

GB Railfreight – Mayor’s Transport Strategy Submission

September 2017

Introduction

GB Railfreight (GBRf) welcomes the Mayor of London’s consultation on the Draft Mayor’s Transport Strategy (MTS). This is an important document that will lay out how the Mayor wishes to address the key issues facing London’s transport infrastructure network. It will also be a vital factor in whether the city continues to thrive and grow in the face of increased global competition. GBRf is pleased to be able to contribute to this process.

GBRf is the third largest and fastest growing rail freight company in the UK. It has a fleet of over 130 locomotives and 1,100 wagons, providing a wide range of rail transport solutions and rail services to its customers. Its team of 650 people operates over 1,000 trainloads a week, moving 15% of UK’s rail freight. GBRf is always innovating, adapting its business model to reflect the changing industrial landscape, and looking to new markets to safeguard rail freight for the future.

The strategy needs to consider the economic and environmental benefits of rail freight

We welcome the fact that the Draft Mayor’s Transport Strategy acknowledges the role of rail freight within the London transport system, but the draft strategy falls short in explaining the crucial economic and environmental benefits of rail freight to the city.

The rail freight industry is a key, but often overlooked driver of the UK economy. Rail freight directly contributes £870 million to the UK economy every year and supports an economic output of £5.9 billion. It also:

- facilitates growth in every region of the UK including London;
- boosts productivity of UK businesses, streamlining their supply chains;
- fuels inward investment and trade from the far reaches of the globe into the country, and into our towns and cities;
- allows Britain to build, providing the backbone to London’s largest infrastructure projects and moving materials to deliver developments of new homes and employment space the city needs;
- delivers environmental benefits to the city. Across the UK these total over £1.6bn annually, with each train removing up to 76 heavy polluting lorries from our roads. Each tonne transferred by rail rather than road cuts carbon emissions by up to 76%.

But rail freight cannot succeed on its own. It requires support and investment in the network and infrastructure upgrades to meet capacity demands. The Mayor must ensure that rail freight is an integral part of any future transport strategy document. This will help drive the economy and increase productivity through reduced congestion, aid measures to tackle London’s air pollution problem and mitigate transport’s contribution to climate change, and improve delivery of other infrastructure.

Building London

The next two decades promises to see a great deal of infrastructure and construction taking place in London, with work beginning on Thames Tideway, Crossrail 2 still on TfL's and the Government's agendas, HS2 coming to Euston and Old Oak Common, and a multitude of new housing developments all across London. And without rail freight, none of it will be able to take place, with approximately 40 per cent of construction material delivered via rail to centrally located distribution centres such as St Pancras and Battersea.

Rail freight will play a particularly important role in the construction of HS2 in the Euston and Old Oak Common areas, again providing the building material but also shipping out waste from the sites. If the Mayor is serious about easing congestion and reducing air pollution, his MTS must demonstrate an appreciation of the role that rail freight will play in this. The consequences if it does not will be more lorries on the roads and higher levels of air pollution.

Encouraging trade and inward investment

A key concern that the Mayor should recognise in his upcoming strategy is that 'Brexit' is a key issue facing the rail freight industry – particularly if the UK leaves the Customs Union – and this should be addressed in the final MTS document. The Mayor must ensure that his is a voice speaking up for the rail freight sector and the need to maintain vital trade links and access to key European markets.

GBRf is a major facilitator of international trade to the European continent and beyond. Operating out of the UK's major ports including London Gateway, GBRf and its customers in London and beyond require continued access to these markets to boost UK productivity and support business growth and jobs.

This continued access will ensure that London, and by extension the rest of the UK, continues to be an attractive place for companies to come and invest. The rail freight sector will continue to be able to operate its services optimally, distributing goods around the country and linking exports with our port facilities and the rest of the world.

Delivering clean growth

As is clear, one of the Mayor's key priorities for his term of office is ensuring that air quality in London improves, and that the contribution that transport makes to this is minimised. Supporting and growing the rail freight and logistics industry is one key way in which he can make this a reality. Rail freight and logistics has a vital role to play in reducing the number of lorry movements across the city reducing the health consequences for millions of Londoners and increasing road safety.

This support will also go a long way towards reducing the UK's carbon emissions, combatting climate change, and delivering clean growth for the economy. The rail freight industry delivers environmental benefits totalling over £1.6bn annually, with each train removing up to 76 heavy polluting lorries from Britain's roads. Each tonne transferred by rail rather than road cuts carbon emission by up to 76%.

One area that the Mayor can support this is to call for greater handling of freight such as parcels at mainline stations throughout the city. This will see a significant amount of traffic moved off the roads around London onto the rail, reducing congestion and air pollution, as well as increasing productivity as a result.

The Government is also currently developing a new deal for Freight Operating Companies, which will govern the sector from 2019 onwards. In it, GBRf is keen that the Government should recognise rail freight's environmental and air quality benefits relative to road freight and its impact on reducing road congestion.

GBRf is keen to see this recognised in the track access charging regime in the form of lower charges, for instance. The Mayor should use the MTS to come out in support of this measure, recognising the benefits that it brings to London and use his influence to encourage the Government and Network Rail to take this into consideration in any future track access charging scheme.

Developing skills

Rail freight can, and is, also contributing to the development and maintenance of an up-to-date skills base, something which is an integral element of any successful business. GBRf supports the Rail Delivery Group's (RDG) work with the National Skills Academy for Rail to support the rail freight industry in engaging with the skills agenda.

With the declining coal and steel industries across the rest of the UK, the impact on factory worker job losses has been widely documented, but the impact has also been felt across the supply chain. From a freight and logistics perspective, there are now employees who have specialised in coal and steel haulage for decades needing to re-skill to stay within the industry.

GBRf supports the Government's plan to address the skills shortage within the logistics industry by investing in technical colleges to provide the vocational training Freight and Logistics Industry. The Mayor in his MTS should seek to bolster this support, recognise the important impact it is having, and seek to support it through the means at his disposal.

Upgrading infrastructure

GBRf is pleased to see that the Mayor is keen to see improvements to rail freight connectivity. This follows on from the recognition by the House of Commons Transport Select Committee that the UK needs a joined-up approach to port, rail and logistics capacity to boost productivity.

We agree with the Mayor in wanting to see the development of upgraded freight paths to allow freight not traveling to London to bypass the city. The system, however, needs flexibility to grow to allow rail freight to play a bigger role in replacing road freight into London. This is particularly important in light of the demand for materials for large-scale infrastructure projects that will be commencing in the coming decade.

There are a number of projects in and around London that the Mayor of London should support, influencing Government and enabling development of the network:

1. Seizing the opportunities presented by HS2 to deliver world class infrastructure, ensure growth for the whole country and secure inward trade and investment.

HS2 has the potential to move passenger traffic off the busy West Coast Main Line (WCML), providing more capacity for freight. HS2 could take 500,000 HGV lorry journeys off the M1, M40 and M6 motorways each year leading to environmental benefits worth over £45 million per annum and saving over 65,000 tonnes of carbon dioxide emissions per annum. The Mayor must ensure freight benefits are fully integrated into the planning for HS2, that a 'fair proportion' of released capacity is safeguarded for freight, and that capacity is available to meet freight's reasonable requirements on the existing network after HS2 services re-join the route.

2. Inland terminals

To sustain the profitability of the intermodal market, we need to ensure that there is sufficient intermodal capacity at our ports and inland, with emphasis on more Strategic Rail Freight Interchanges (SRFI) and warehouse facilities. These rail-connected terminals and facilities must be located at points on the network that improve connectivity to relevant sites.

The Mayor has already stated that the Barking area is set to be a high priority when it comes to regeneration and redevelopment. Rail freight can play a role in this and the Mayor should seek to support the creation of this part of London as a European hub for rail freight, which can connect into HS1.

3. Capacity enhancement

Double tracking the 10-mile branch line from the Port of Felixstowe to Ipswich will enable its capacity, currently limited to 31 trains, to match that of the Port at 50 trains. Freight traffic will still have to continue (in part) via London until considerable further investment takes place between Ipswich and Peterborough.

This and the project above will benefit London by improving the efficiency of freight services that are then able to avoid travelling on lines that run through the capital, while also improving the connections into London and preventing congestion backing up the network. GBRf would, therefore, encourage the Mayor to see these projects as important to London's smooth functioning, and to speak up for them.

4. Encouraging private investment and delivery of infrastructure

The recent opening of the new Chiltern Railways Oxford-London line highlighted the possibilities of sourcing private investment for capacity enhancements. GBRf supports the incentivisation of private funding, if it delivers the infrastructure we need.

5. Long-term strategy

Looking beyond the short-term, a thorough review of the intermodal rail freight market is needed to evaluate where improvements need to be made to sustain growth for the long-term. The National Infrastructure Commission should evaluate the long-term logistics needs of the UK, up to 2050 and the Mayor should come out in support of such a proposal.

Creating the right institutions to bring together sectors and places

GBRf welcomes the Mayor's openness to speaking to stakeholders in the freight sector and looks forward to his engagement with them as leaders of freight in London. He must, however, go further in his final MTS to ensure an effective strategy that delivers on his priorities.

As already stated, the Transport Select Committee has recommended we need a joined-up approach to port, rail and logistics capacity. GBRf would like to see TfL co-ordinate on its approach to rail freight with other devolved regional transport bodies to ensure an integrated approach.

For example, Transport for the North has developed a Freight and Logistics Strategy for the North of England, and Midlands Connect is considering freight as part of a Transport Strategy for the Midlands. These studies will be important in setting out a vision for the role of freight (across all modes) in supporting economic growth across different regions of the UK.

In September 2016 Transport for the North (TfN) published its Northern Freight and Logistics Report. This stated that the North's freight and logistics sector could make a significant contribution to the overall economy with a forecast potential £35 billion worth of benefits to the Northern Powerhouse by 2060, as well as encouraging more freight on rail.

TfN stated that instilling sufficient confidence in the private sector to make its own investment in infrastructure and new services is crucial to the successful implementation of the recommendations. GBRf is sure that proper engagement with the other regional transport bodies will lead to better outcomes and recommends the Mayor recognise this in his final MTS.

Conclusion

The Freight and Logistics sector supports businesses and trade and has a significant role to play across all the priority areas that the MTS is focusing on. The role of rail freight should therefore be a key consideration in the development of each area, such that it can support the development of other sectors in London. Promoting rail freight through the MTS will help ensure growth for all parts of London, boost productivity, facilitate inward trade and investment, support business and jobs, and ultimately enable the Mayor to ensure London thrives as a city that works for everyone.