

| Rail Freight Growth Target

Call for Evidence Summary Report

December 2023



Foreword

By setting the first long-term target of its kind, Government has demonstrated its strong commitment to supporting freight growth over the coming decades. The Great British Railways Transition Team (GBRTT) presented Government ministers with a range of credible, evidence-based growth target options, such that a stretching yet realistic target could be set by the Secretary of State for Transport. This target will form the basis of a progressive and forward-thinking vision to support a high performing freight network. It will also help the freight sector's customers and investors to confidently plan for the future.

Rail freight has an opportunity to grow its modal share. Rail freight is one of the most environmentally efficient means of transporting goods, especially over long distances and is currently the only freight mode where a zero-carbon option is readily available. Whilst there are long term opportunities for other modes to support carbon reduction, if we want change now, we must seize it through collaborative working between the public and private sector.

This is why we have established the Strategic Freight Unit (SFU) which is tasked with firmly embedding freight

into our strategic decision making and unlocking opportunities across the sector. To do this successfully, we must build on the things the industry already does well, but also learn how we can do more. A richer understanding of the wider sector's needs is crucial to ensuring the long-term rail freight growth target delivers for current and future rail-users. The scope of the growth target options has been grounded in a strong evidence base which was gathered through comprehensive, sector-wide engagement with the wider freight industry.

In this context, we launched a call for evidence in July 2022 to gather meaningful insights from a variety of stakeholders within and beyond the rail sector. Respondents were invited to provide their views on the current barriers to using rail, to outline their ambitions for rail freight growth, and to comment on how a growth target should be designed and delivered.

The potential for rail freight to support the decarbonisation of national logistics chains, the strong interest for facilitating freight growth on the rail network, and unanimous support for a long-term growth target were common themes throughout the 88 responses we received from across both the public and private sectors. We were advised that modal shift opportunities exist for rail freight and organisations across the supply chain are enthusiastic about rail's market potential. Respondents were optimistic that the growth target will provide a platform from which resources from across the public and private sector can be brought together to accelerate growth and development across the industry.

There is clearly a view that the growth target will serve as a catalyst for private investment in the rail freight sector by setting a clear ambition for growth and modal shift to rail.

However, this was all raised alongside key barriers needing to be resolved, including capacity, journey time improvements and cost. Many organisations noted that a target alone cannot deliver growth. Further actions and accountability mechanisms will be needed to ensure freight is embedded in the railway's decision-making processes. In this context, respondents called for a clear delivery plan and interim targets to monitor progress and ensure delivery of the target. These perspectives have been critical in shaping the creation of the rail freight growth target.

I would like to thank everyone who responded to the call for evidence for sharing their insights, evidence, and ambitions. It is clear that rail freight is already a success story. Whilst we are optimistic about the opportunities for growth in the sector, we must accept that we are working in a constrained public funding environment as we explore options to enable freight growth, especially in the short-term. If we are prepared to work within that context there is still a significant and timely opportunity to grow rail freight's modal share: I am convinced that through collaborative working the industry can rise to this challenge.

Rufus Boyd
 Lead Director (Interim)



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About The Call for Evidence

The Department for Transport (DfT) commissioned the Great British Railways Transition Team (GBRTT) to develop a range of options for a Rail Freight Growth Target (RFGT). GBRTT has now presented this advice to the Secretary of State for Transport, who will use it to set the growth target. In July 2022, we launched this Call for Evidence to help inform the design and development of these rail freight growth target options.

By taking a comprehensive look at stakeholder's views of rail freight, we have collated and considered a wide range of evidence on rail's contribution to the freight sector. This has helped to align the freight industry's insights to the strategic development of the RFGT.

The engagement aimed to develop and further understanding of:

- Current and future market demand
- The opportunities for and challenges to rail freight growth
- The principal drivers of customers' logistics decisions; and
- Views on the design and mechanisms for delivering a growth target.

This report provides an at-a-glance summary of the response to the call for evidence. If you would like to read a comprehensive overview of responses received in the Call for Evidence, please contact RFGTcallforevidence@gbrrt.co.uk to request a copy of the Technical Report.

We asked

The Call for Evidence ran for twelve weeks between 5 July 2022 and 27 September 2022.

12

weeks July 2022 to
September 2022

05

online webinars

130

stakeholder organisations and
individuals were engaged

We asked questions about the rail freight industry and specific views on a rail freight growth target.

08

key thematic
sections

27

questions

You responded

88

responses received across Great Britain. They represented voices across the rail freight industry and beyond.

69

responses came from organisations

19

responses came from individuals.

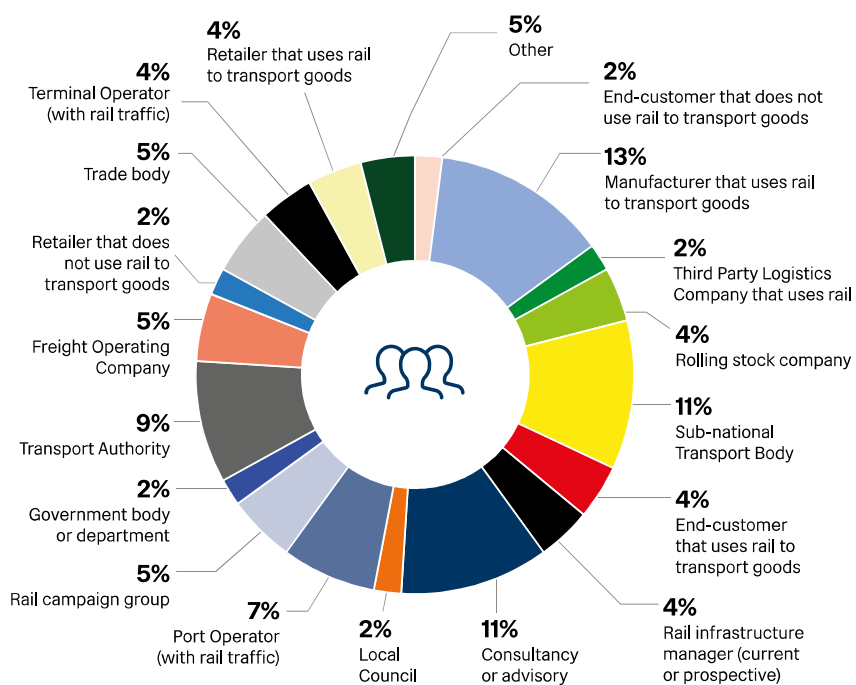
55

responses were from rail industry stakeholders

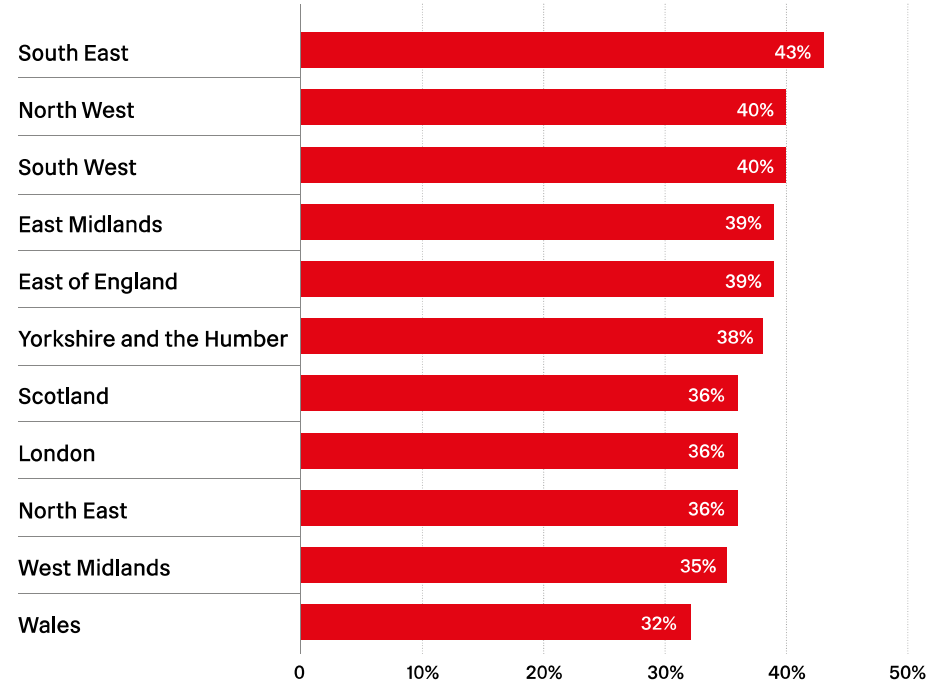
Questions about the rail freight industry as a whole were only shown to certain stakeholder types, while questions about the rail freight growth target were shown to all respondents. As a consequence, response rates to questions about the rail freight industry are notably lower (32% on average), compared to responses about the rail freight growth target (80% on average).



Stakeholder type excluding individuals and organisations that did not provide a response



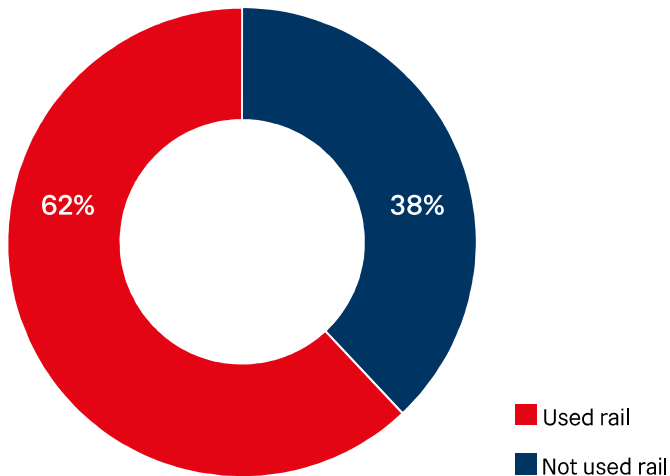
Geographical regions where respondents operate



Views on the Rail Industry

Questions in this section were designed to develop an understanding of stakeholders' perceptions of rail freight from within and beyond the rail sector. The aim was to understand current strengths and weaknesses in the sector and identify key barriers to rail freight growth. Questions in this section were shown to certain stakeholder types only.

Organisations that have and have not used rail to transport goods
(Question 1)



Question 1

Have organisations used rail to transport goods in the past?
Please see figure on p.8

Question 2

What is your perception of working with the rail industry (respondents who have not used rail)?

Response themes

Operational costs are a barrier for users	Slow to make decisions and procurement is not agile enough to respond to market changes quickly	Timetabling process hinders rail's flexibility compared to road and it can be challenging to secure timetable paths	Rail can be key to successful operations by making a significant contribution to moving strategic commodities	Industry stakeholders are helpful and supportive
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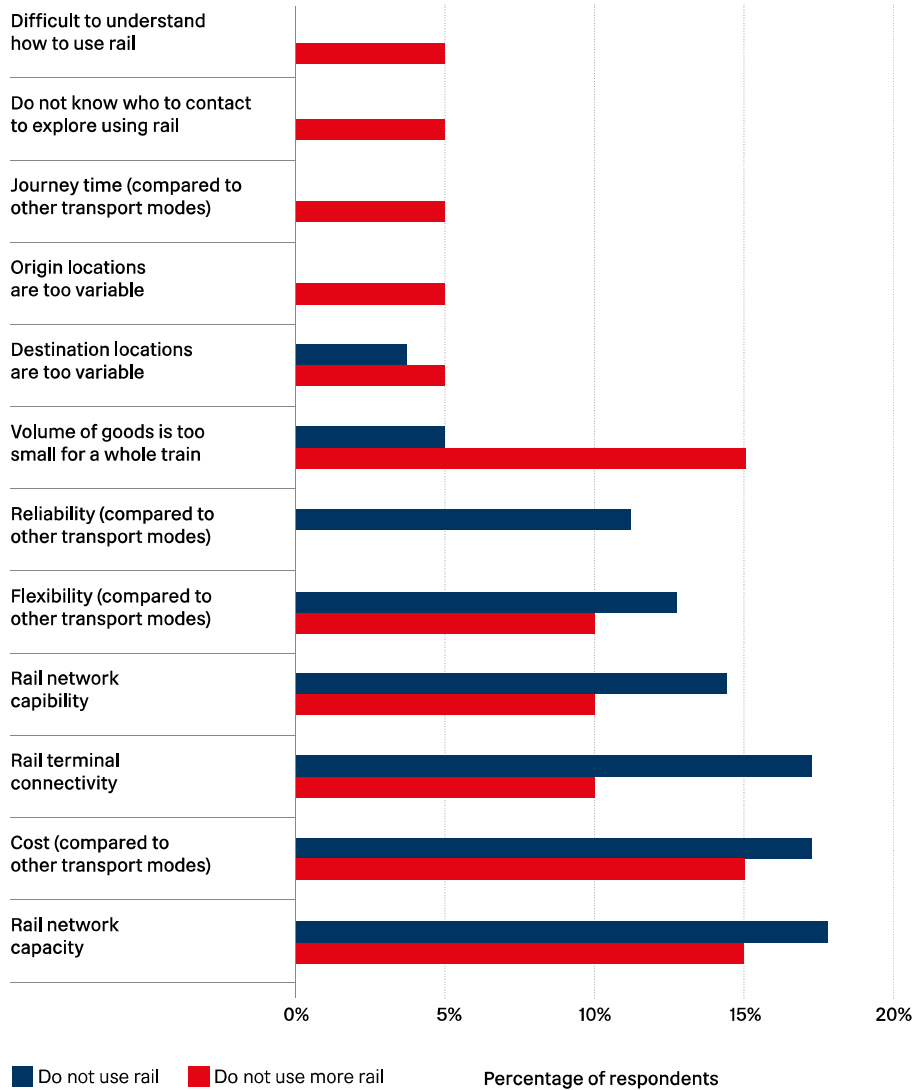
Question 5

What is your perception of working with the rail industry (respondents who have used rail)?

Response themes

Industry can be challenging to interact with and has a low willingness to adapt and change"	The timetabling process and gauge capability limits rail's flexibility compared to road	Industry operates in silos	Industry supportive of net zero	There are helpful stakeholders in the industry that help to navigate processes and improve the rail service
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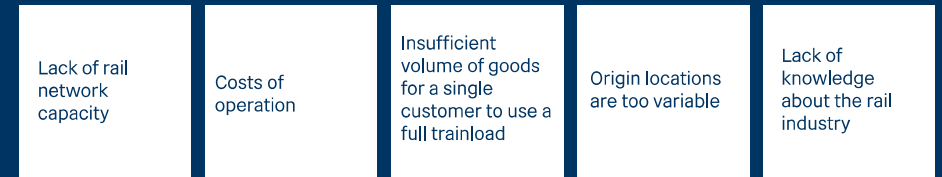
Barriers to not using rail, or not using more rail to transport goods (Questions 3 & 4)



Question 3

Why does your organisation not use rail to transport goods?

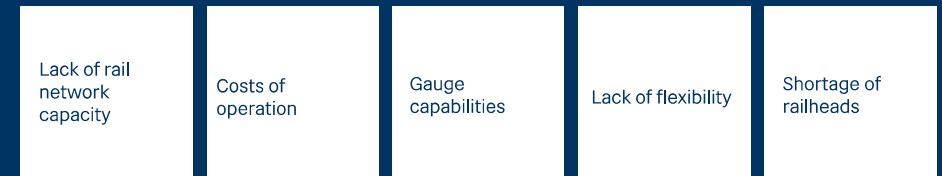
Response themes



Question 4

What are the key reasons your organisation does not transport a larger tonnage of freight?

Response themes



Views on the Rail Industry

Case Studies

Port Group

A major UK ports group believes rail freight is critical to the operation of many of the UK's largest ports. They suggest that many of their customers desire facilities with rail connections. Some ports in the UK handle over 66 rail departures and arrivals each day, involving key strategic commodities such as biomass, iron ore and coal ore. They suggest that 25% of all shipping containers that arrive into the UK are subsequently transferred by rail.

Food and Drinks Manufacturer

A global food and drinks manufacturer suggests that network restrictions have been the biggest barrier to their uptake of rail, specifying issues with appropriate gauge provision in South Wales and the Peak District. Many of their customers work to tight deadlines, leaving no room to implement and execute a rail freight strategy. They also note that rail freight is starkly different from other logistics sectors, making it difficult to understand without investing into specific industry knowledge. Addressing these issues could open significant untapped demand for the rail freight market.

Trade Association

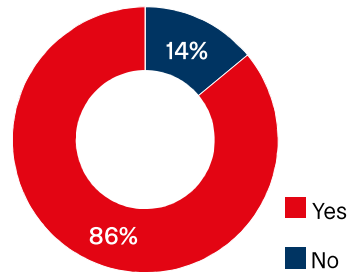
A trade association highlights rail-connected sites that are no longer used because the cost of loading and unloading infrastructure is too great. In their view, rail freight has high fixed costs, requires high volumes of goods and return on investment takes a long time. Likewise, they see the costs of new infrastructure as too steep to enable business cases to be made. Solutions that bring down costs would help to realise rail freight opportunities for this organisation.



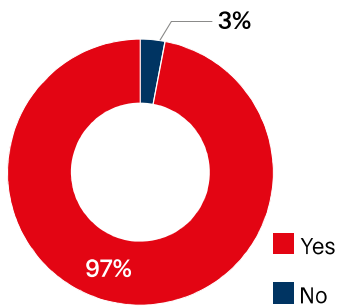
Current and Future Demand for Rail Freight

Questions in this section were designed to develop an understanding of respondents' opinions and connections related to rail freight and the rail industry more broadly. The aim was to understand current strengths and weaknesses in the sector and identify key barriers to rail freight growth. Questions in this section were shown to certain stakeholder types only.

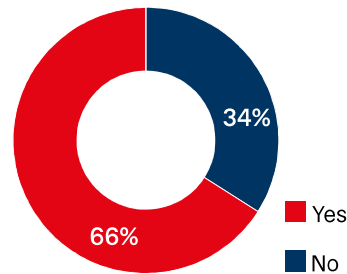
Would you like to transfer parts of your supply chain to rail?
(Question 7)



Do you see the greater use of rail freight as a viable solution for reducing greenhouse gas emissions?
(Question 6)



Does your organisation currently move goods by road in a single leg journey that exceeds approximately 100km on a regular basis?
(Question 8)



Question 6

Do you see greater use of rail freight as a viable solution for reducing greenhouse gas emissions in your operation?

Response themes

Rail freight will play a key role in reducing future emissions	Rail freight will aid achieving net zero targets	Use of rail freight leads to better air quality	Desire for clear electrification programme	Support for reduced reliance on road haulage
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Question 7

Are there parts of your supply chain you would like to transfer to rail?

Response themes

Supply chains of port operators	Supply chains of manufacturers	Supply chains of retailers	Desire to move more aggregates and soils by rail	Desire to move more in the South West and East
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Question 8

Does your organisation currently move goods by road in a single leg journey that exceeds approximately 100km on a regular basis?

Response themes

Journeys made by manufacturers	Journeys made by port operators and their clients	Journeys transporting specialist goods	International journeys to mainland Europe	Domestic journeys ending in the North West and Midlands
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Current and Future Demand for Rail Freight

Case Studies

Distribution of Healthcare Products

An organisation responsible for the supply and distribution of healthcare products is positive about rail freight as a tool for reducing greenhouse gas emissions, clarifying that a train can substitute a large number of LGV and HGV movements. Likewise, they identify a potential desire to use near-by rail heads to transfer parts of their supply chain to rail. They identify one terminal in Greater London that is adjacent to, but not connected with, a rail head operated by another organisation.



Manufacturer of Construction Materials

An organisation that manufacturers and provides construction materials suggests that each new future railhead site can add up to 750,000 tonnes to the total annual tonnage of freight they can move by rail. Across a 10-year horizon, they see movement of rail freight into urban centres paving the way for better connectivity and more efficient deliveries. They emphasise that rail transport must not lag behind road transport in technological innovation and investment over the long-term (e.g. the next 30 years).



Question 9

If the rail industry was not constrained, how much extra freight tonnage could your organisation move by rail each year?

Response themes

Overall picture of growth despite suppressed demand at key corridors

Growth forecasts presented using a range of different metrics and measurements

Opportunity to move more construction materials

Opportunity to move more container traffic on key strategic corridors if paths can be secured

Variable origin locations keep operational costs up

Question 10

Please describe how the total annual tonnage of freight moved by your organisation is likely to change over the next 5/10/30 years?

Response themes

Increase due to planned investment in infrastructure

Increase due to modal shift from road

Increase due to expected completion of new strategic rail freight interchanges

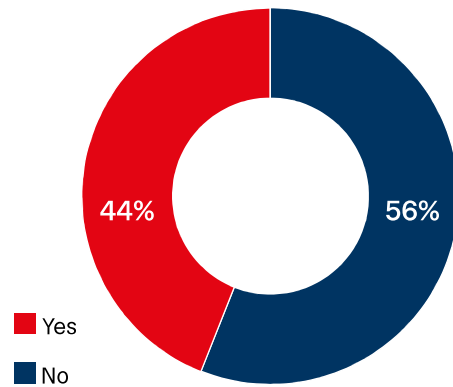
Tonnage will be tied to the health of the economy

Difficulty in predicting growth especially for the long-term

Opportunities and challenges to rail freight growth

Questions in this section were designed to understand existing and future opportunities and barriers to rail freight growth. Respondents were asked to suggest future opportunity areas for commercially viable rail freight growth and identify any facilities near or at rail heads that could be used for freight operations going forward.

Respondents that have unconnected facilities adjacent to rail links
(Question 12)



Question 11

Do any terminals or facilities you presently occupy have a rail-connection but do not receive rail traffic?

Response themes

Port facilities	Intermodal terminals	Logistics parks	Power stations	Facilities in the West Midlands, East Midlands and South East
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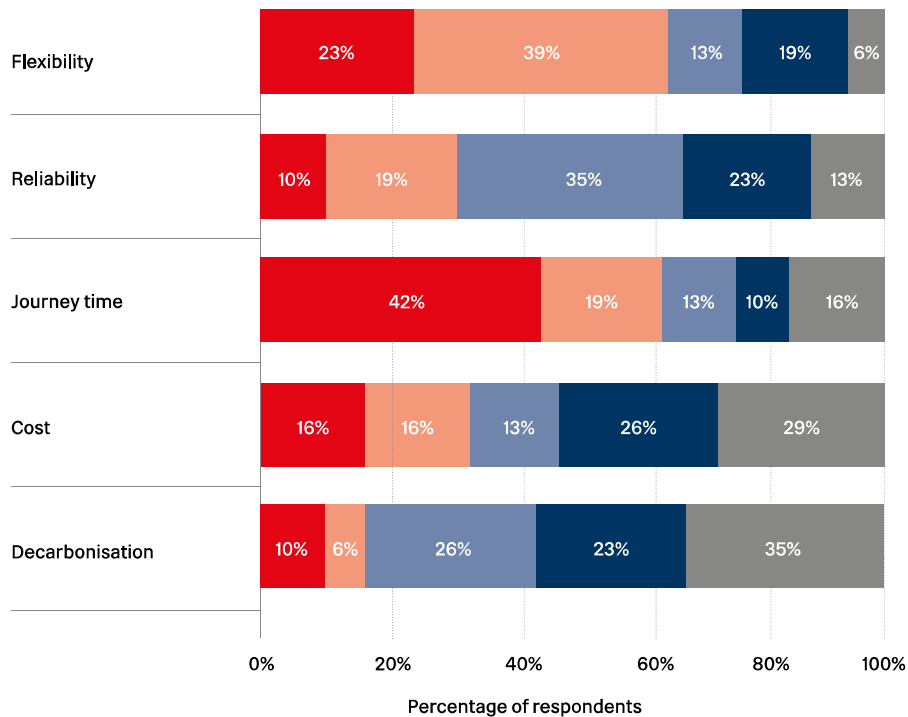
Question 12

Are there any terminals or facilities you presently occupy adjacent to or near the railway that are not currently rail-connected?

Response themes

Quarry locations	Port facilities	Manufacturing plants	Facilities in the West Midlands, East Midlands and Wales	Facilities in London
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Rail freight priorities for organisations (Question 14)



1 2 3 4 5

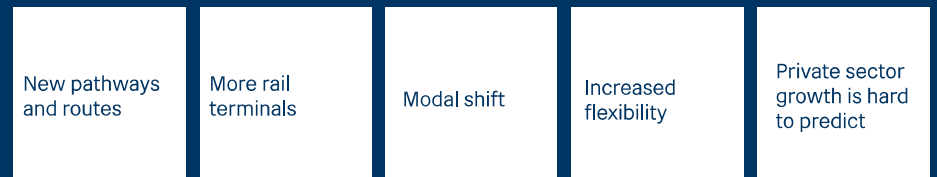
Note: 1 is lowest and 5 is highest in the above graphs

Question 13

What are the opportunities for growth of rail freight in the next 5/10/30 years?



Response themes



Question 14

Rail freight priorities for organisations

Please see figure on p.20

Opportunities and challenges to rail freight growth

Case Studies

Port Group

A UK port group suggest that there are multiple port locations in Wales which saw past rail connections shut down due to low levels of commercial activity. On the other hand, they identify ports in Devon, Norfolk and South Wales where facilities are located near functioning rail lines. It is suggested that there is potential in all three locations to start mode shifting to rail if connections can be established at an appropriate price.

Major Grocery Retailer

A major UK grocery retailer suggests that collaboration with the rail industry can enable many future opportunities. They suggest that improved availability of temperature-controlled containers and 45-foot containers would provide them with more options to choose rail over road freight. Over the medium term, they see the move to electric vehicle fleets as an expensive one. In light of this, they see rail freight becoming a more affordable option.

Investor and Developer of Distribution Floorspace

An investor and developer of distribution floorspace sees the provision of high-speed rail freight services (which they define as above 75mph) as critical to unlocking further of use of rail within their supply chain, as it would combine the unique selling points of high speed and zero-emission transport. It would expand same day coverage from national and regional distribution centres. The organisation is currently building a rail-served national distribution centre in the Midlands, near the West Coast Mainline, and sees opportunity to create a pipeline of rail-served sites around the country.

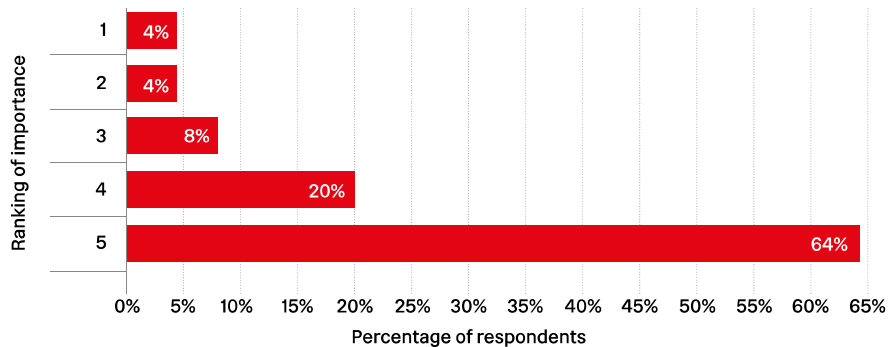


Views on designing and delivering a rail freight growth target

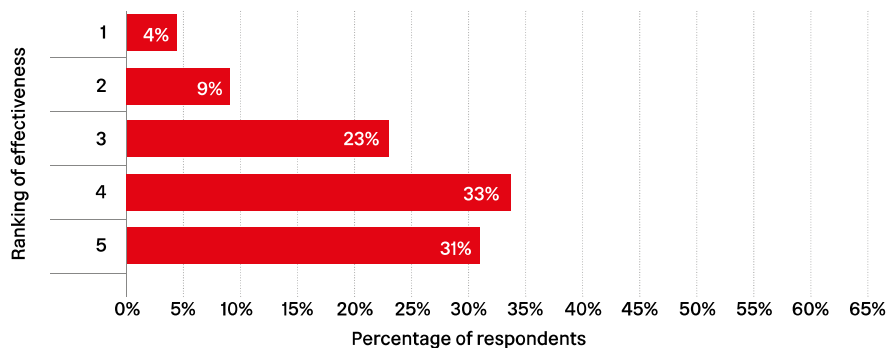
Questions in this section focus specifically on the rail freight growth target, and how it should be set and implemented. Questions were designed to understand respondents' views on various parameters of the target,

including metrics, timescales, geography and market sectors, as well as public and private sector action that would be needed to ensure a target is delivered successfully.

Perceptions on the importance of rail freight growth (Question 17)



Perceptions on the effectiveness of a growth target (Question 18)



Note: 1 is lowest and 5 is highest in the above graphs

Question 17

How important is rail freight growth?

Please see figure on p.22

Question 18

How effective is a rail freight growth target?

Please see figure on p.22

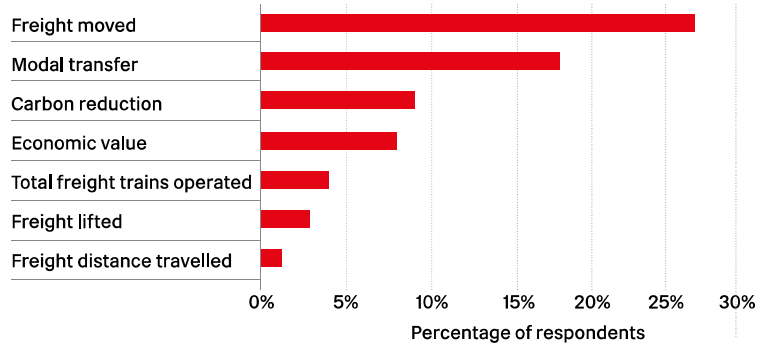
Question 19

How do you think a target can incentivise rail freight growth?

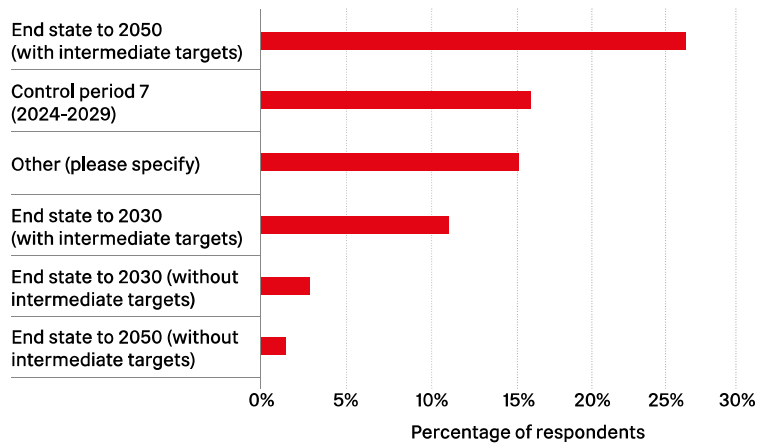
Response themes

Target will demonstrate financial commitment over long-term	Target will focus collective minds	Target needs to be ambitious	Support target with system of funding and grants	Target will need supporting measures and incentives to be effective
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Metrics for measuring a future growth target (Question 21)



Timeframe for a growth target (Question 22)



Question 21

Are there any other metrics that you would suggest for measuring a future rail freight growth target?

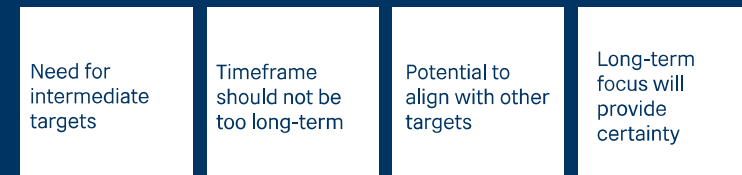
Response themes



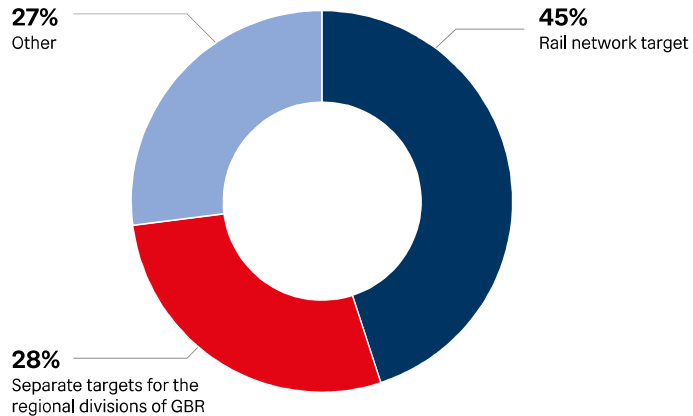
Question 22

Over what timeframe should the growth target be set?

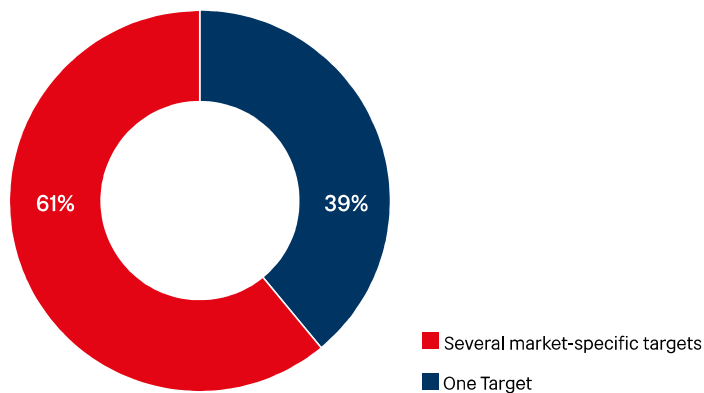
Response themes



Geography of a growth target (Question 23)



Should a target be specific to market sectors? (Question 24)



Question 23

Across what geography should the growth target apply?

Response themes

Target should be aligned to priorities at the International level (e.g. Channel Tunnel traffic).	Combined elements of national and regional	Working with transport bodies	Working with local authorities	The Strategic Freight Unit has a critical role to play in ensuring the GBR Regions support freight growth
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Question 24

Should the rail freight growth target be designed to cover all market sectors, or should there be several market-specific targets?

Response themes

Support one target for all sectors	Support several market specific targets	Main target and sub-targets for sectors	Specific targets could exclude emergence of new sectors
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Question 25

How can the public and private sectors work together to ensure a future growth target is delivered?

Response themes


Public sector to provide long-term certainty to allow the private sector to confidently plan investment decisions.	Address barriers through subsidy and grants	Come to joint understanding of issues facing FOCs	Frequent communication between stakeholders
Strategic information and expertise should be shared more openly between the public and private sector.	Public sector to work with operators and third party logistics to establish strategic opportunities	Closer working relationships between the rail industry, government departments and planning authorities	GBR should act as the 'guiding mind' to collect and disseminate data and drive best practice.

Question 26

What is needed from the supply side of the rail industry to support the growth of rail freight?

 Respondents discussed concepts or actions needed...


Improve the timetabling process and the quality of paths allocated to freight	Provide funding and grants to support with the costs of rail compared to road	Public sector to create a low-risk investment environment	Provide more certainty about which lines of route will be upgraded to electric traction for freight
Establish new rail facilities to expand rail's reach into new markets	Outline clear programme of intervention and commitment	Resolve capacity constraints at key points on the rail network	

 ...and considered the key impacts that these would have on rail freight growth...

Increase rail network capacity for freight.	The private sector will be more willing to invest if there is greater certainty about the future network	Improved cost-effectiveness and competitiveness of rail relative to road	Modal shift which will reduce carbon emissions.	Expansion into new markets
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 Respondents identified potential trade-offs to deliver these actions...

Capacity trade-offs between passenger and freight services are needed on specific routes	With finite funding available, there needs to be trade-offs about how this money is best prioritised	Identify innovative opportunities to move freight on existing passenger services (e.g. parcel traffic)	Balance between road and rail	Balance between capacity and flexibility
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 ...and identified which would be most significant from a cost-benefit perspective

Increased rail network capacity will have the strongest cost-benefit returns.	Improved timetables and path availability	Investment in electrification will bring long-term social, environmental and economic benefits through modal shift	A focus on funding and investment	Creating freight transfer hubs (e.g. SRFIs)
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Views on delivering rail freight growth with a growth target

Case Studies

Freight Operating Company

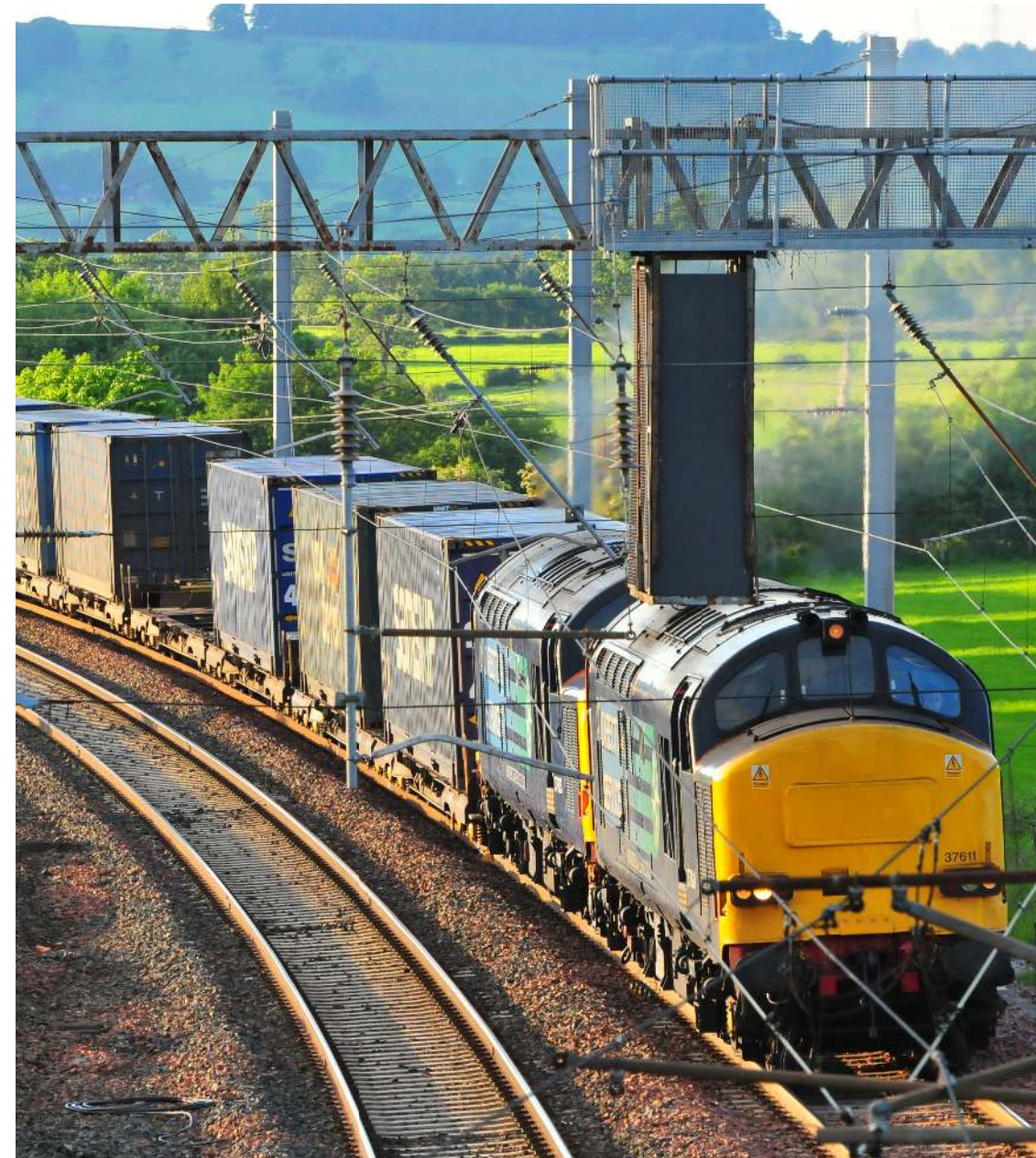
A freight operating company, that specialises in moving cargo along short-distance sea routes between the UK and mainland Europe, suggests that the effectiveness of a target will depend on whether there is a credible and detailed business plan that lays out how it will be achieved. It would create greater certainty for the private sector and improve the climate for investment. They suggest that such a business plan needs to demonstrate provisions for financial security and provide a system for calculating carbon savings.

Port Owner and Operator

A leading port owner and operator suggests that there is a need for GBR to engage more with the private sector, and specifically with both existing and prospective end users. Strong relationships are needed between the public sector and both FOCs and the end users that they serve. They call on measures to help lift the cost barriers to entry and expansion, suggesting that the implementation of standardised modules of sidings and railheads would reduce costs and encourage growth.

Advisory Group

A consulting firm that has undertaken work with the rail sector suggests that the public and private sectors need to work to break down existing silos. Private sector organisations often have experiential skills and capabilities from other industries that are relevant in the emerging rail sector. They suggest that stronger encouragement of multi-disciplinary approaches into the industry could come from more roundtables and cross-supplier advisory groups. They suggest that the public rail sector can learn from the private sector when it comes to a focus on customer experience and outcomes.



Informing option development

How we have used the responses to the call for evidence

The responses to this call for evidence demonstrate that organisations both within and beyond the rail sector recognise the significant potential for rail freight to support the decarbonisation of the surface transport sector. There has clearly been a significant amount of thinking about how rail can integrate with other transport modes to improve the efficiency and resilience of national supply chains.

The submissions we received through the Call for Evidence have helped to inform the advice GBRTT provided to Ministers in relation to presenting credible, evidence-based options for a long-term RFGT. To deliver this advice, a robust and evidence-led analytical framework was developed which was underpinned by responses to this call for evidence.

The responses to questions in part one provided critical evidence to determine the potential size of the rail freight market, which has helped to frame the ambition and credibility of the RFGT options. The information about market opportunities and new terminal developments was appropriately captured in our long-term rail freight demand forecasting. The evidence provided to these questions will continue to be used by the Strategic Freight Unit's Market Development Team to accelerate and progress future opportunities for rail.

The responses to the questions in part two have helped to shape how the RFGT is designed, delivered, and monitored. This has primarily been in relation to the geographic reach, the market reach and timeframe of the target. Crucially, the evidence here has helped to shape our thinking on the need for intermediate targets and delivery plans.

Moving forward, the responses to this call for evidence will continue to be used to inform the industry's long-term strategies and growth plans. Beyond this, the evidence base will also help to shape and inform future research and activity led by GBRTT.

The key questions we answered when developing advice for Ministers

The Secretary of State for Transport commissioned GBRTT to develop a range of rail freight growth target options. The commission underlined the importance of consulting our partners within and beyond the rail sector on these options as they develop.

The interpretation of the brief is broader than simply specifying the size and timeframe of the growth target. The advice prepared by GBRTT has necessarily considered the broader role of a RFGT: as a critical planning assumption that should become embedded in the industry's long-term strategic planning and future funding settlements; as a long-term incentive that should be supplemented by regulated short-term targets and complementary measures; and as a tool for informing decision-making across the public and private sectors.

GBRTT has been working with the rail industry, with funders and wider stakeholders to develop our thinking and to answer several key strategic questions:

- **What is a realistic but stretching target for rail freight growth by 2050?**
- **How will this level of rail freight growth help support the UK Government's five objectives for rail?**
- **What is the social, economic, and environmental value of this level of rail freight growth?**
- **What are the commercial, regulatory, industry structure and public sector funding barriers to significant growth?**

For more information about the advice submitted to the DfT, please visit: <https://gbrrt.co.uk/what-we-do/rail-freight-growth-target/>.

Further stakeholder engagement

The call for evidence was the first step in ensuring a broad range of stakeholders had the opportunity to help shape and inform future policy on rail freight growth targets in a constructive and transparent way.

Now the advice has been presented to Ministers it does not mean the work is over for the industry. Attention now rightly turns to bringing the rail freight growth target to life.

The further work that will be required includes developing strategies with the industry to support the delivery of rail freight growth, embedding the target in future funding settlements and decision making, as well as identifying and unlocking new market opportunities to grow rail freight. As these workstreams begin to take shape, stakeholders will have opportunities to provide input and shape the direction of travel as we seek to deliver the long-term growth target.



With thanks to everyone who supported the call for evidence.

Find out more

<https://gbrtt.co.uk/>

