

UNDERSTANDING OUR ASKS

Achieving the Government's rail freight growth target can be achieved if we leverage our commitments with action by funders and policy-makers.



**Delivering for the
economy**

Support and investment to deliver capacity enhancements including Ely Area Capacity Enhancement by 2030, West Coast Mainline five trains per hour by 2035, Transpennine Upgrade and other smaller schemes

Infrastructure upgrades are critical to growing rail freight. Greater capacity not only allows for more freight trains but can also have a positive impact on passenger services and reliability.

The junctions at Ely, for example, are a notorious bottleneck on the rail network.

Upgrades at Ely will increase the current off-peak capacity of 6.5 trains per hour (passenger and freight) to 10 trains per hour in each direction. This is the

equivalent of 450 HGV stretching more than six miles on the motorway and could reduce congestion on local roads by 5.6m hours each year.

It is estimated that the Ely upgrade will generate £4.89 of benefits for every £1 that is invested in the scheme.

The Transpennine route has suffered from underinvestment for many years. Around £3bn is due to be invested in the route with significant capacity increases.

The upgrade will see the ability to run up to 15 additional freight trains per day. Moving more freight on the route will take around 1,000 lorries off already congested roads such as the M62 and M1.

Reliability will also be improved with the upgraded infrastructure.

The upgrade will create thousands of new jobs in the area during the project and support long-term economic growth in the North of England.

Guaranteed and protected capacity to support rail freight growth

Freight customers want to receive their goods to support efficient supply chains and just-in-time production practices. This means - to attract freight away from roads - rail freight operators need to be offered quality paths. This means fast paths and availability at convenient times of day.

Certainty over access to the network - through long-term rights and protected capacity has been the foundation for third-party investment in assets to support rail freight growth. If customers and operators are investing in locomotives, wagons and facilities they need certainty they can be used.

Long-term track access, with regulatory oversight, has provided certainty and unlocked £2.8bn in private sector investment from operators over the last three decades.



Delivering for the environment

Support and finance of 60 miles of missing electrification to enable 2m train miles per year to be decarbonised

Running electric rail freight services rather than those powered with diesel can further reduce carbon emissions and improve local air quality.

The ability to run electric services relies on infrastructure improvements. However, electrification projects do not have to cover a wide area. The Chartered Institute of Logistics and Transport has found that infilling just 60 miles of electrification on the network would allow tmore electrified rail freight services each year. This in turn would encourage private investment in new trains.

Only 800 more miles of electrification could mean that 95% of the rail freight network is electrified.

Electrification of the Thameshaven branch line to London Gateway and the Felixstowe to Ipswich branch line are among the priority schemes for freight and would have a significant impact on the number of electric-hauled rail freight services.

It is imperative that when lines are electrified they have sufficient power for freight trains to run. Before full electrification, bi-mode freight locomotives can allow more kilometres to be run on electrified lines. Freight companies are investing in bi-mode trains in a move that is transformative for decarbonisation.

In addition to the environmental benefits, electric locomotives offer greater reliability.

A freight train can carry the equivalent of up to 129 HGVs and emits 76% less CO2 per tonne than road freight.

Support the development and introduction of low carbon fuels in rail through policy and investment

Mode shift to rail freight is vitally important to reduce the carbon footprint of freight transport now, even ahead of alternative technologies being developed.

Rail freight must reduce its own emissions further, and meet the statutory requirements for net zero in 2050. Rail freight must also meet the Government target to remove all diesel only traction from the railways by 2040 (2035 in Scotland).

The use of alternative low carbon fuels in rail is in its infancy. Operators have been increasing their use of Hydrotreated Vegetable Oil (HVO) on some routes, and undertaking trials with a range of different fuel types and mixes. HVO in particular is performing well in the current locomotives and showing significantly reduced carbon emissions.

As an intermediate step before full rail electrification, alternative fuels can be helpful in supporting rail freight's journey to net zero.

A clear Government policy on low carbon fuels would provide confidence to attract investment in rail freight. There is also a need to have a reliable and secure supply; for example, HVO is not currently produced at scale in the UK.

The taxation, and incentives around use of alternative fuels need to be set to encourage uptake of low carbon fuels and also support investment in supply, and new equipment, such as new bi-mode locomotives.



Delivering for regions

Protection of key rail freight sites and industrial land, including implementation of the agent of change principle to protect freight customers and adjacent neighbours

A major factor preventing the transfer of freight from road to rail is the need for suitable rail terminals across the country. Although the private sector will invest in these locations, planning policy is needed for the development and growth of rail freight.

Although the development of the rail network itself is covered by bespoke processes such as the Transport and Works Act, rail freight terminals are not, and must secure the necessary permissions through the planning regime. With increasing pressure on industrial land, and increased demands for rail transport, ensuring that rail facilities can secure appropriate planning, and are then able to function effectively is essential.

The situation is particularly acute for

smaller terminals in urban centres are, although not exclusively, used for the supply of construction materials by rail. Such facilities often also include asphalt and concrete plants which serve building activities in their areas including housebuilding and other infrastructure. Although these serve a very necessary function, it is increasingly difficult to secure planning consent, and existing sites are under continual pressure for redevelopment, or from inappropriate adjacent development.

The 'agent of change' principle needs embedding within the planning process. This states that permission for residential development near to sites of potential nuisance should include conditions for the provision of adequate boundary margins or measures such as acoustic barriers to fall upon the housing developer and not the operator of the original site.

The National Development Management Policies in the Levelling Up Bill provides an opportunity for this safeguard to be enshrined in law.

High logistics density adds 1.3% GDP per capita to a Local Authority area generating benefits across the regions of Great Britain.

In England, reintroduce Freight Facilities Grant (FFG) to help support the often high capital costs of connecting sites to the rail network. Retain the FFG in Scotland and Wales.

The FFG encourages mode shift by supporting the rail industry with additional costs associated with transporting freight by offsetting the capital costs of providing the required freight handling facilities.

FFGs can help leverage private investment in rail, improving facilities and diversifying the products that can be delivered by rail freight.

The FFG was, until very recently, available in Scotland where Highland Spring used the grant to open a new facility in Blackford, Perthshire. Opening the new facility allowed Highland Spring to move approximately 40% of its water by rail instead of road removing an estimated 8,000 HGV movements per year.

Freight facilities can create local jobs. For every 1,500 people employed in our regions. in the logistics sector, 1,000 further jobs are created in the supply chain.





Delivering for our workforce

Modernise and reform the apprenticeship levy with a recognition of the importance of other types of training. Support this training by increasing key courses available and appropriately fund provider costs.

Rail freight businesses employ hundreds of apprentices around the country. Transport and logistics businesses paid £825m in levy funds since it was introduced in 2017 but the estimated amount it could have recovered was only £250m. This gap is caused by issues such as not all roles in the industry requiring an apprenticeship. Other training and development can be more appropriate.

To fill the high-quality, skilled jobs available in rail freight, employees have to have adequate training. There can be skills shortages due to the decline in key courses. This has happened because funding has been too low to cover the costs of providers.

Nearly 6,500 people are directly employed by rail freight operators who provide high quality employment with access to training and development.



Delivering for our customers

Working with sector experts, retain and modernise the Mode Shift Revenue Support (MSRS) scheme with its own budget - double that of today. The MSRS helps to bridge the cost gap on flows where rail is more expensive than the road alternative

The Mode Shift Revenue Support Scheme (MSRS) is currently removing around 900,000 lorry trips each year from the nation's roads, reducing road congestion and removing almost 40,000 tonnes of carbon from the atmosphere. Having a support scheme of this nature also helps build confidence amongst potential new customers, encouraging them onto rail and helping to deliver growth.

The MSRS should be modernised to help it respond to market changes and the realities of the rail freight sector.

The scheme does not provide enough support for short distance flows including ones which are within a zone or between adjacent zones. There could be a case for reviewing zonal boundaries in some locations, considering specific environmental benefits such as road congestion at or around ports or looking at the benefit cost ratio (BCR) criteria for shorter flows particularly where this opens up new opportunities from new or underserved ports or terminals.

The scheme could better support newly started services, particularly domestic routes, where the service needs time to fully build utilisation levels to maximum. A new 'kick starter' element to the grant could help get new multiuser flows operations and on new routes.

One rail freight service can move up to the equivalent of 129 HGVs which could be equal to a mile of traffic on the motorway.

A reduction of track charges of 20% in real terms by the 2029

Track access charges are a significant component of rail freight costs, which in turn determine how attractive rail freight is for customers when compared to other modes. This means that charges must be affordable.

Since 2010, access charges paid by freight operators on certain flows have increased in nominal terms by over 105% for bulk traffic, and over 80% for intermodal services. This makes road haulage more attractive and rail struggles to compete.

A reduction in charges in real terms would attract more freight away from road and onto rail. Rail has less than a 10% market share and this could be increased with more attractive prices for customers.

Increased rail freight grant and/or reductions in charges could grow the use of rail freight by 4.64bn tonne kilometres per

year and reduce road freight by 3.4%. This is better for the environment and frees up roads for other users.

A rail reform programme that delivers for freight

Rail reform must provide the conditions for rail freight to grow and allow us to continue to deliver for our customers.

The rail freight market structure works and does not require change. Rail reform should respect this, protect freight for discrimination and support growth.

The proposed integrated rail body, Great British Railways (GBR), should have rail freight growth at its heart and have a strong pro freight governance structure.

