

**Transport Select
Committee Inquiry into the
National Policy Statement
(NPS) for National
Networks – Written
Evidence from
GB Railfreight**



1 Brief Introduction to GB Railfreight

- 1.1 GB Railfreight (GBRf) was set up by John Smith in 1999 with two employees and zero contracts. Fourteen years later and it has become the fastest growing freight operating company, employing 500 people and generating annual turnover in excess of £100 million.
- 1.2 At present, GBRf operates around 850 trains a week, cementing its position as the UK's third largest freight operator in terms of number of trains run. Some of the main routes it operates on include the Midlands Main Line, East Coast Main Line and West Coast Main Line. It also operates to/from ports across the UK, including the port of Tyne, Immingham, Liverpool, Felixstowe, Redcar, Blyth, Bristol, Southampton, Hull, Cardiff, and Teesport.
- 1.3 GBRf carries goods worth over £30 billion for many of the UK's core industries. Its specialist teams design transport answers for companies working in coal, biomass, infrastructure, petrochemical, construction, and intermodal, amongst others.

2 Justification for submitting evidence to inquiry

- 2.1 Rail freight is one of the most effective ways to transport goods across the country and, as such, is vital to the smooth running of Britain's economy. In order to keep the economy moving, it is essential that freight operators engage with UK policy-makers at all levels, in order to create suitable conditions for sustained growth in the long-term.
- 2.2 This inquiry was, therefore, relevant to GB Railfreight because it seeks to create a policy framework that supports the growth of the rail freight industry, and more specifically, the modal shift from road freight to rail freight. Furthermore, being the fastest growing rail freight operator in the sector, there are numerous issues that we can assist the Department for Transport in addressing.

3 Executive Summary of Response

- 3.1 GB Railfreight believes the Government's National Policy Statement should extend beyond roads and rail and include port infrastructure. In order to maximise the benefits from developments in any of these areas, there needs to be an aligned strategy that recognises the impact they have on each other.
- 3.2 The NPS needs to expand its key areas of developments to include subjects such as capacity and connectivity in the intermodal and aggregates markets, and electrification on the rail network. At present, it simply provides a general outline of the approach the Government should take on decision-making and investment, with some references to new investments and better utilisation of infrastructure. It needs to address these other areas that are vital to supporting the growth of UK rail freight.
- 3.3 Government policy on rolling stock needs to be considered alongside rail infrastructure, when assessing issues around the environment, safety, sustainability and accessibility. Creating a sustainable and carbon efficient infrastructure requires alignment with the interests of both operators and investors, if track-friendly and carbon efficient locomotives are to be used.
- 3.4 GB Railfreight is not in a position to evaluate the effectiveness of the draft NPS in guiding the Secretary of State for Transport in his decision-making. However, we recognise that private investment in our railways requires long-term stability and so this guidance needs to be transparent for scheme promoters. We recommend the reintroduction of an appraisal criteria, similar to that published by the old Strategic Rail Authority.
- 3.5 If any nationally significant rail project is to bring maximum benefits to the UK, it needs to be aligned with other aspects of the Government's transport strategy. This includes major projects such as HS2, as well as local transport developments. The role of various parties in both the decision-making process and investment stages, at both a national and local level, means that the NPS should include a coordination strategy that seeks to increase engagement between them.

4 Has the Government identified a compelling need for development of the national road and rail networks and of strategic rail freight interchanges?

- 4.1 Rail freight in the UK has grown by 60% since 1994/5 and traffic is expected to double by 2030. With congestion on our roads currently costing the economy £20 billion and figures showing that rail freight is significantly more economically and environmentally effective than road freight, the need for Government policy that promotes development in the sector is unassailable.
- 4.2 Having grown to become the third largest rail freight operator in the UK in fourteen years, we understand the various business and policy developments that have stunted our growth. If we are to continue supporting the energy sector and further expand into the aggregates and intermodal markets, we need a policy strategy that identifies the needs of the sector.
- 4.3 This draft NPS effectively addresses many of the problems facing both the road and rail network, including capacity restrictions, long-term sustainability and operational capability. However, it needs to look beyond just road and rail and consider infrastructure at the UK's ports. Without effective transport links from ports, capability at the port is restricted, as well as growth of hauliers and logistics firm.
- 4.4 In our submission to the Transport Select Committee's *Access to Ports* inquiry last year, we affirmed that Government policy on port infrastructure needs to be aligned with evaluations on rail infrastructure. The Government has reiterated that decision-making and investment at our ports is the responsibility of local authorities and the ports themselves. We disagree and believe their national significance means there should be greater central involvement. This NPS is, therefore, a welcome step, but it needs to expand its agenda and include roads, rail and ports in one cohesive approach. Without this approach, transport project benefits will not be maximised and rail freight won't be able to expand

5 Does Government policy on the development of the national road and rail networks, and the investment programme relating to the road and rail networks, meet that need?

- 5.1 In order to be effective, the NPS needs to take account of changes in the economic geography of the UK and reflect the likely shape the logistics industry's going to take over the course of the next 20-30 years. GB Railfreight's success has been built on predicting and responding to customer requirements, not simply replicating the same past processes. We, therefore, need a NPS that supports the services we offer by recognising forecasted changes in the nature of this demand.
- 5.2 This draft provides a general outline of the approach decision-making and investment should take on our road and rail networks, drawing on various alternative solutions and evaluating their sufficiency in addressing the development need. Importantly, it also targets more specific areas that should be actioned, areas such as investment in new rail infrastructure on inter-urban routes between key cities and the more efficient use of our existing railway infrastructure. The latter is something that GBRf is intent on promoting, in particular the operation of longer trains on our lines.
- 5.3 There are, however, some other specific areas of infrastructural development that need to be addressed in the National Networks strategy, if the UK rail freight market is to continue operating effectively and have the capability to expand. The most important of these is greater intermodal capacity and connectivity on our rail network. One of the central objectives of this Government and Network Rail is to facilitate the modal shift from road freight to rail freight. This has been exemplified by the latter's current poster campaign at stations across the UK – *We're Moving Lorries off Britain's Roads onto Rail*. Changes in the intermodal market will play a vital role in the success of this shift.
- 5.4 At present, intermodal accounts for around 30% of freight transport via rail. Network Rail's *Freight Market Study* predicts that this proportion is likely to increase over the next 30 years, with the sub-sector predicted to grow annually by 4.5% to 2043, in terms of tonne kilometres. In order to sustain the profitability of this market, we need to firstly ensure that there is sufficient intermodal capacity at our ports and inland, with particular emphasis on more Strategic Rail Freight Interchanges (SRFI) and warehouse facilities. Secondly, it's important that these rail-connected terminals and facilities are located at points on the network that improve connectivity to relevant sites.
- 5.5 The same concerns surround restrictions on rail freight development in the aggregates market. SRFIs are not just vital in supporting the intermodal market, they also are vital for increasing the transportation of sand, steel slag and other composite materials via rail freight. The cost of transporting steel slag, in

particular, increases quite dramatically the further the distance travelled. Lafarge's Mountsorrel quarry is a perfect example of a well-connected quarry, with rail links serving London and the wider UK. It would be beneficial for rail freight if this connectivity was replicated at quarries and other sites across the UK. Any Government policy should address the strategic locations of rail freight interchanges and warehousing for aggregates.

- 5.6 The Rail Delivery Group (RDG) and Network Rail are already putting together strategies to ensure such developments take place, but any that occur will be as a result of both public and private funding. The NPS needs to create an environment that incentivises private investment, especially in Strategic Rail Freight Interchanges. As one possibility, this could include a system of match-funding, something that has been adopted by previous governments. It would also have to tackle some of the difficulties around local planning and the alignment of significant rail infrastructure projects with community interest.
- 5.7 Another area of infrastructure development that should be addressed is electrification on the rail network. In the Government's High Level Output Specification (HLOS) 2012 for rail, it stated that one of its four priorities for Control Period 5 was the creation of the "Electric Spine". GB Railfreight is a keen supporter of electrification but believes there are other electrification projects that will have more widespread benefits and have more relevance in the short-term .
- 5.8 One suggestion that GB Railfreight has put forward in previous inquiry submissions is electrification of the Felixstowe to Nuneaton corridor. It would enable freight operators to haul containers to the Port of Felixstowe and capitalise on the new Nuneaton North Cord. However, for a more immediate impact, we would propose electrification of the Birmingham to Nuneaton line, benefitting passengers and allowing electric freight trains to run to Hams Hall.

6 Does policy on the development of the networks take appropriate account of environmental, safety, sustainability and accessibility issues as well as the impact of new technology?

- 6.1 GB Railfreight recognises the importance of creating a sustainable transport network that is more environmentally friendly. In order to create such a network, we need to look beyond rail network infrastructure and consider Government policy on rolling stock. In contrast to the passenger market, rail freight operations are completely privatised and any investment decisions made fall solely on the operators themselves. Sustainable infrastructure is only effective if the rolling stock using it is both sustainable and carbon efficient. The Government needs to create the right platform for this kind of investment.
- 6.2 As part of our goal to reduce our carbon footprint, GB Railfreight recently purchased the company's first ever electric locomotives, to be used on various routes across the UK. In order to maintain similar private sector investment in the long-term, there needs to be a regulatory regime that doesn't inhibit our growth. One aspect of this regime that has a considerable impact on freight companies is the pricing strategy for track usage. We would like to see the ORR impose a track access charges scheme that complements the Government's goal for operational and environmental sustainability by incentivising the purchase of similar track-friendly locomotives.
- 6.3 Any national policy on rail infrastructure should go hand-in-hand with policy on rail rolling stock if we are to take appropriate account of environmental, safety, sustainability and accessibility issues. This much wider agenda is currently being evaluated by the Rail Freight Group, of which GB Railfreight are a member. We look forward to supporting the Department for Transport in developing such a strategy.

8. To what extent does the draft NPS provide clear guidance to the Secretary of State about how to assess schemes? Does it help scheme promoters understand the approach the Secretary of State is likely to take to nationally significant road and rail infrastructure projects?

- 8.1. As a freight operator on the network, we are not in a position to provide guidance on the effectiveness of the draft NPS in assisting the Secretary of State for Transport with the decision-making process. However, in order to help scheme promoters understand the approach to be taken, we believe this information should be sufficiently transparent. Through such transparency, we can encourage more private investment across the road, rail and port sectors
- 8.2. While this draft lays out numerous criteria of assessment, ranging from more general principles to necessary features for “good design”, it might be useful for the Government to consider reintroducing a more extensive appraisal manual, similar to that published by the Strategic Rail Authority. It was called *Appraisal Criteria: A Guide to the Appraisal of Support for Passenger and Freight Rail Services*, and it provided developers with information on what the Government was looking for in applications and how they should be structured to maximise probability of success.

Q. How does the draft NPS relate to other aspects of the Government's transport strategy, including HS2, and to integration with local transport networks?

In order to be effective, the NPS must take account of other aspects of the Government's transport strategy and align itself with any significant project developments. With regards to major proposals such as HS2 and developments on local transport networks, difficulties can arise due to the number of parties involved across the different schemes.

If we refer back to the Transport Select Committee's *Access to Ports* inquiry, written evidence suggested that there have been times when privately and publicly funded transport projects have undermined each other. The greater responsibility given to Local Enterprise Partnerships and the introduction of local transport bodies means it's even more important that actions on respective projects be coordinated. Only then can we ensure that capacity and operational benefits for the schemes are maximised on both a national and local level.

HS2 raises a whole new set of issues, due to the significant capacity release it can bring to the rail network. Patrick McLoughlin MP, Secretary of State for Transport has stated that one of the central objectives of the project is to create more capacity for rail freight. In response to the Institute for Economics report last year, criticising the project, he said: "We have seen a 60% growth in freight on our railways. If we want to see more freight going on our railways, we need to provide that capacity." With such a large development as HS2, it's essential that the NPS sets out a strategy that coheres with it.