Rail Freight Terminals and New Developments

How to encourage growth through land use planning

The Challenge

Rail in the UK has been gradually increasing its market share of freight movement, and as at 2014 accounts for around 11% of total tonne-miles.

There are a range of factors that make it imperative to increase the proportion of goods that are moved by rail. Road transport remains heavily dependent on fossil fuels, yet world oil prices, whilst fluctuating, have risen very substantially from $30 per barrel in 2004 to around $85 in the autumn of 2014. At the same time, global oil production has been sustained largely by the fracking 'bubble' and there remains uncertainty about the long-term future of supplies.

Under the Climate Change Act 2008, it is legally binding on UK to reduce its emissions of greenhouse gases by 80% from a 1990 base, by 2050. It is unreasonable to assume that these reductions can or should be made solely by households and businesses, and the transport sector, including freight, should therefore have a significant part to play.

Transport currently accounts for around 21% of UK domestic greenhouse gas emissions, of which 96% are carbon dioxide (CO2). Freight accounts for around 30% of these, and around 20% of UK emissions from transport are from HGVs with a further 15% from vans. By contrast, railways in total account for less than 2% of all UK transport emissions, and tonne-for-tonne, rail freight generates 5 times less CO2 than road freight.

The dominance of the road sector within freight transport in emitting CO2 emphasizes the importance of achieving modal shift. It is significant that emissions from both HGVs and vans have risen in absolute terms since the 1990s. DfT projections (2008) showed a continuing rise in emissions from road freight under current policies (of around 25% over the period 2005-2025). The importance of switching freight and parcels traffic from road to rail can therefore be clearly seen.

In its Freight Market Study (October 2013), Network Rail suggested that rail's share of the total UK road and rail market has the potential to rise from 11% to 19% by 2033, with tonnes lifted growing by 2.0% per annum. This could be seen as a conservative figure but nonetheless implies growth of around 40% by 2033. It seems fair to assume that many of the 'easy wins' for rail freight are likely to have already been made, and that future growth will increasingly involve traffic flows and terminal facilities in regions that at present are poorly served by rail. This in turn will require new rail terminals to be put in place to handle the goods.

However, there has been a history of concern at the lack of consolidation opportunities for modal shift to rail other than at ports (Stakeholder response to 'Towards a Sustainable Transport System', 2007) affecting the ability to service major urban centres by rail.

The cost-effectiveness and environmental performance of rail freight depends on there being terminals suitably close to the final destination. Avoiding a road leg at one or both ends of a rail journey can have a major impact on cost-effectiveness, and thus whether the goods will move by rail or road.

Where we are now

The UK needs a land use planning framework that not only supports rail where proposals for terminals are put forward, but which actively seeks to identify and safeguard opportunities for freight terminal development.

There is a longstanding need to consider broader impacts of land use planning policy on development, and the interaction between development and provision of transport services. It has been repeatedly stressed by industry that the investment climate would benefit from greater certainty and clarity from government at all levels.

The abolition of the Regional Spatial Strategies means that there is currently no mechanism in England to formally identify locations for new rail freight interchanges at a strategic level through the town planning system. The UK is practically unique in Europe in not having a regional tier of plans to handle issues of more than local significance.

The current National Planning Policy Framework (NPPF) does not provide the detail spatial guidance for rail freight that is arguably now required. The only references, at times oblique, to rail freight in the NPPF are:

Paragraph 41: *'Local planning authorities should identify and protect, where there is robust evidence, sites and routes which could be critical in developing infrastructure to widen transport choice.'* It is unclear what is meant by 'robust evidence', and local authorities seem to have adopted a very conservative approach for fear of legal challenges over 'planning blight'.

Paragraph 31: *'Local authorities should work with neighbouring authorities and transport providers to develop strategies for... large scale facilities such as rail freight interchanges...'* It is not clear what is meant by 'large scale', or what is supposed to happen in the case of smaller facilities, or what the mechanism is supposed to be to ensure rail freight facilities will be provided where there is no pro-active interest from a local authority.

The DfT's own Strategic Rail Freight Interchange Policy Guidance (November 2011) contains no specific mention of where such facilities should be provided. This omission is likely to leave it up to the often adversarial local planning process to resolve. History suggests that this is a time-consuming and expensive process which has resulted in a shortage of rail facilities, and has acted a deterrent to developers wishing to enter the market.

Whilst SFRI can be handled as nationally significant infrastructure projects under the Planning Act 2008, their scale (over 60 ha) and necessarily limited number mean that, by themselves, they cannot secure the degree of transfer of goods from road to rail that will be necessary to deliver carbon reduction objectives. Some regions are in fact unlikely to have any SFRI – for example, none are currently proposed in East Anglia, or in the 200 miles of the South West peninsula lying west of Bristol. Government policy therefore also needs to address other types of rail freight facility and the appropriate locations for these.

The combined effect of these factors is that, unless there is direct interest actively being shown by a developer, many local authorities are unlikely to be making any provision in their current development plans for future rail freight terminals.

A further specific risk is that sites which could be suitable for rail-linked facilities, but which are not controlled by the rail industry, may be squandered by being used for other types of development, often with higher land values such as housing, retailing or small industrial

units. Such a loss of sites would be effectively permanent, and would have a correspondingly adverse impact on the future ability to move goods by rail.

What needs to happen

There is a need to bring together the expertise of logistics providers, the rail industry, DfT and local planning authorities – possibly via regional working groups – to chart a way forward for future terminal developments, and identify how these will help to deliver the potential 19% rail modal share by 2033.

In effect, what is required is to establish a business case at a suitable level of refinement so that sites for potential rail terminals (and land for rail-served industrial and warehousing developments can be identified, and put forward for protection through the town planning system.

Although rail is largely concerned with primary and secondary distribution – hence the need for rail-served industrial plants, intermodal depots and rail-linked warehousing - a growing issue is likely to be the provision of freight consolidation centres on the edge of major urban areas. The limited number of centres so far opened have been road-only, and rail was not referred to in the DfT Freight Consolidation Centre Study of July 2010.

Potential sites for rail terminals ideally need to be on routes which are cleared for W10 gauge, or which have the potential to be so (e.g. as a result of future electrification schemes). There will also be an increasing need to accommodate Continental-size swap bodies up to 3.2m in height.

A range of terminal types will need to be catered for, including:

- Strategic Rail Freight Interchanges: typically over 60 ha in size
- Intermodal-only RFI: typically sites of 10 - 30 ha
- Rail-linked warehousing: sites of 10 - 30 ha
- Bulk material RFI: sites of 5 -10 ha
- Freight consolidation centres

Particular emphasis should be placed on identifying sites that could be allocated for freight terminal development in the current round of development plans (broadly covering the period up to 2033).

However, given that development planes tend to be rolled forward quinquennially, there is also a need to consider freight terminal locations that may have potential for longer-term development beyond 2033.

In addition, there is a need to consider how the planning system can require developers, in consultation with the rail industry, to make ‘passive provision’ for rail access to sites where this is not a customer requirement at the time a development is first occupied. As a comparison, no-one would expect an industrial development to be built without internal roads or access to the adjoining public road network – and no local authority is likely to grant planning permission for such an obviously deficient development. This is, however, in effect the parallel situation that faces business occupiers who wish to use rail freight – they are likely to find that no provision, either active or passive, of rail connections will have been made at the time of construction of the development they occupy.

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