost
Director General
British Chambers of Commerce

Section 1: Executive summary



Section 1: Executive summary

1.1. The road network

Road congestion continues to be the main cause of frustration although initiatives to tackle the school run could have significant effects on peak time traffic locally.

- The UK continues to be heavily reliant on its road network. 75% of UK businesses describe the road network as being essential to their business, while a further 23% argue that it is important.
- Rising car ownership continues apace yet without additional capacity being factored into the system this survey finds a continuing frustration among businesses about the rise in congestion. 85% or more claim that road congestion locally, regionally and nationally is a problem to their business. Overall, nearly half of all respondents rate it as a significant problem, which represents an 8% rise on last year's results.
- Whereas on national and major roads the dominant form of congestion was the sheer volume of cars at all times, 89% of respondents claimed that on local roads the school run is the most significant cause of traffic suggesting that initiatives directed at this issue could have dramatic effects on local congestion at peak times.
- However, over half of respondents highlighted the lack of any viable alternatives to the road network as a reason for rising congestion. Further investment is drastically required in our public transport system if people are to be encouraged to use alternative transportation.

1.2. The rail network

Punctuality and reliability on the rail network once again tops the list of the business community's key requirements for rail.

- The railway network remains a key mode of transport among business users with nearly half of all businesses rating it as important and 18% as essential.
- Congestion on the road network continues to be the biggest driver for businesses when deciding to travel by rail, although it is clear from this year's survey that the ability to work on the train is a rising consideration among businesses who wish to maintain productivity levels.
- Over a third of businesses noted that they have increased their use of the rail network over the last five years which represents an 8% rise over last year's figures suggesting more businesses are considering rail as opposed to the motorcar.
- Once again the 2007 survey indicates that punctuality and reliability are the key improvements required from the business community; 36% of businesses have highlighted this as their top priority. Lower fares also remained a key concern reflecting the increasing cost of public over private transport suggesting that the high cost of rail travel remains a barrier to business take-up of rail.
- Interest in High Speed Rail reflects the urgent requirement for extra capacity on our railways and also indicates the growing interest sparked from the impending opening of the UK's first high speed line into London's St. Pancras.

1.3. The air network

Access to regional airports over London Heathrow is considered essential.

- The continuing global ambitions of British business is reflected in the fact that 48% of businesses claim they have increased their use of aviation over the last five years. 63% say this is due to their business now being more internationally focused (6% more than last year), for 48% it is the availability of additional routes and 47% suggest it is due to cheaper prices.
- However, concerns arose over the increasing transfer and waiting times which were highlighted as a key priority by a third of businesses. This reflects the increased security measures that have been put in place across UK airports.
- Access to regional airports, either directly or as a connecting hub, as opposed to Heathrow was once again rated as essential by nearly a third of businesses. Accessibility to Heathrow is essential to 13% of businesses while the survey indicates a rise in the need for access to other London airports reinforcing the view that Heathrow is fast reaching capacity.

1.4. The movement of freight

Rail freight offers the most viable alternative to road.

- Reflecting the importance of the road network 96% of businesses transport freight on roads. Air freight is used by 43%, coastal waterways by 24% and the rail network by 12%.
- In response to the rising environmental agenda 72% of businesses stated that they believed rail freight offered the most viable alternative to road freight; however, considering respondents only recorded a 5% increase in the use of rail freight it suggests that current government initiatives to encourage modal shift are proving ineffective.
- Two thirds of businesses that move freight claim that a lack of access or availability of alternatives prevents or discourages them from using alternatives to the road network, while 50% suggest that there is no point seeking an alternative given that most freight journeys involve the use of the road network at some stage. Further, 42% feel the timeliness and responsiveness of other freight networks prevents or discourages them from using an alternative, while 38% are concerned about the cost of alternatives.

1.5. UK transport infrastructure and cost to business

The cost to British business of infrastructure inadequacies has risen to £17.5 billion.

- The state of the UK's transport infrastructure has a direct correlation with the ability of British companies to conduct business operations. 61% of businesses agree that the UK's transport infrastructure is a major influence on their decision on business location, 59% agree that it inhibits inward investment in their region and 43% feel it limits their ability to expand their business. Worryingly only 17%, down from 20% last year, agree that the UK's transport infrastructure meets their business needs fully; 65% disagree.
- As a direct result of the UK's poor infrastructure 84% of businesses stated that they have experienced increased operating costs while 83% experienced a loss of man hours. Worryingly, a significant increase from 48% to 60% of businesses have experienced lost business while 54% of businesses experienced recruitment difficulties; a rise of 7% over last year.

- 87% of businesses believe that these problems have resulted in increased costs to their business over the last 12 months. On average, the estimated cost to business is £18,200 though there are marked variations; while the average cost is just under £4k for those with 0 to 4 employees, it rises to almost £70k for those with 250+ employees. If this pattern reflects the national picture then the cost to business is approaching £17.5bn per annum. Further, 57% of businesses reported that these figures are an increase on last year's results.

1.6. Transport initiatives to combat congestion

Business support for road pricing has declined to 78%.

- The business community last year showed its willingness to consider the principle of road pricing as a realistic option in tackling congestion; however, since then there has been an inconsistent message from the Government reflected in a cooling of opinions. This year 78% of businesses, representing a 9% decline on last year's results, stated that given a range of initiatives that could be used to help combat congestion they would support the principle of road pricing if certain conditions were met.
- 42% claim they would support road pricing if significant improvements are made to public transport prior to its introduction, 34% would support road pricing if the money raised is put directly into improving public transport, 32% if it replaces fuel duty and 31% if it replaces road tax.
- However, for any road pricing scheme to be effective it was strongly stated by 94% of businesses that investment in public transport should happen now rather than waiting until monies have been raised from road pricing initiatives. The Government cannot price people off the road network without offering viable alternatives.
- 80% of businesses believe that improved reliability and punctuality would encourage the more frequent use of the public transport network. 74% suggest that cheaper fares and better discounts would have the same affect. 68% wish to see congestion beating routes, such as high quality bus corridors, to encourage increased usage, whilst 56% feel a safe and comfortable environment would do this. 49% believe the introduction of new and modern buses, trains and trams would attract greater use of public transport.
- However, belief in the Government's ability to introduce an effective road pricing scheme continues to divide opinion. 43% of businesses believe that government can produce a road pricing scheme that significantly reduces congestion, at least in part. However, 52% feel that it is unable to do this, a rise of 4% on last year. Similarly, 55% do not believe the Government can produce a road pricing scheme that meets the needs of their business (48% in 2006) and 63% feel that it can not produce a scheme that does not add an administrative burden (59% in 2006).

1.7. Planning

The planning system continues to be seen as a barrier to improvement.

- 93% believe that the planning of the UK's major transport infrastructure schemes takes too many years to materialise. 87% also agree that these major transport schemes are too bureaucratic in their design and implementation. Just 10% would agree that such schemes are developed in a timely and appropriate manner; 76% disagree.

1.8. Responses to the environmental agenda

SMEs continue to be early adopters of more sustainable business practices.

- Nearly a third of businesses rate as their highest priority the development of government initiatives to encourage the use of better, greener vehicle technology and investment in existing road infrastructure to help minimise congestion and reduce carbon emissions. Though ranked lower in priority, businesses also generally favour tax incentives to encourage the use of green vehicles, the encouragement of more flexible working practices, and the use of sustainable transport solutions, such as travel plans. They least favour tax penalties for high carbon emission vehicles.
- 44% of businesses have introduced working from home as a response to the environmental agenda, while 40% have introduced IT and e-business solutions to reduce business travel and 34% staggered hours of working or flexitime. 13% or fewer businesses have introduced car sharing schemes, a similar proportion have introduced walking/cycling schemes, 6% a formal written workplace travel plan, 4% public transport incentive schemes, and 6% reduced car parking spaces.



Section 2: Introduction



Section 2: Introduction

2.1. Background

British business requires an effective transport network. A survey undertaken by the British Chambers of Commerce (BCC) amongst Chamber Members in 2006 showed that the majority of businesses across the UK did not have access to such a network, and as a result the economy was suffering.

As things stand, the BCC do not believe that the Government's attempts to address failings in the transport system are translating into the improvements that businesses need to see. It believes that the reputation of the UK as an accessible nation and a good place to do business is being undermined by a woefully inadequate transport system; the ability of business to compete in a global market place is at stake, as are jobs and the future economic attractiveness of the UK as a vibrant and competitive economy.

In order to ensure continuing pressure is placed on government the BCC commissioned a repeat of its transport survey this year, with a view to updating its understanding of the experiences and views held by UK businesses.

2.2. Business and research objectives

The overall business objective is to review the BCC's transport policy, ensuring that it reflects the economic and social costs currently incurred as a result of transport problems and considers current thinking on the solutions to those problems.

The specific research objectives of this study are to:

1. Determine usage and relative importance of road, rail, sea and air transport
2. Understand the perceived impact of the current transport infrastructure on business, in terms of business costs, lost opportunities, decisions on business growth and location
3. Establish opinion on possible solutions to the transport problems

2.3. Research methodology

This year the BCC chose to undertake an online web based survey, recognising the need to keep pace with technological changes in businesses generally as well as in survey techniques. Accredited Chambers were asked to support the survey by supplying data for all their members where an email address was held.

The data was used to email an invitation from David Frost, Director General of the BCC, to businesses asking for their participation. It provided background information to the survey, a unique web link and assurances of anonymity and confidentiality. An additional web link was included for those who preferred not to participate allowing them to opt out of reminder emails.

Where a response had not been received from businesses a reminder email invitation was sent. In all, an initial invitation and two reminder emails were scheduled.

Where Accredited Chambers felt unable to supply membership email data, then a separate web survey was hosted on the BCC website, ChamberOnline. Chambers were provided with a template of the email text and the fieldwork schedule and asked to contact members directly.

2.4. Sample and response rate

In all, 57 Accredited Chambers chose to participate in the study. 42 Chambers provided data allowing Research by Design Ltd to automate the initial invitation to participate and subsequent reminder emails with the remaining 15 supporting the online survey only. Fieldwork was undertaken between 4th September and 17th September 2007.

In total 2,701 business members responded to the 2007 Transport Survey. 2,266 replied to an invitation to participate in the survey administered by Research by Design Ltd (providing a 6% response rate overall), and 435 completed a survey administered in-house by selected Chambers.

Survey	RbD administered	Chamber in-house administered	Total
Initial invitation	1,450 85%	262 15%	1,712 63%
1st reminder (11th September)	515 92%	46 8%	561 21%
2nd reminder (14th September)	301 70%	127 30%	428 16%
Totals	2,266 84%	435 16%	2,701 100%

The majority of businesses that participated in the 2007 survey are smaller sized businesses; 74% have less than 50 UK employees. 15% of businesses have between 50 and 249 employees and the remaining 11% have 250 or more employees.

Appendix 1 provides profile details of respondents to the survey.

2.5. Analysis and reporting

This report provides the findings given by the total sample (all member businesses). It also provides the findings of sub-groups of the total sample, defined by number of employees, annual turnover, business sector, etc, where they are statistically significant compared to the national picture.

By the very nature that surveys typically represent the views of a sample of the population, sampling error must be considered when evaluating the findings. This is measured by the confidence level and interval of the data. Most commonly, market research studies require a 95% confidence level, indicating that we can be 95% confident that we have not arrived at the estimate by chance.

The confidence interval shows the variation that may exist in the findings drawn from a sample. For example, the survey shows that 57% of businesses believe that the cost of problems associated with the UK's transport infrastructure (e.g. loss of man hours and business, increased operating costs, recruitment difficulties) has increased in the last 12 months. However, due to intrinsic characteristics of sampling, this will be surrounded by a confidence interval, in this case $\pm 2.3\%$. This indicates that the real figure, (the 'true' figure if the whole population were surveyed) lies somewhere between 54.7% and 59.3%.

The following table gives the confidence intervals for those findings that centre around 10% or 90%, 30% or 70% and 50% given varying sample sizes. (These assume a 95% confidence level using random sampling).

Confidence intervals for given results, based on a 95% confidence level			
Size of sample	10% or 90% ±	30% or 70% ±	50% ±
2500	1.2	1.8	2.0
2000	1.3	2.0	2.2
1500	1.5	2.3	2.5
1000	1.9	2.8	3.1

When comparing the results from different groups within a sample, say those with a turnover of less than £250k and those with a turnover of £250k or more, the difference in results are tested for statistical significance. This way we know whether the differences are 'real' or whether they could have occurred by chance. The test reflects the size of the samples, the percentage giving a certain answer and the degree of confidence chosen. Assuming a 95% confidence level, the differences between the results of two separate groups must be greater than the values given in the table below to be statistically significant.

Percentage difference required before the results may be considered statistically significant			
Size of sample	10% or 90% ±	30% or 70% ±	50% ±
1000 versus 1500	2.4	3.8	4.0
1000 versus 1000	2.7	4.1	4.4
1000 versus 500	3.3	5.0	5.4
500 versus 500	3.8	5.7	6.3

Analyses of the findings in this report are based on all respondents less those who chose not to answer specific questions and those who stated 'don't know' or 'not applicable'. The base (sample) size for each question is given in each chart. Where figures are not shown in the charts, these are 3% or less. Where figures do not sum to 100%, this is due to rounding. *% indicates less than 0.5%.

Section 3: Transport infrastructure



Section 3: Transport infrastructure

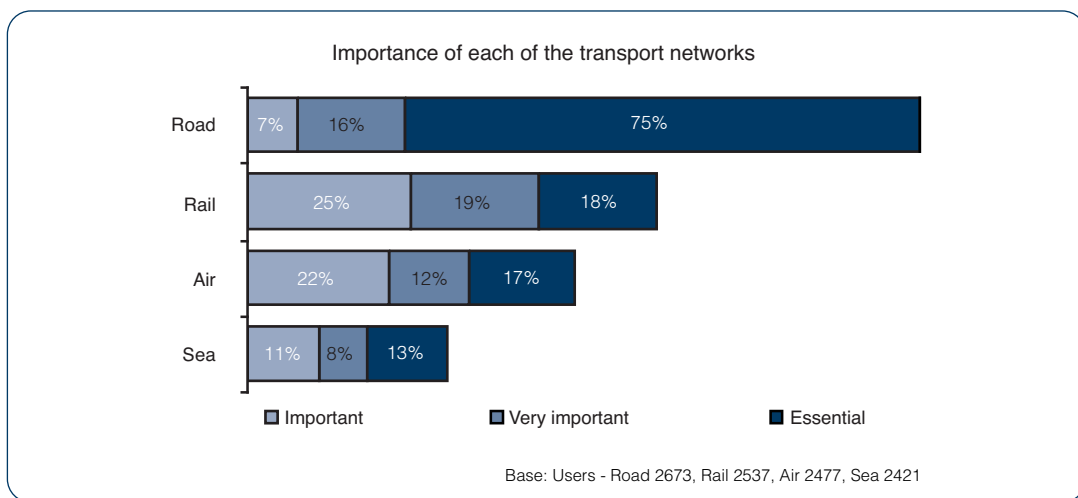
3.1. Importance of transport networks to businesses

How important are each of the transport networks you use to your business and its operations?

UK businesses are heavily reliant on the road network. 23% describe it as important to their business and 75% indicate it is essential.

The rail network is seen as important by 44% of businesses and essential by 18%, whilst 34% of businesses feel that air transport is important and 17% essential.

Use of the sea as a transport network is important to 19% and essential to 13%.



3.2. The road network

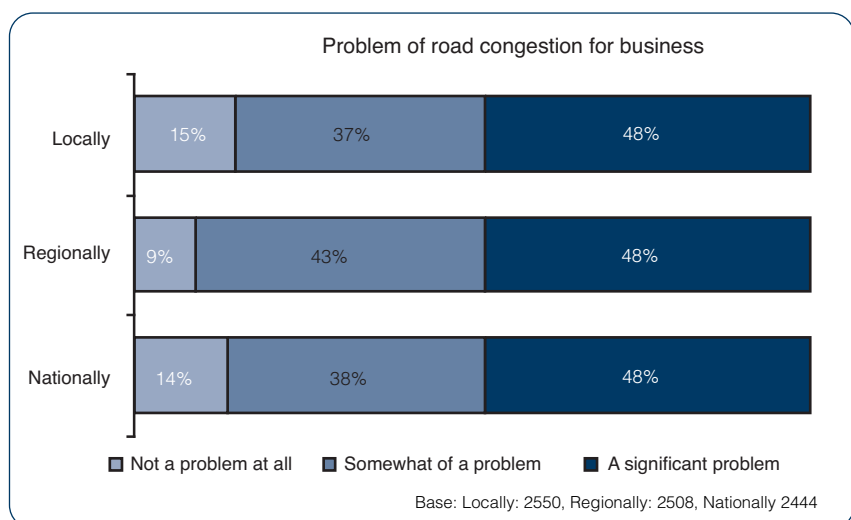
How significant do you think the problem of road congestion is for your business locally, regionally and nationally?

85% of those surveyed believe local road congestion is a problem for their business. 48% suggest it is a significant problem, an increase of 6% on last year.

91% feel that regional road congestion is a problem to their business; 48% say it is a significant problem (8% more than last year). This figure rises to 57% for those in construction and 59% for those in transport, distribution and storage.

Nationally, congestion is seen as a problem by 86% of businesses.

48% say it is a significant problem, rising to 54% for those based in Yorkshire and Humber and 63% for those in the transport, distribution and storage sector. It falls to 38% for those in public and voluntary services.



The differences between views this year compared to last year are statistically significant. This year proportionally more businesses feel that road congestion is a significant problem to their organisation, locally, regionally and nationally.

Those saying “significant problem”	2007	2006
Locally	48%	42%
Regionally	48%	40%
Nationally	48%	44%

Statistically significant differences shown in **bold**

Base:

2440 to 2550

1262 to 1335

What do you think are the main causes of congestion on local roads, A Roads/Trunk Roads, and motorways?

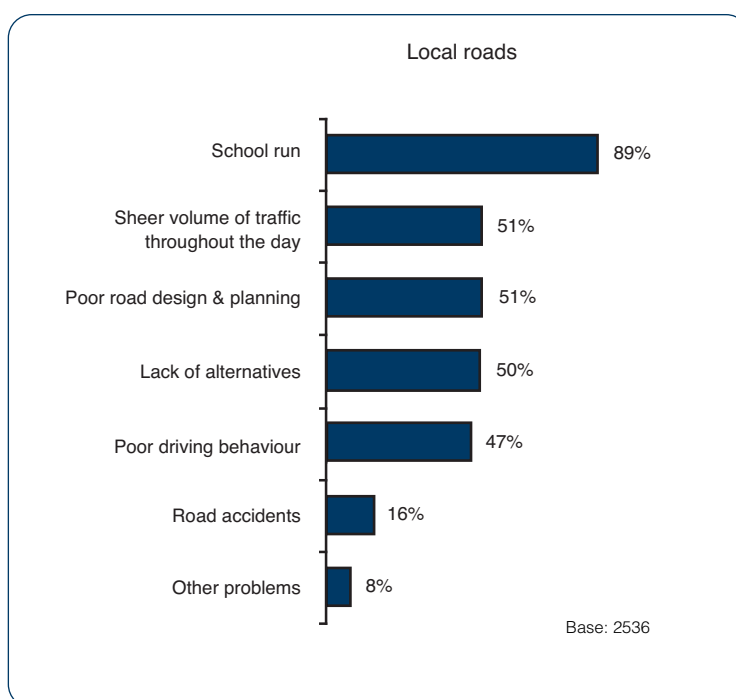
- **Sheer volume of traffic throughout the day**
- **School run**
- **Road accidents**
- **Poor road design & planning**
- **Poor driving behaviour**
- **Lack of alternatives**
- **Other problems (please specify)**

The school run is perceived to be the greatest cause of congestion on local roads; 89% of businesses cite this reason.

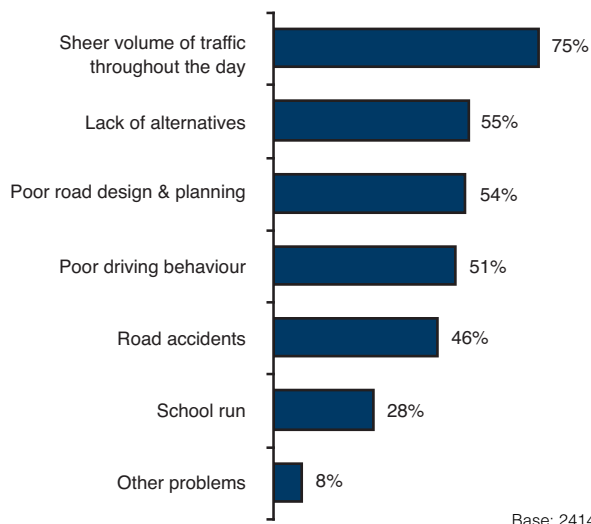
Around half also feel that the sheer volume of traffic throughout the day, poor road design and planning, and lack of alternatives cause congestion locally.

Sheer volume of traffic on local roads is cited as a cause of congestion for proportionally more of those in agriculture, forestry, fishing and mining (71%) and businesses based in Yorkshire and Humber (57%) and South West England (62%).

Proportionally more businesses in the public or voluntary services sector claim that a lack of alternatives (61%) and poor driving behaviour (57%) are a cause of congestion on local roads.



A roads/trunk roads



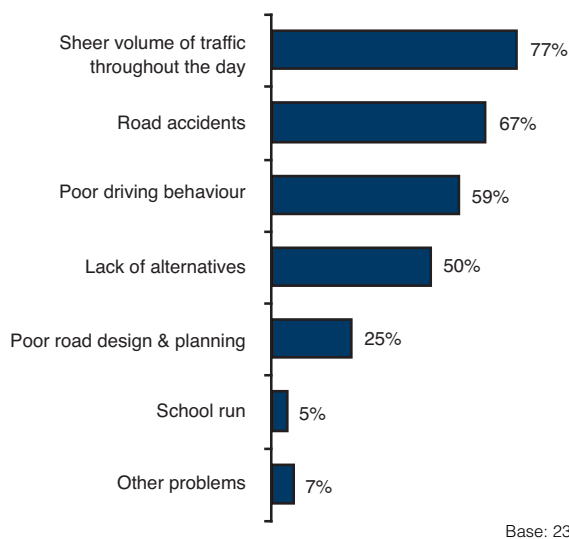
75% of businesses feel that the main cause of congestion on A roads/trunk roads is the sheer volume of traffic throughout the day.

55% feel the lack of alternatives also contributes to road congestion on A roads and trunk roads, whilst 54% feel it is down to poor road planning and design.

A greater proportion of those with 10 to 49 employees (60%) and those in agriculture, forestry, fishing and mining (71%) feel poor road design is to blame for congestion on these roads.

Proportionally more of businesses with between 100 and 249 employees (55%) and those in the East of England (60%) feel that road accidents are a main cause of congestion on A roads and trunk roads. Fewer of those with 5 to 9 employees (40%) and those based in the North West (39%) feel this is the case.

Motorways

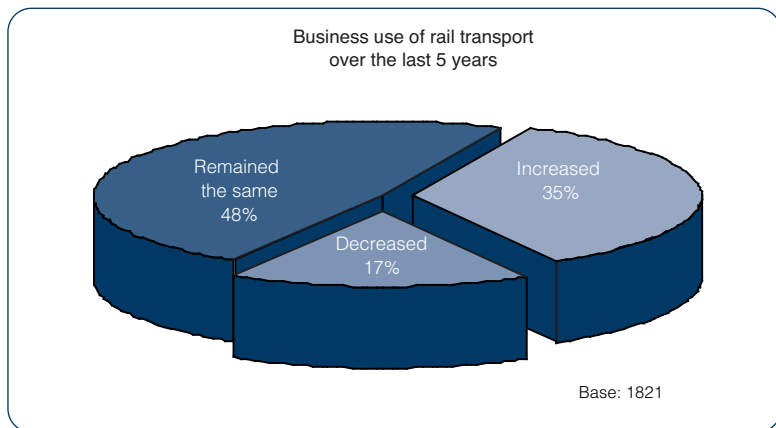


Sheer volume of traffic is felt to be the main cause of congestion on motorways; 77% of businesses claim this. This is followed by road accidents (67%), poor driving behaviour (59%) and a lack of alternatives (50%).

Views by business size, turnover, sector and region are all broadly similar with no statistically significant differences when compared to the national picture.

3.3. The rail network

Over the last 5 years, would you say that your business' use of rail transport has increased, remained the same or decreased?



Over a third of businesses have increased their usage of the rail network over the last five years. A greater proportion of businesses with 250 or more employees (45%), those in public and voluntary services (47%) and those based in Scotland (45%), Yorkshire and Humber (47%) and London (50%) say their usage of rail transport has increased in the last five years.

Those businesses claiming a decrease in rail transport usage are in manufacturing

(25%) and retail/wholesale (26%). Compared to last year, significantly more businesses overall have increased their rail transport usage in the last five years.

Business use of rail transport over last 5 years	2007	2006
Increased	35%	27%
Remained the same	48%	57%
Decreased	17%	16%

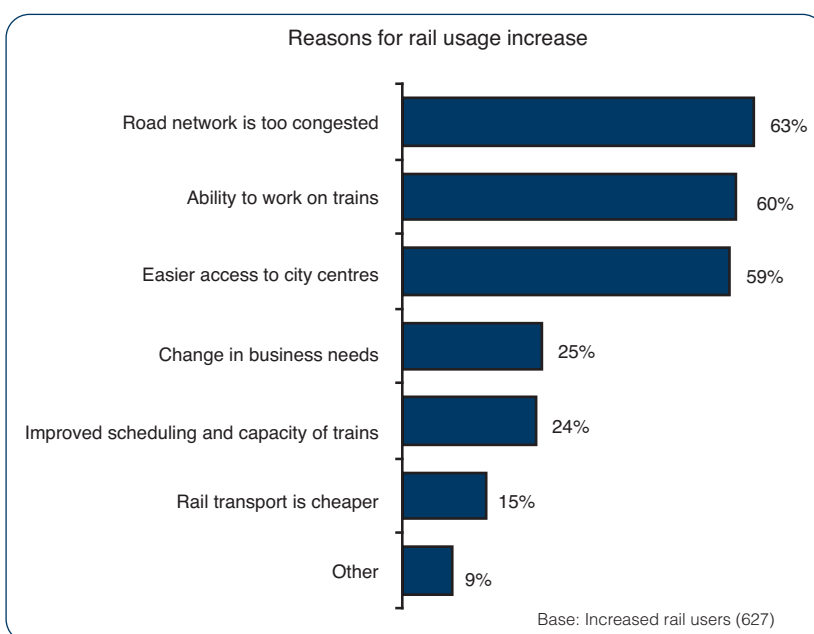
Statistically significant differences shown in **bold** Base: 1821 947

If your rail usage has increased, why is that?

Businesses cite congestion on the road network, the ability to work on trains and easy access to city centres as the main reasons for their increase in rail transport usage.

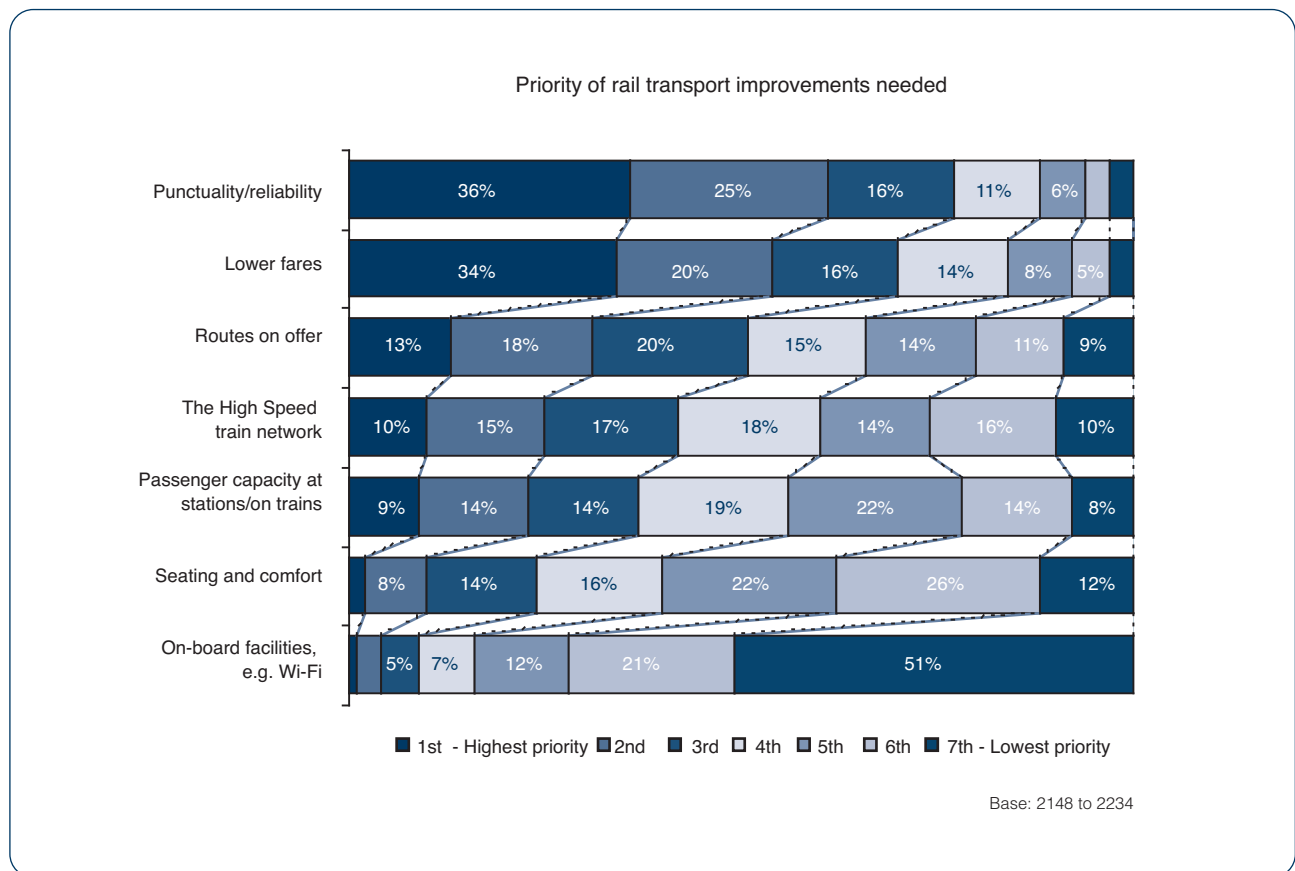
A greater proportion of those with 100 to 249 employees claim the road network is too congested (78%).

Proportionally more of those in public and voluntary services have increased their rail transport usage due to the ability to work on trains (76%).



In order of priority, which aspects of the rail network do you consider needs improving the most? (PLEASE RANK THE FOLLOWING FROM 1 TO 7, WHERE 1= HIGHEST PRIORITY FOR IMPROVEMENT AND 7=LOWEST)

Overall, punctuality and reliability is the most important improvement needed on the rail network; 36% of businesses highlighted this as their top priority, though this is closely followed by lower fares, with 34% of businesses saying this should be the top priority.



Following these are routes on offer, the High Speed train network and passenger capacity at stations and on trains. The lowest priority for improvements are seating and comfort and on-board facilities, such as Wi-Fi.

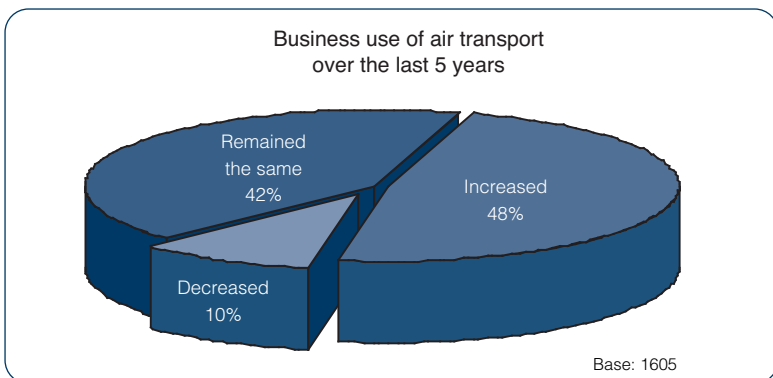
Compared to the national picture, proportionally more businesses in the agricultural, forestry, fishing and mining sector (54%) rank lower fares as their highest priority.

A significantly greater proportion of businesses with 250 or more employees (18%) rank routes on offer as their highest priority.

3.4. The air network

Over the last 5 years, would you say that your business' use of air transport has increased, remained the same or decreased?

Almost half of all businesses have increased their usage of air transport in the last five years.



The proportion of businesses that have increased their usage rises from 37% for those with up to 4 employees to 60% for those with 100 or more.

Similarly, it rises from 32% for those with an annual turnover under £250k to 54% for those with a turnover of £250k or more.

In terms of business sectors, just 28% of those in marketing and media claim to have increased their usage over the last five

years compared to 58% for those in transport, distribution and storage and 62% for those in manufacturing.

Compared to last year, significantly more businesses have reduced their use of air transport in the last five years.

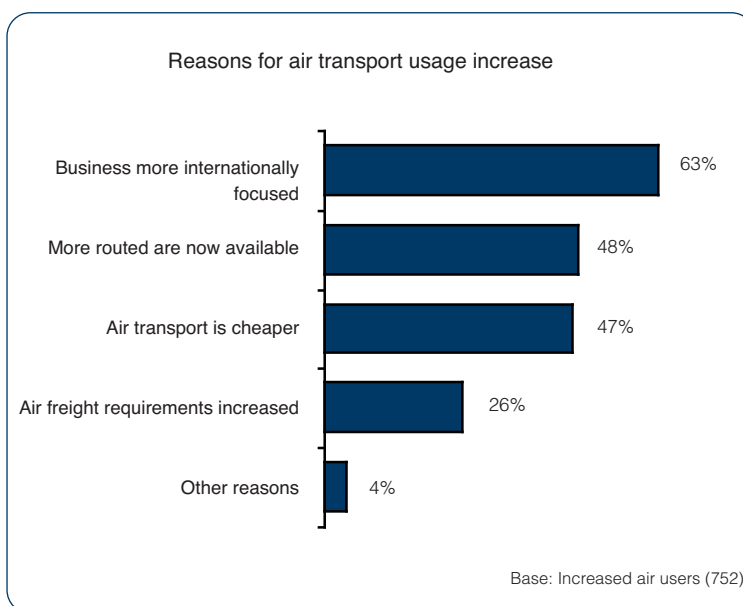
Business use of rail transport over last 5 years	2007	2006
Increased	48%	46%
Remained the same	42%	49%
Decreased	10%	5%

Statistically significant differences shown in **bold** Base: 1605 851

If your air usage has increased why is that?

63% of those whose air usage has increased in the last five years say this is due to their business being more internationally focused, a rise of 6% on last year. This statistic increases still further to 76% for those in manufacturing and to 87% for those in agriculture, forestry, fishing and mining. Fewer businesses in construction (42%), those based in the North East (50%) and the North West (55%) have increased their usage for this reason.

48% have increased their usage as more routes have become available; 68% for those in the hotels and restaurants sector and 70% for those in the construction sector.



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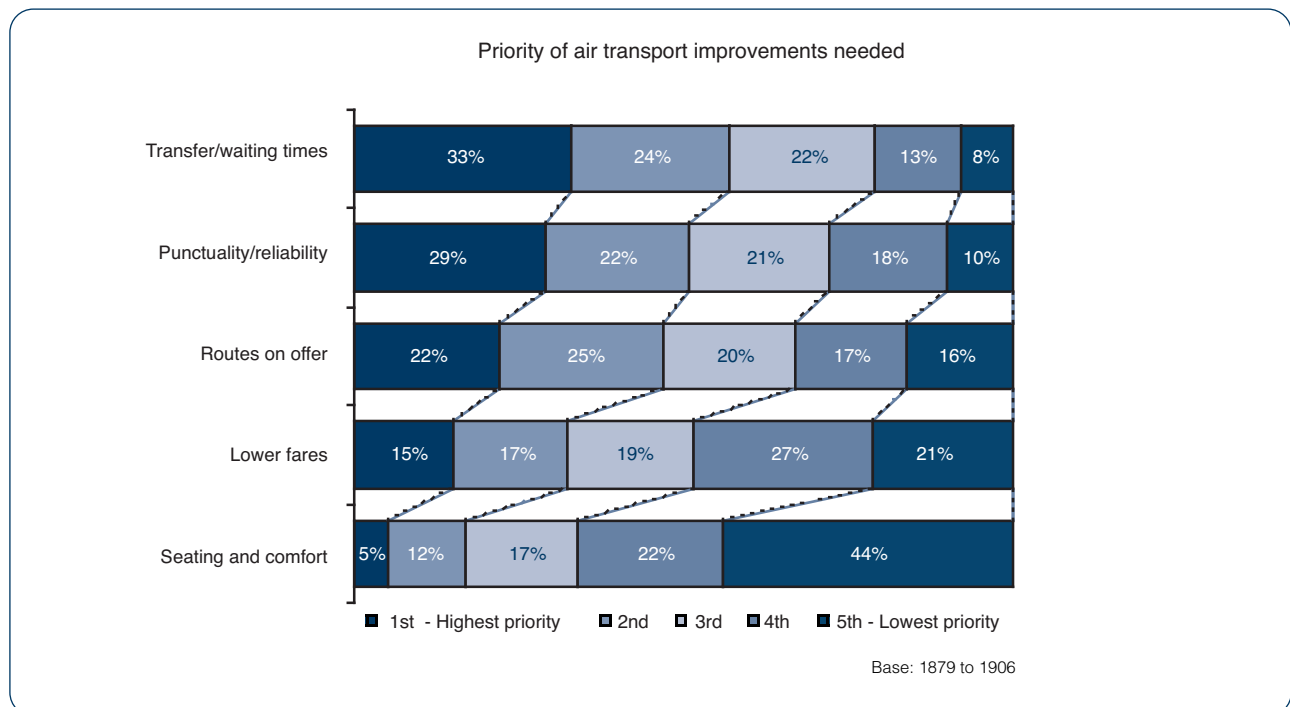
47% suggest their usage has increased as prices have become cheaper. This rises to 59% for businesses based in the South West.

Just over a quarter have had additional air freight needs. For those in retail and wholesale this figure rises to 40%, to 54% for those in manufacturing, to 56% for those in transportation, distribution and storage and to 60% for those in agriculture, forestry, fishing and mining.

***In order of priority, which aspect of air transport do you consider needs improving the most?
(PLEASE RANK THE FOLLOWING FROM 1 TO 5, WHERE 1= HIGHEST PRIORITY FOR IMPROVEMENT AND 5=LOWEST)***

The number one priority for improvements to the air transport network is transfer and waiting times; 33% of businesses highlighted this. This is followed by improvements to punctuality and reliability, the routes on offer and lower fares. Seating and comfort is the least important measure concerning priority improvement; 44% of businesses ranked this as their fifth choice.

The order of improvement priority has remained unchanged when compared to the findings for 2006 study.

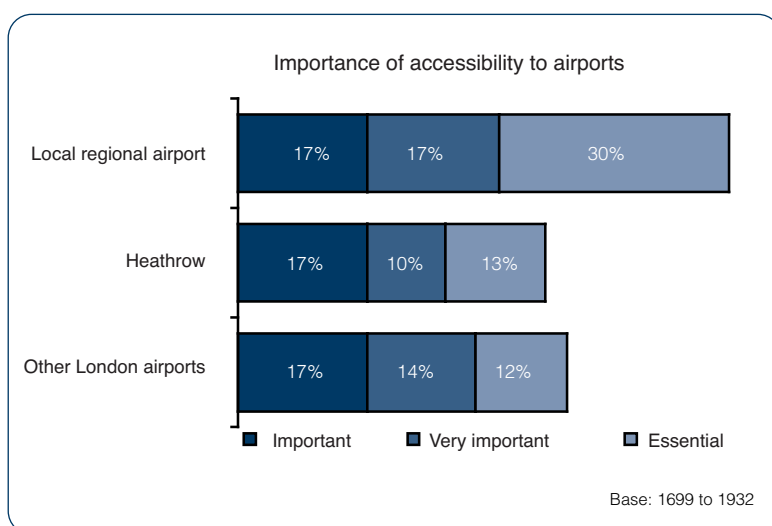


Compared to the national picture, proportionally more of those in the South East (38%) rank transfer and waiting times as their highest priority.

A significantly greater proportion of businesses based in Scotland (36%), the East Midlands (37%) and London (41%) rank punctuality and reliability as their highest priority.

How important is it for your business to access the following airports either directly or as a connecting hub?

Of greatest importance to businesses is access to local regional airports. 34% of businesses claim that this is important; for 30% it is seen as essential.



Proportionally more of those with 100 to 249 employees (48%) claim that access to a local regional airport is essential to their business and more of those in manufacturing (39%) and transport, distribution and storage (40%) also claim this.

More businesses based in the North West of England (40%), Scotland (45%) and Northern Ireland (50%) also feel it is essential.

Access to Heathrow is seen as important to 27% of businesses and essential to 13%. A significantly greater percentage of

companies with 100 or more employees say it is essential to their business; 22%. Similarly, the figure rises to 29% for those in transport, distribution and storage, to 19% for those based in the South East and 25% for businesses based in London.

31% of businesses feel that access to other London airports, such as City, Gatwick, Luton and Stansted, is important and an additional 12% claim it is essential. This statistic rises to 21% for those in the transport, distribution and storage sector, to 17% for businesses based in London, to 20% for those in the South East and 21% for those in the East of England.

Compared to last year, a significantly greater proportion of businesses this year claim it is essential to access other London airports.

Importance of accessibility to airports	2007	2006
Local regional airport	30%	27%
Heathrow	13%	12%
Other London airports	12%	9%

Statistically significant differences shown in **bold**

Base:

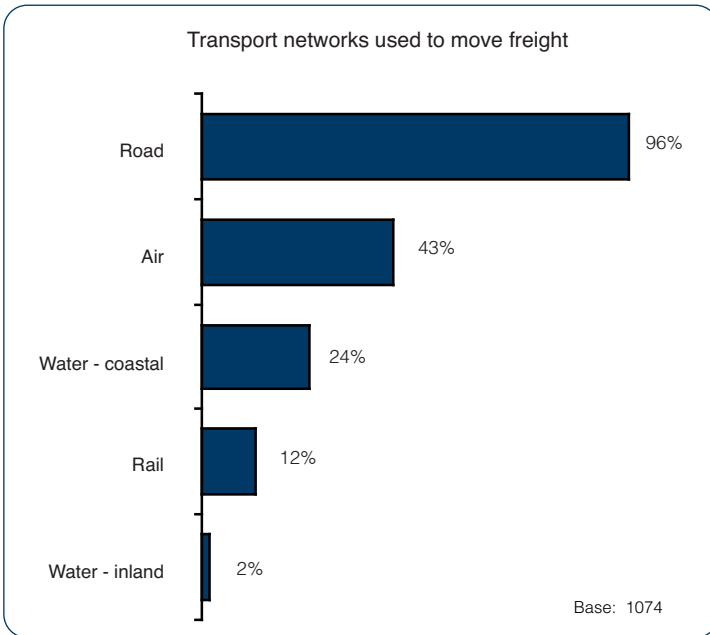
1699 to 1932

955 to 961

3.5. The movement of freight

Which of the following transport networks do you use to move freight?

Of those businesses that transport freight, the vast majority (96%) do so using the road network.



Air freight is used by 43% of businesses; this statistic rises to 58% for those in manufacturing.

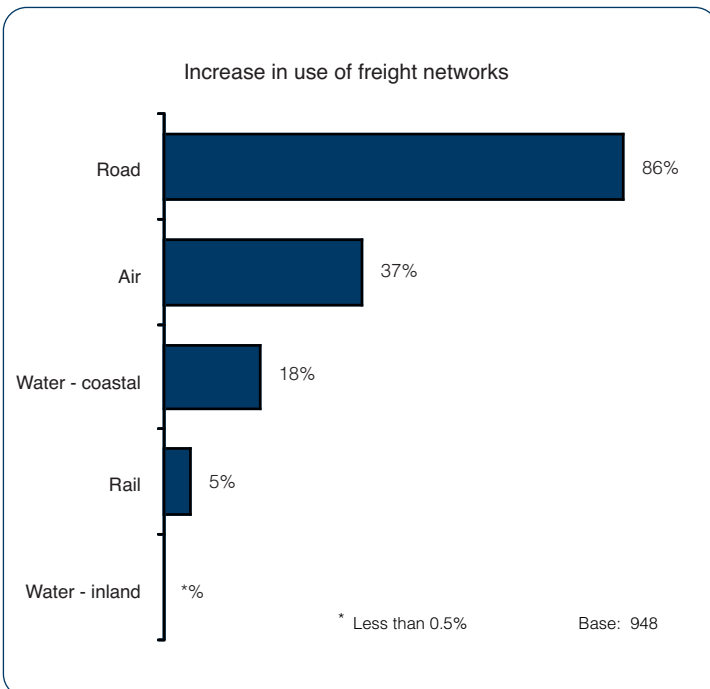
24% use coastal waterways, rising to 34% for those in manufacturing and those based in the North East, 40% for those based in Scotland, and 36% for businesses with 100 or more employees.

12% move freight using the rail network, rising to 24% of businesses with 100 or more employees and 25% based in London.

A significantly greater proportion of businesses in the transport, distribution and storage sector use rail, air and coastal waterways to move freight compared to the national picture.

In which areas, if any, has your use of the freight network increased in recent years?

86% of businesses have increased their usage of the road network to move freight in recent years, 37% their air freight, 18% coastal waterways and 5% rail.



Proportionally more of those in consumer services (94%) and construction (96%) have increased their usage of the road network.

More of those in manufacturing (48%) and agriculture, forestry, fishing and mining (60%) have increased their use of air freight.

Significantly more of those in manufacturing (25%) and transport, distribution and storage (26%) have increased their use of coastal waterways.

A greater increase in use of the rail network can be seen for companies with 250 or more employees (15%), those in transport, distribution and storage (13%) and those based in London (14%).

Which freight network(s) is the most viable alternative in place of the road?

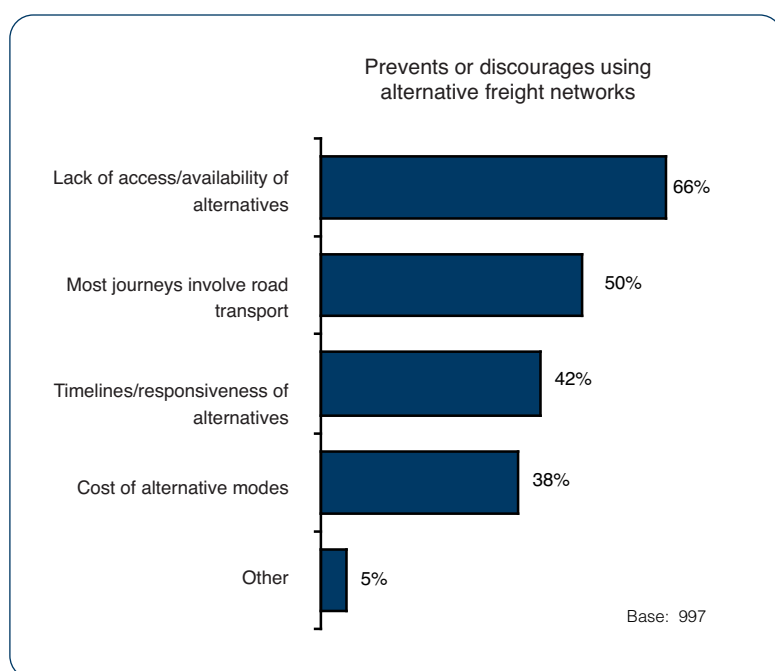
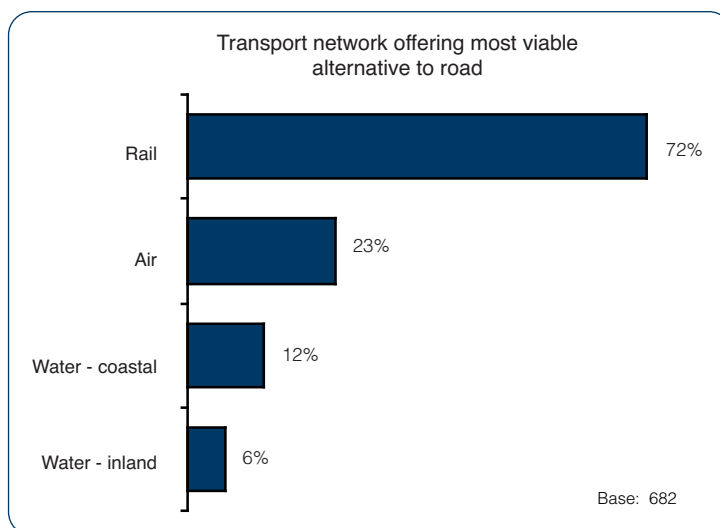
72% of businesses believe that rail freight offers the most viable alternative to road freight. 23% suggest air freight, rising to 33% amongst manufacturing businesses.

Just 12% of businesses suggest that coastal waterways are a viable alternative, though this statistic rises to 26% amongst those operating in the transport, distribution and storage sector.

Inland waterways are felt to be a viable option as an alternative to road freight by just 6% of businesses.

What currently prevents or discourages you from moving your freight from roads to other alternative modes of transport?

- **Lack of access/availability of alternatives**
- **Cost of alternative modes**
- **Timeliness/responsiveness of alternatives**
- **Most freight journeys involve road transport at some stage so there's no point seeking alternatives**
- **Other (please specify)**



66% of businesses that move freight claim that a lack of access or availability of alternatives prevents or discourages them from using alternatives to the road network. This figure rises to 80% for businesses with 100 to 249 employees.

50% suggest that there is no point seeking alternatives given that most freight journeys involve use of the road network at some stage.

42% feel the timeliness and responsiveness of other freight networks prevents or discourages them from using an alternative, while 38% are concerned about the cost of alternatives and 5% have other reasons or concerns, such as lack of control.

A significantly greater proportion of those in manufacturing suggest that the lack of alternatives/availability of alternatives (74%), the inevitable use of the road network at some point in the freight's journey (57%) and the timeliness and responsiveness of other networks (51%) prevent or discourage them from using alternative transport networks. 70% of those in construction also indicate that they are prevented or discouraged from using alternatives because of the need to use the road network at some point in the freight's journey.

Section 4:
UK transport
infrastructure and its
effect on business



Section 4: UK transport infrastructure and its effect on business

4.1. Influence of the transport infrastructure on business

How strongly do you agree or disagree with each of the statements about the UK's transport infrastructure shown below.

The UK's transport infrastructure...

- ...meets our business needs fully***
- ...is a major influence on our decision on business location***
- ...limits our ability to expand our business***
- ...inhibits inward investment in our region***

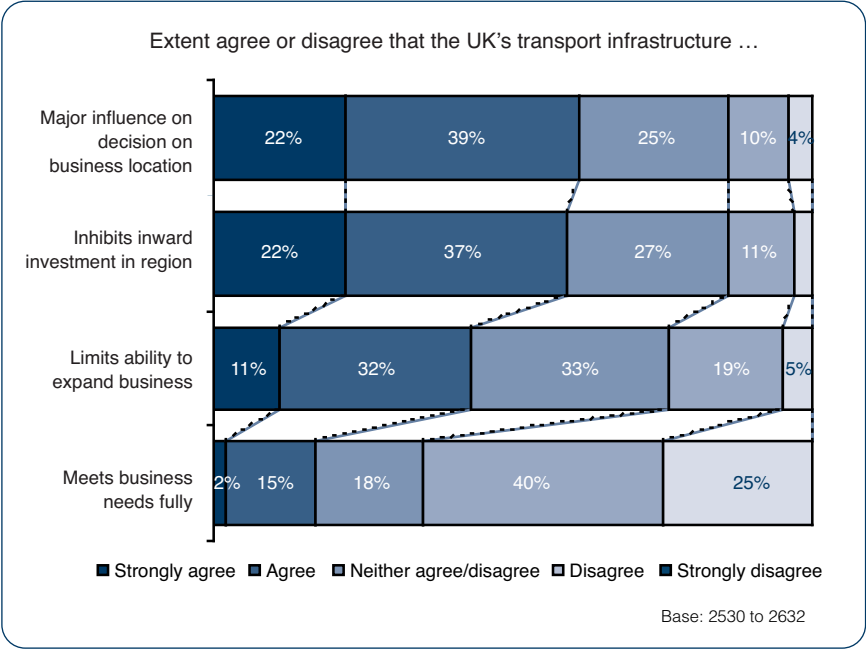
Overall, 61% of businesses agree that the UK's transport infrastructure is a major influence on their decision on business location, though this figure rises to 70% for those in the transport/distribution/storage sector and 72% for businesses with 250 or more employees. It also rises to 65% for those based in the North West, 69% for those in London, 70% for those in Wales and 74% for those based in Northern Ireland.

59% agree that the UK's transport infrastructure inhibits inward investment in their region, though proportionally more of those with 100 or more employees (67%), those in marketing and media (67%), public and voluntary services (70%) and those in the hotels and restaurants sector (73%) agree with this statement.

43% of businesses feel the UK's transport infrastructure limits their ability to expand their business, though this affects proportionally more of those with 100 or more employees (51%), those with an annual turnover in excess of £10m (51%), those in public and voluntary

services (53%), those in transport, distribution and storage (54%) and those in the hotels and restaurants sector (60%). Fewer businesses with up to 4 employees (38%) feel this is the case.

Just 17% agree that the UK's transport infrastructure meets their business needs fully, though 65% disagree. A greater proportion of businesses with 100 or more employees (70%) and an annual turnover in excess of £250k (68%) disagree with this statement.



This year, a significantly greater proportion of businesses agree that the UK's transport infrastructure is a major influence on their business location, inhibits inward investment in their region and limits their ability to expand their business compared to the 2006 study. Significantly fewer agree that it meets their business needs fully.

% agree overall	2007	2006
Major influence on decision on business location	61%	55%
Inhibits inward investment in region	59%	50%
Limits ability to expand business	43%	31%
Meets business needs fully	17%	25%

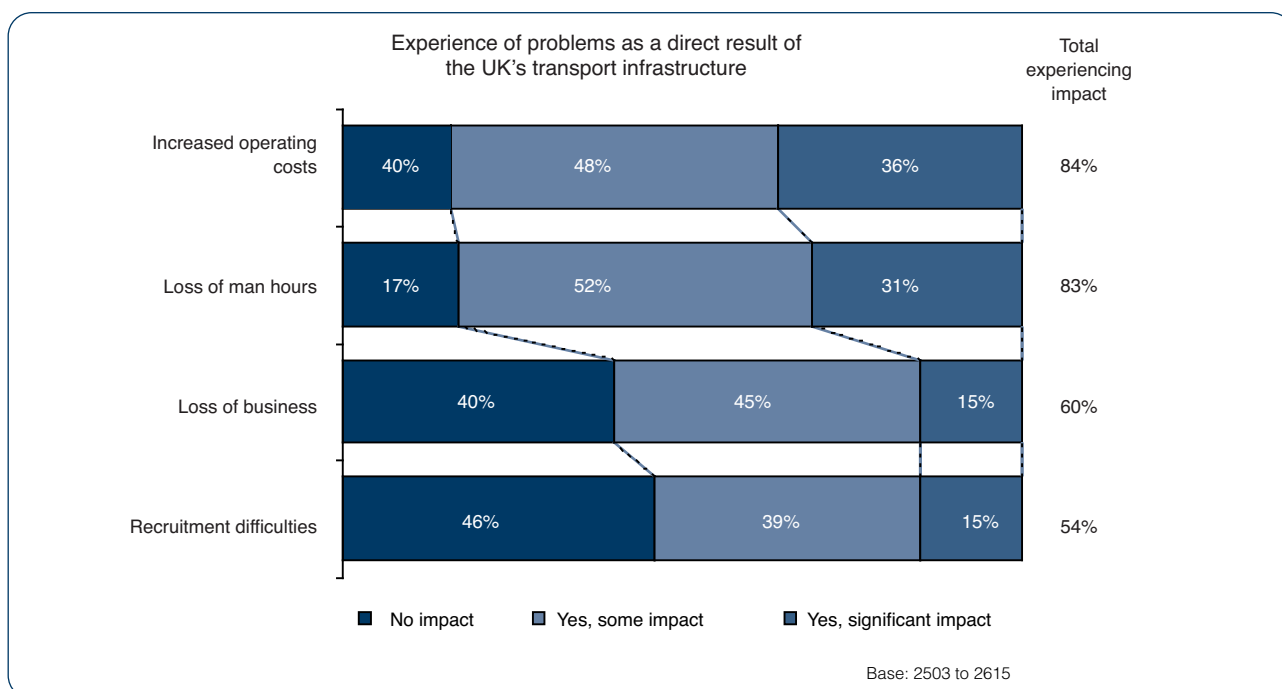
Statistically significant differences shown in **bold** Base: 2530 to 2632 1255 to 1340

4.2. Business problems as a direct result of the transport infrastructure

Does your business experience any of the following problems as a direct result of the UK's transport infrastructure, and if so, how significant would you say the impact is?

84% of businesses experience increased operating costs as a direct result of the UK's transport infrastructure; these costs have a significant impact for 36%. This statistic rises to 63% for those in the transport, distribution and storage sector and falls to 30% for those in business services.

Similarly, 83% experience loss of man hours, with 31% saying this has a significant impact. This statistic is higher for businesses operating in transport, distribution and storage (40%) and the construction sector (46%) and lower for those in public and voluntary services (23%) and the hotels and restaurants sector (21%). Businesses in London also suggest they suffer a significant impact from loss of man hours; 38% claim this.



60% of businesses feel they lose business as a result of problems with the UK's transport infrastructure; for 15% this is a significant problem. This is a proportionately greater problem for businesses operating in transport, distribution and storage (23%), the hotels and restaurants sector (29%) and those based in the South East (19%).

54% of companies experience recruitment difficulties with 15% claiming this has a significant impact on their business.

Generally, the larger the size of businesses, the greater the likelihood is they are experiencing problems as a consequence of the UK's transport infrastructure.

Compared to the 2006 survey, a significantly greater proportion of businesses this year suggest that loss of man hours, loss of business and recruitment difficulties as a direct result of the UK's transport infrastructure have had a significant impact on their organisation.

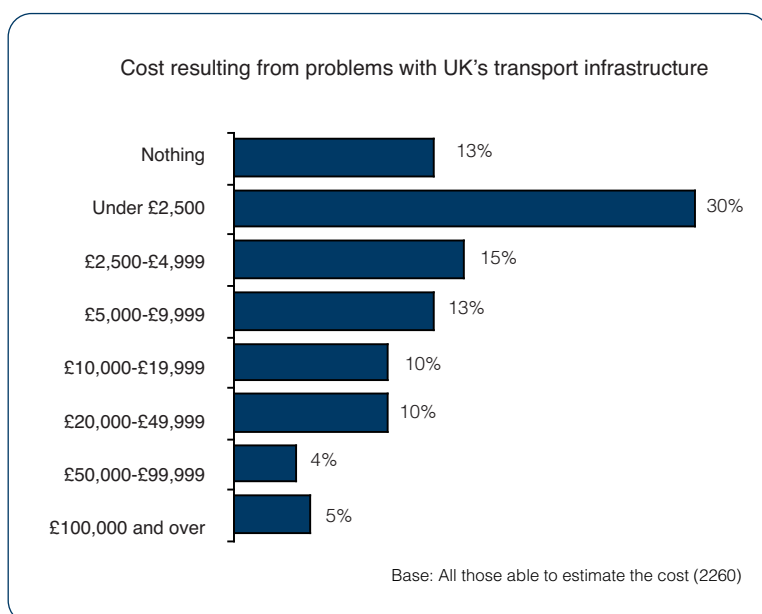
% saying 'significant impact'	2007	2006
Increased operating costs	36%	36%
Loss of man hours	31%	23%
Loss of business	15%	9%
Recruitment difficulties	15%	11%

Statistically significant differences shown in **bold** Base: 2503 to 2615 1186 to 1300

4.3. The cost to business

Approximately, how much have problems with the UK transport infrastructure cost your business in the last 12 months (e.g. in terms of loss of man hours and business, increased operating costs, recruitment difficulties)?

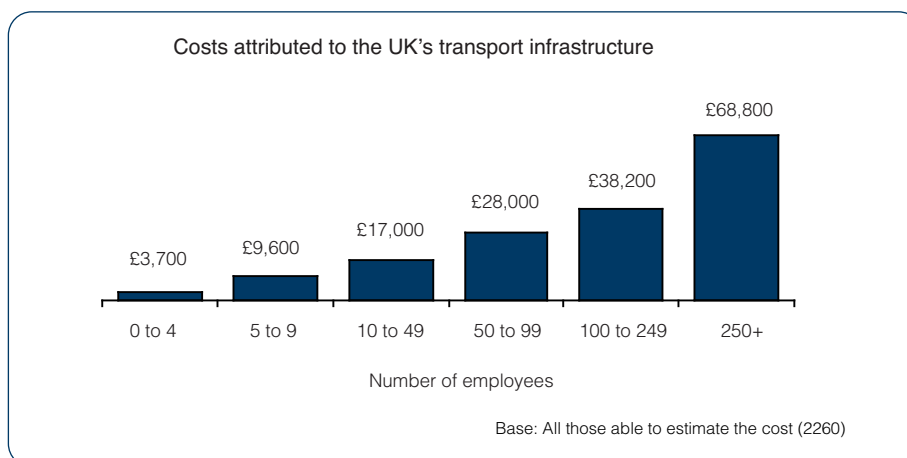
This line is based on a number of businesses by size reported by the Enterprise Directorate. The national count of congestion to businesses now stands at £17.5 billion.



87% of businesses believe that the problems associated with the UK transport infrastructure over the last 12 months have resulted in real cost to their business. While 30% suggest that this cost is under £2.5k, 29% indicate that it is £10k or more and 9% say it is £50k or more.

On average, the estimated cost to business is £18,200.

However, the differences in costs across businesses are striking, particularly when examined according to their number of employees. For example, while the average cost in the last 12 months for those with 0 to 4 employees is just under £4k, this rises to almost £70k for those with 250+ employees.



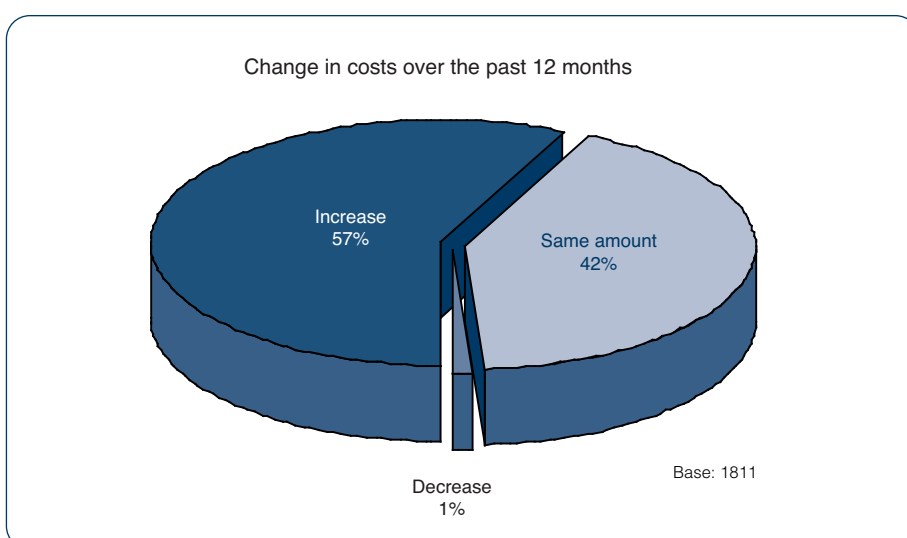
Further, looking across the industry sectors, it is businesses whose principal activity is transport/distribution/storage that suffer the highest costs. Their costs are over twice the average at £40k. Other sectors that report higher than average costs are agriculture, forestry, fishing and mining (£32k), hotels and restaurants (£29k), manufacturing (£27k), construction (£22k) and retail/ wholesale (£22k).

Looking across the regions, businesses based in Northern Ireland report the highest average costs of £40k, followed by Wales at £32k, North East at £31k, London at £29k and Scotland at £28k.

And is this an increase, decrease or the same amount as the cost to your business in the previous 12 months?

57% of businesses believe that costs have increased over the past 12 months. This is a 5% increase on the proportion of businesses that said the same last year.

The businesses that have especially experienced a rise in their costs are those with 10 or more employees (64%), those that have a turnover of £1m+ (67%), and those that operate in transport, distribution and storage (66%) and the manufacturing sectors (64%). Also, increased costs have been experienced by those based in Scotland (68%), Yorkshire and Humber (65%), the South West (65%) and the East Midlands (64%).





Section 5: Government transport initiatives



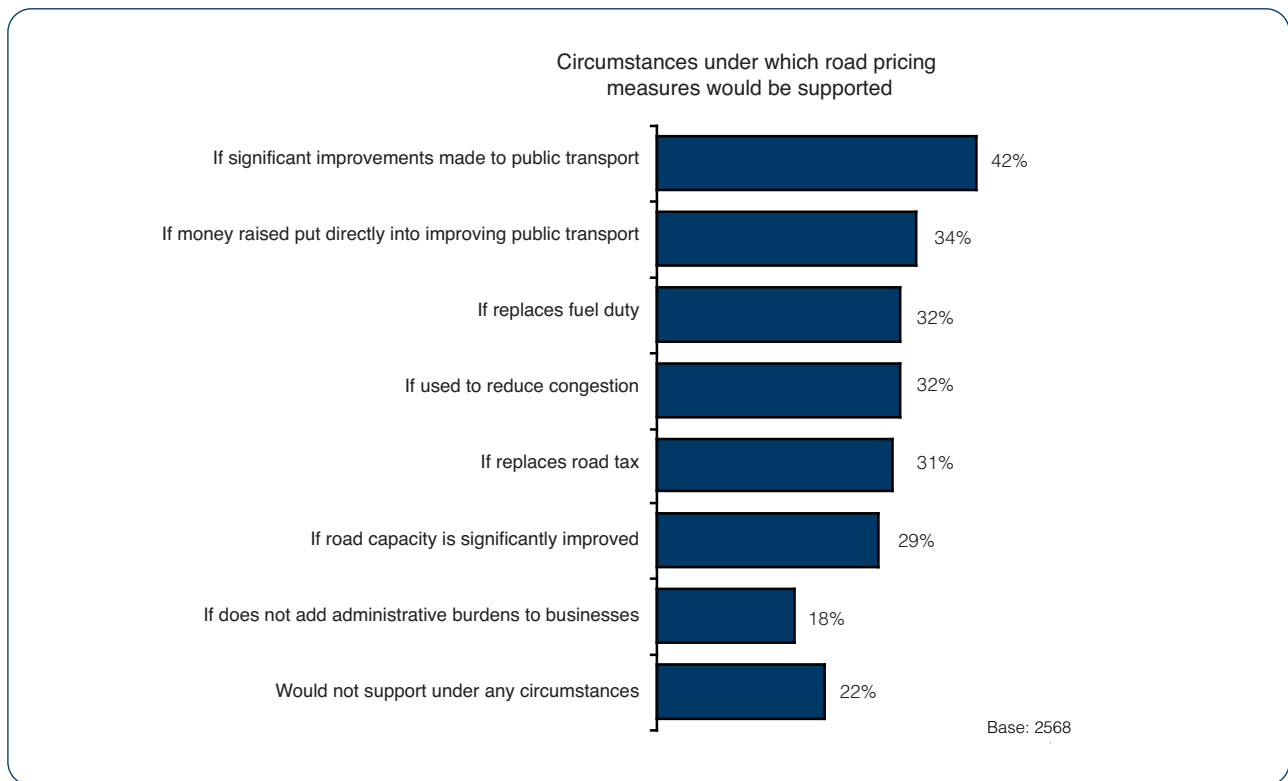
Section 5: Government transport initiatives

5.1. Road pricing

The Government's road pricing initiatives include toll roads, congestion charging, pay per mile, etc. Which of the following, if any, do you consider to be the main circumstances under which you would support the principle of road pricing? (PLEASE TICK NO MORE THAN 3)

Given a range of initiatives that could be used to help combat congestion, overall 78% of businesses would support the principle of road pricing.

42% of businesses claim they would consider supporting the principle of road pricing if significant improvements are made to public transport prior to its introduction. This statistic rises to 51% for businesses with 250 or more employees and to 53% amongst those in the public and voluntary services sector, though falls to 35% for those in manufacturing.



34% would support road pricing if the money raised is put directly into improving public transport.

The figure rises for businesses with 250 or more employees (42%) and those in the public and voluntary services sector (50%). Support falls for those in manufacturing (25%) and transport, distribution and storage (26%).

32% of business would support road pricing initiatives if they replaced fuel duty and the same proportion would support road pricing if it is used to reduce congestion.

A greater proportion of businesses with 5 to 9 employees (38%), those in manufacturing (39%) and transport, distribution and storage (40%) would support road pricing if it replaced fuel duty and more of those with 250 or more employees (42%) and those in transport, distribution and storage (40%) would support such initiatives if used to reduce congestion.

Proportionally more of those with an annual turnover in excess of £250k (32%) and businesses based in Northern Ireland (46%) would support road pricing if road capacity was significantly increased, whilst fewer businesses with 1 to 4 employees (24%) would do so.

More businesses with 250 or more employees and those based in Northern Ireland would support the idea of road pricing initiatives; 86% and 87%, respectively.

Compared to last year, significantly fewer business support road pricing; 22% claim they would not support these initiatives under any circumstances this year, compared to 13% in 2006.

Similarly, there is significantly less support for road pricing this year for schemes that replace fuel duty, are used to reduce congestion, replace road tax, improve road capacity and do not add an administrative burden to businesses.

Support for improvements to public transport remain broadly the same.

Road pricing measures would support to combat congestion	2007	2006
If significant improvements made to public transport	42%	41%
If money raised put directly into improving public transport	34%	34%
If replaces fuel duty	32%	46%
If used to reduce congestion	32%	39%
If replaces road tax	31%	42%
If road capacity is significantly improved	29%	35%
If does not add administrative burdens to businesses	18%	29%
Would not support under any circumstances	22%	13%

Statistically significant differences shown in **bold**

Base: 2568 1348

Do you believe that the government can produce a road pricing scheme that..?

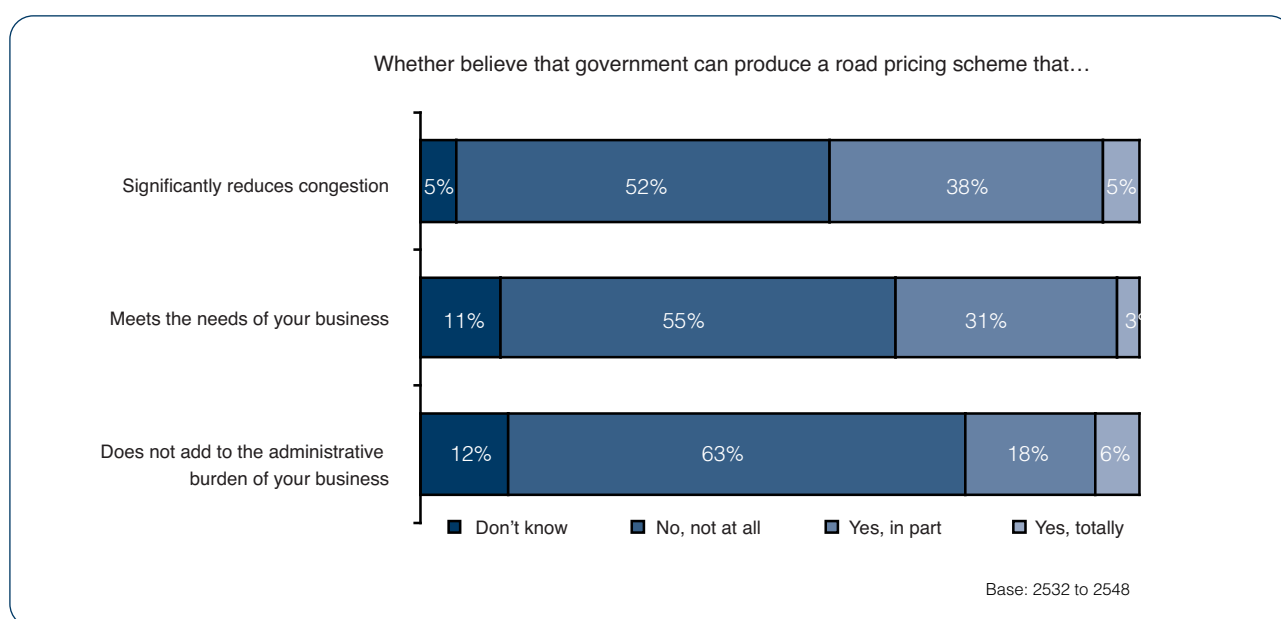
...significantly reduces congestion

...meets the needs of your business

...does not add to the administrative burden of your business

Overall 43% of businesses believe that government can produce a road pricing scheme that significantly reduces congestion, at least in part. However, a greater proportion (52%) feel that it is unable to do this and 5% are unsure.

55% do not believe the government can produce a road pricing scheme that meets the needs of their business and, similarly, 63% feel that it can not produce a scheme that does not add an administrative burden.



Proportionally fewer companies with 250 or more employees, those in the public and voluntary services sector and those based in Scotland say “no, not at all”, to each of these statements. Similarly, fewer businesses based in Northern Ireland say “no, not at all” for meeting the needs of business and adding to the administrative burden.

However, overall a significantly greater proportion of businesses do not believe the government can produce road pricing schemes that significantly reduce congestion, meet the needs of business or do not add to their administrative burden, compared to 2006.

Do you believe that the government can produce a road pricing scheme that...		
Those saying “No, not at all”	2007	2006
...significantly reduces congestion	52%	48%
...meets the needs of your business	55%	48%
...does not add to the administrative burden of your business	63%	59%

Statistically significant differences shown in **bold**

Base: 2532 to 2548

1310 to 1330

5.2. Investment in public transport

In your view, should the Government invest in public transport now, or wait and use monies as they are raised from potential future road pricing schemes?

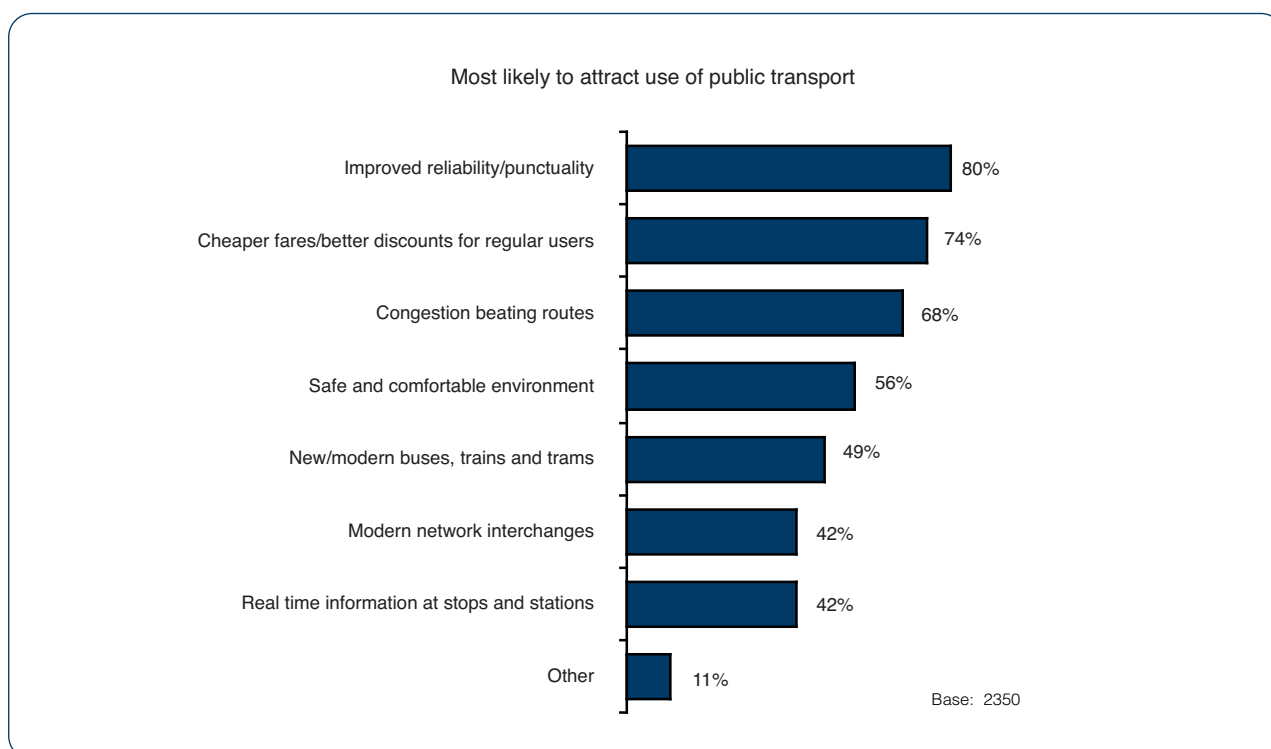
The vast majority of businesses feel that investments in public transport should happen now, rather than wait until monies have been raised from road pricing initiatives; 94% state this.

Which of the following would be most likely to attract you and your colleagues/employees to use the public transport network more often?

80% of businesses believe that improved reliability and punctuality would encourage themselves, their colleagues and employees to use the public transport network more often. 74% suggest that cheaper fares and better discounts would have the same affect.

68% wish to see congestion beating routes to encourage usage, whilst 56% feel a safe and comfortable environment would do this. 49% believe the introduction of new and modern buses, trains and trams would attract greater use of public transport and 42% feel there is a need for modern network interchanges and the same proportion suggest real time information at stops and stations.

11% of businesses suggest other means to encourage greater public transport usage such as more and direct transport links between homes and workplaces, especially in rural areas and more frequent services, especially early in the mornings and late at night.



5.3. Possible solutions to transport problems

In light of the Government's Planning White Paper which focuses on the UK's planning of transport infrastructure schemes, how strongly do you agree or disagree with each of the statements below?

The UK's major transport infrastructure schemes...

...are developed in a timely and appropriate manner

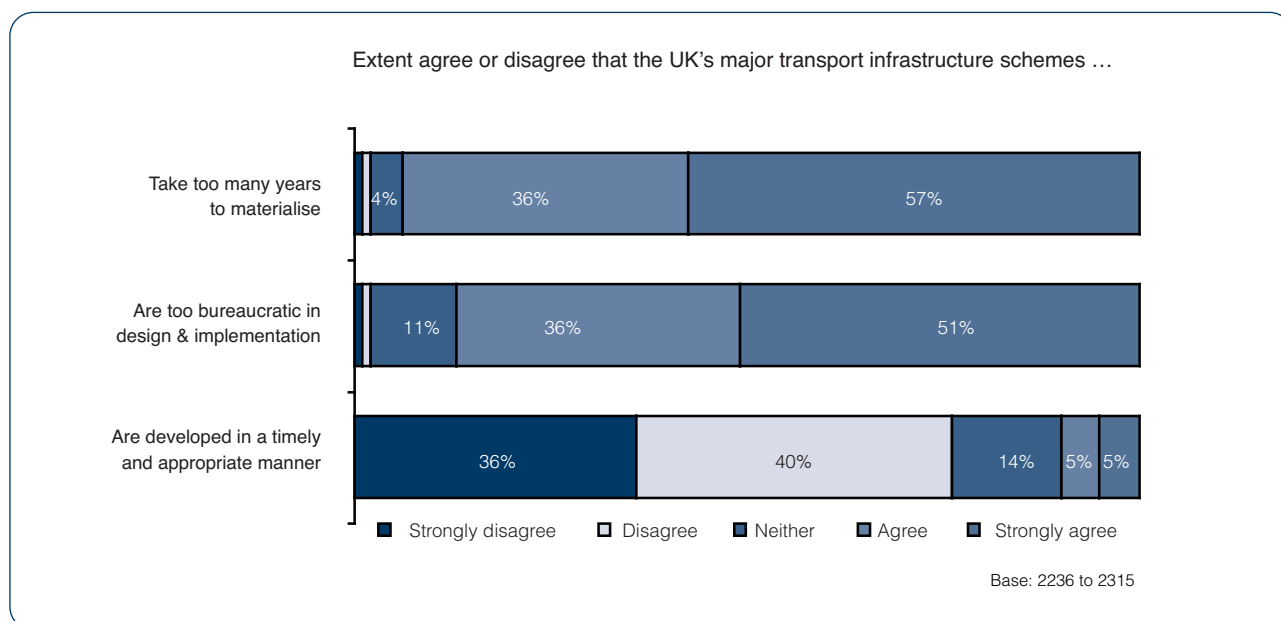
...take too many years to materialize

...are too bureaucratic in their design and implementation

The vast majority of businesses (93%) believe that the planning of the UK's major transport infrastructure schemes take too many years to materialise. 57% strongly agree, which is a rise of 10% on last year.

Most businesses (87%) also agree that these major transport schemes are too bureaucratic in their design and implementation. While 51% of businesses strongly agree with this overall, a rise of 9% on last year, this figure increases still further to 64% amongst those in the hotels and restaurants sector.

Just 10% would agree that such schemes are developed in a timely and appropriate manner; 76% disagree.



Compared to last year, a greater proportion of businesses this year believe that the UK's major transport schemes are too bureaucratic in their design and implementation.

The UK's major transport infrastructure schemes...		
% agreeing	2007	2006
...take too many years to materialise	93%	93%
...are too bureaucratic in design & implementation	87%	83%
...are developed in a timely and appropriate manner	10%	9%

Statistically significant differences shown in **bold**

Base: 2236 to 2315

1256 to 1306

How optimistic are you that 'The Planning White Paper' will deliver a simpler, quicker decision making process through such measures as the independent panel for large scale projects?

Just 7% of businesses are optimistic that 'The Planning White Paper' will deliver a simpler, quicker decision making process through such measures as the independent panel for large scale projects.

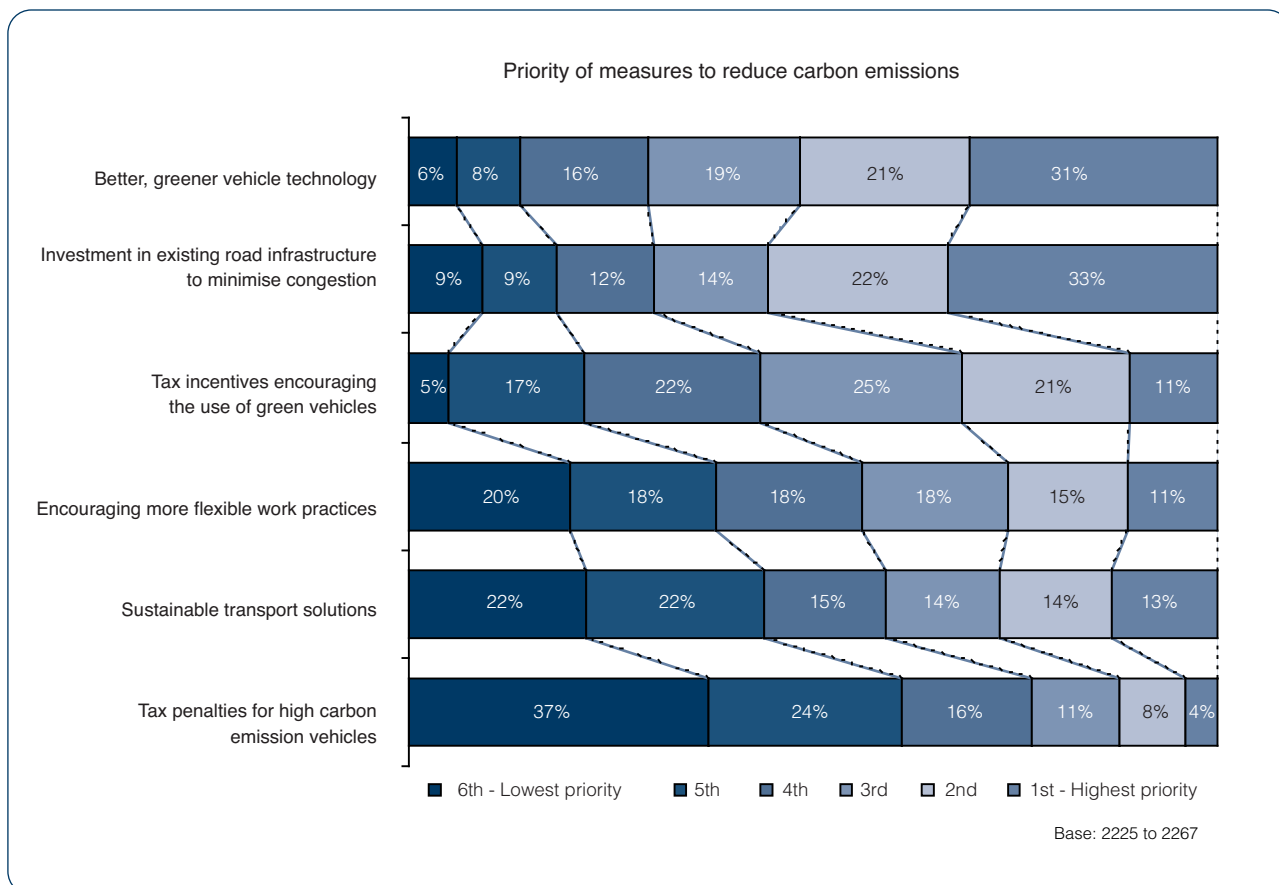
5.4. Reducing carbon emissions and the environment agenda

It is generally agreed that the UK needs to reduce its carbon emissions. From your business' perspective, please rank in order of priority, those Government initiatives that you most favour to achieve this? (PLEASE RANK THE FOLLOWING FROM 1 TO 6, WHERE 1= HIGHEST PRIORITY FOR IMPROVEMENT AND 6=LOWEST)

Of the six options given, the development and use of better, greener vehicle technology and greater investment in the existing road infrastructure to help minimise congestion are the most popular initiatives; these are each ranked as highest priority by over 30% of businesses.

A greater proportion of business with a turnover in excess of £250,000 (37%) and those in the construction (41%), transport, distribution and storage sector (41%) particularly favour investment in the road infrastructure.

Next, 11% give highest priority to tax incentives to encourage the use of green vehicles.



While 11% give flexible working practices highest priority, this rises to 16% for those with less than five employees and those with a turnover under £250k. This initiative, however, is given lowest priority by 20% of businesses.

Sustainable transport solutions, such as travel plans, and tax penalties for high carbon emission vehicles are least favoured, and are ranked in fifth and six place, lowest priority, by 22% and 37% of businesses respectively.

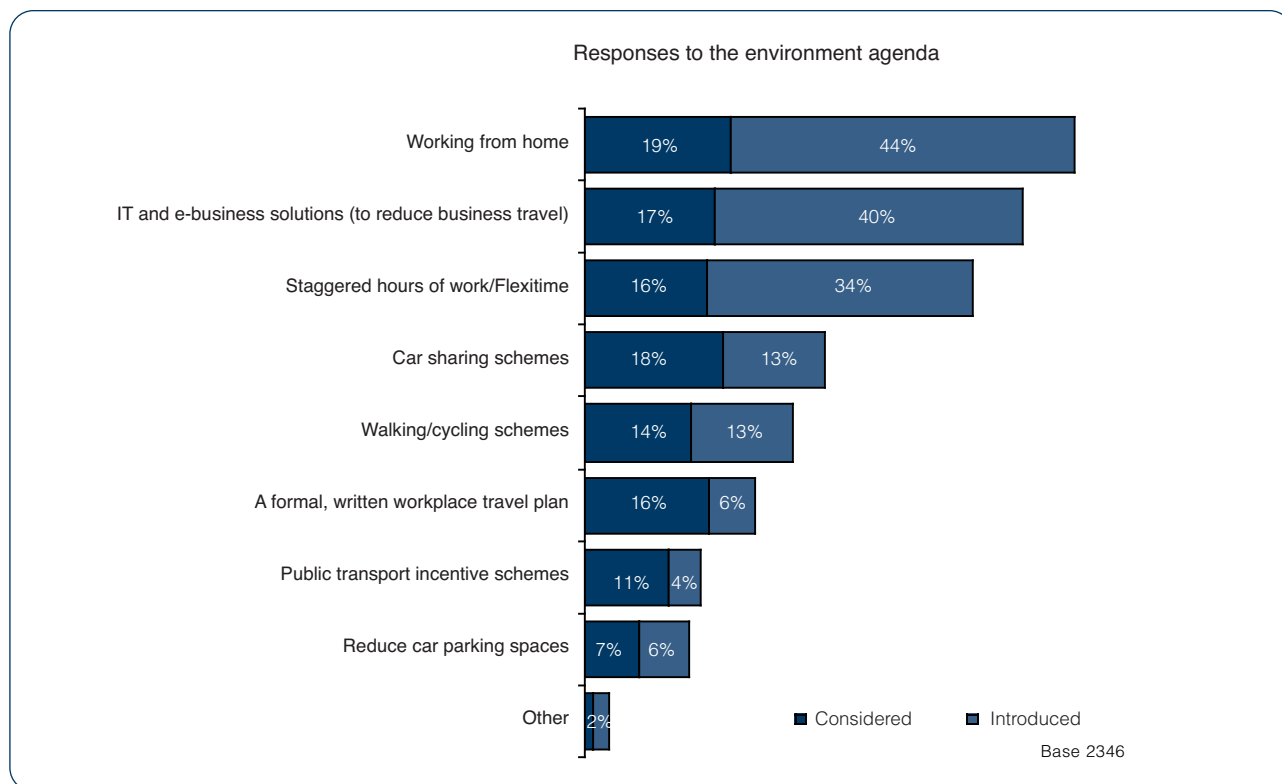
Businesses in the manufacturing and agriculture, forestry, fishing and mining sectors especially rank the use of sustainable transport solutions as their lowest priority: 31% and 41% respectively.

As a response to the environment agenda, which of the following has your company considered or introduced?

65% of businesses have introduced at least one of the listed responses to the environment agenda. Most commonly, businesses have introduced working from home; mentioned by 44%. This rises to 59% for those with a turnover of less than £250,000 and those with less than five employees, 58% for those in the marketing/media sector and 57% for those in the business services sector.

40% have introduced IT and e-business solutions to reduce business travel and 34% staggered hours of working or flexitime. These statistics rise to 47% and 40% respectively for those in the business services sector.

13% or fewer businesses have introduced car sharing schemes, a similar proportion have introduced walking/cycling schemes, 6% a formal written workplace travel plan, 4% public transport incentive schemes, and 6% reduced car parking spaces. 2% have introduced other initiatives such as video and web conferencing, recruitment of local staff, marketing to local customers, and use of LPG, bio fuel or other fuel efficient or low emission vehicles.



Whilst not having introduced some of the initiatives, 50% of businesses have considered one or more of those listed. 19% have considered working from home and 17% IT and e-business solutions, for example.

Overall 83% of businesses have considered or introduced at least one of the initiatives; 17% have done neither.

A significantly greater proportion of businesses with 100 or more employees (90%) have considered and introduced a wide range of initiatives. This is also the case for those in the public/voluntary services sector (92%) and marketing/media sector (89%) and those based in London (91%), Wales (90%), the South West (88%) and West Midlands (87%).

Appendix



Appendix 1 – Sample profile

In total 2,701 business members responded to the 2007 Transport Survey. 2,266 replied to an invitation to participate in the survey administered by Research by Design Ltd and 435 in the survey administered in-house by selected Chambers. Of the total, some 530 businesses did not answer one or more of the profiling questions.

The majority of businesses that participated in the 2007 survey are smaller sized businesses; 74% have less than 50 UK employees. 15% of businesses have between 50 and 249 employees and the remaining 11% have 250 or more employees. Compared to last year there are a number of statistically significant differences in the profile of businesses; this year proportionally more businesses with 1 to 4 employees and 250+ have responded and fewer with 10 to 99 employees.

Employee size

<u>Survey</u>	<u>2007</u>	<u>2006</u>
Sole trader	2%	2%
1 - 4	30%	21%
5 - 9	14%	17%
10 - 49	28%	35%
50 - 99	8%	10%
100 - 249	7%	7%
250 - 499	3%	2%
500+	8%	6%
<i>Base:</i>	2,281	1,347

40% of businesses report an annual turnover in excess of £1 million. 29% have a turnover of between £100,000 and £1m and 22% have a turnover under £100,000.

Compared to last year more businesses with a turnover of less than £250,000 and fewer with a turnover of £250,000 to £9.999m completed a questionnaire. These differences are statistically significant.

Annual turnover

<u>Survey</u>	<u>2007</u>	<u>2006</u>
Under £100,000	22%	14%
£100,000 - £249,999	11%	9%
£250,000 - £499,999	8%	10%
£500,000 - £999,999	10%	12%
£1m - £9.999m	27%	35%
£10m +	13%	12%
Don't know/prefer not to say	9%	8%
<i>Base:</i>	2,293	1,339

The largest sector represented in this survey is the business services sector with 38% of these businesses participating. This is followed by manufacturing at 16% and retail/wholesale at 9%.

Comparing this year's responses from the ten primary business sectors with last year's, it is seen that in 2007 significantly more of those in business services, marketing/media and agriculture/fishing/mining completed the questionnaire.

Primary business sector

<u>Survey</u>	<u>2007</u>	<u>2006*</u>
Business services	38%	31%
Manufacturing	16%	17%
Retail/Wholesale	9%	10%
Construction	7%	8%
Transport/Distribution/Storage	8%	8%
Public/Voluntary Services	6%	6%
Marketing/Media	7%	5%
Consumer Services	5%	4%
Hotels/Restaurants	3%	3%
Agriculture/Fishing/Mining	2%	1%
Other services	1%	7%
	<i>Base: 2,167</i>	<i>1,275</i>

* "Not specified" was included in the 2006 published data but has been removed in this analysis to ensure comparability.

Accredited Chambers participating in the survey

Businesses who participated in the survey are members of the following 57 Chambers.

- Aberdeen and Grampian Chamber of Commerce
- Ayrshire Chamber of Commerce & Industry
- Barnsley Chamber of Commerce & Industry
- Bedfordshire & Luton Chamber of Commerce
- Birmingham Chamber of Commerce & Industry
- Black Country Chamber of Commerce
- Bradford Chamber of Commerce & Industry
- Cambridgeshire Chamber of Commerce
- Cardiff Chamber of Commerce
- Channel Chamber of Commerce
- Chester, Ellesmere Port & North Wales Chamber of Commerce
- Cornwall Chamber of Commerce & Industry
- Coventry & Warwickshire Chamber of Commerce
- Cumbria Chamber of Commerce & Industry
- Derbyshire Chamber of Commerce
- Doncaster Chamber of Commerce
- Dorset Chamber of Commerce & Industry
- East Lancashire Chamber of Commerce
- Edinburgh Chamber of Commerce
- Essex Chambers of Commerce
- Glasgow Chamber of Commerce
- Greater Manchester Chamber of Commerce
- Hereford & Worcestershire Chamber of Commerce
- Hertfordshire Chamber of Commerce & Industry
- Hull and Humber Chamber of Commerce, Industry & Shipping
- Isle of Wight Chamber of Commerce, Tourism & Industry
- Kent Invicta Chamber of Commerce
- Leeds Chamber of Commerce & Industry
- Leicestershire Chamber of Commerce
- Lincolnshire Chamber of Commerce & Industry
- Liverpool Chamber of Commerce & Industry
- London Chamber of Commerce & Industry
- Mid Yorkshire Chamber of Commerce & Industry
- Milton Keynes & North Bucks Chamber of Commerce
- Newport & Gwent Chamber of Commerce
- Norfolk Chamber of Commerce & Industry
- North East Chamber of Commerce
- North and Western Lancashire Chamber of Commerce
- North Hampshire Chamber of Commerce & Industry
- North Staffordshire Chamber of Commerce & Industry
- Northamptonshire Chamber of Commerce
- Northern Ireland Chamber of Commerce & Industry
- Nottinghamshire Chamber of Commerce & Industry
- Portsmouth & South East Hampshire Chamber of Commerce & Industry
- Renfrewshire Chamber of Commerce
- Rotherham Chamber of Commerce
- Sheffield Chamber of Commerce & Industry
- Shropshire Chamber of Commerce & Enterprise
- St Helens Chamber
- Suffolk Chamber of Commerce
- Sussex Enterprise
- Thames Valley Chamber of Commerce & Industry
- West Wales Chamber of Commerce
- York and North Yorkshire Chamber of Commerce



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