

Department for **Transport**

STRATEGIC RAIL FREIGHT INTERCHANGES (SRFI) POLICY GUIDANCE

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Strategic Rail Freight Interchange Policy Guidance

1 Introduction

1.1 Background

This Strategic Rail Freight Policy Guidance sets out Government policy for Strategic Rail Freight Interchange (SRFI) infrastructure. It has been produced in the interim pending the publication of the Department for Transport's consultation document on the National Networks National Policy Statement (NPS) and has been published on the Department's website www.dft.gov.uk/ It may be taken into account by the Infrastructure Planning Commission (IPC) in its decision making on the development consent applications for SRFI infrastructure that fall within the definition of a Nationally Significant Infrastructure Project (NSIP) as defined in the Planning Act 2008.¹ It should give some comfort to developers about how their schemes will be received.

The National Networks NPS which will follow will set out an integrated road and rail policy, the need for new NSIPs relating to these and the associated impacts in greater detail.

1.2 Geographical coverage

This guidance provides the framework for decision making on development consent applications for the construction of Nationally Significant SRFIs in England.

¹ Sections 14 and 26 of the Planning Act 2008 <http://www.legislation.gov.uk/ukpga/2008/29/section/30>

2. Government Policy for Strategic Rail Freight Interchanges

2.1 Summary of Government Policy

The main objectives of Government policy for Strategic Rail Freight Interchanges are to:

- (a) **Reduce road congestion** - to deliver goods quickly, efficiently and reliably by rail and help to reduce congestion on our roads;
- (b) **Reduce carbon emissions** – to meet the Government’s vision for a greener transport system as part of a low carbon economy;
- (c) **Support long-term development of efficient rail freight distribution logistics** - to ensure a network of SRFI - modern distribution centres linked into both the rail and trunk road system in appropriate locations to serve our major conurbations;
- (d) **Support growth and create employment** – through the transfer of freight from road to rail, where this is practical and economic.

Government aims to meet these objectives by encouraging the development of a robust infrastructure network of Strategic Rail Freight Interchanges.

SRFIs operate to serve regional and cross regional catchment areas but are also key components in national and international networks. These networks are of strategic importance in facilitating trade links between UK regions and the European Union.

While it is for the industry to identify potential SRFI sites to meet commercial logistics requirements, and to take forward development proposals, for the reasons summarised above, the Government supports the development of a national network of SRFIs and will seek to facilitate the achievement of this objective.

2.2 What is a Strategic Rail Freight Interchange (SRFI)?

A Strategic Rail Freight Interchange (SRFI) is a large multi-purpose rail freight interchange and distribution centre linked into both the rail and trunk road system. It has rail-connected warehousing and container handling facilities and may also include manufacturing and processing activities.

For many freight movements rail is unable to undertake a full end-to-end journey for the goods concerned. Rail freight interchanges (RFI) enable freight to be transferred between transport modes, to allow rail to be used to best effect to undertake the long-haul primary trunk journey, with other modes (usually road) providing the secondary (final delivery) leg of the journey.

The aim of an SRFI is to optimise the use of rail in the freight journey by maximising rail trunk haul and minimising some elements of the secondary distribution leg by road through co-location of other distribution and freight activities. SRFIs are a key element in reducing the cost to users of moving freight by rail and therefore important in facilitating the transfer of freight from road to rail.

2.3 The Government's policy objectives for SRFI

Rail can deliver goods quickly, efficiently, reliably and help to reduce congestion on our roads. The SRFI policy laid out in this document seeks to maximise the economic, environmental and social benefits of transferring freight movements from road to rail.

2.3.2 Reduce carbon emissions

The Policy for SRFIs needs to be seen in the context of the Government's overall carbon reduction strategy, to which it is firmly committed. The Government's vision for transport is for a low carbon sustainable transport system that is an engine for economic growth, but is also safer and improves the quality of life in our communities. The transfer of freight from road to rail has a part to play in a low carbon economy through the development of infrastructure that will be able to adapt to climate change and help to address climate change. Government policy is therefore to support developments on the rail network which also support the introduction of low carbon technologies.

2.3.3 Support long-term development of efficient rail freight distribution logistics

SRFIs represent major gateways to the national rail network which allow businesses to move freight by rail for distances and in quantities appropriate to their operational and commercial priorities. They are therefore key features of national rail infrastructure. The Government believes that a network of SRFIs is needed to serve the major centres of population and support the longer-term development of efficient rail freight distribution logistics.

2.3.4 Support growth and create employment

The logistics industry, which directly employs over a two million people across more than 50,000 companies generating some £110 billion annually, underpins the efficient operation of most sectors of the wider national economy. Over recent years, rail freight has started to play an increasingly significant role in logistics and has become an important driver of economic growth. The Government supports the transfer of freight from road to rail, where this is practical and economic.

It is important that SRFIs are located near the business markets they will serve - major urban centres, or groups of centres - and are linked to key supply chain routes. The need for effective connections for both rail and road means that the number of locations suitable as SRFI will be limited.

2.4 Government Strategy for Strategic Rail Freight Interchanges

The Government's policy of investing in the development of the **Strategic Rail Freight Network** (See maps at Annex A) is facilitating sustainable rail freight growth by allowing the industry to invest in and operate longer, bigger and heavier trains, providing increased capacity and operating efficiency and reducing transport carbon emissions.

In parallel, the Government is taking measures to unblock the development of SRFIs and to unlock the necessary private sector investment in such facilities. The Department has asked Network Rail to provide industry support to the development of a network of SRFIs, working collaboratively with the wider logistics industry to: speed up the delivery of SRFI sites to meet business demand; assist with funding mechanisms (potentially including Network Rail funding); and establish appropriate delivery vehicles for rail infrastructure elements of such proposals.

3. The Need for Strategic Rail Freight Interchanges

3.1 Summary of Need

A network of SRFIs, complemented by other freight interchanges and terminals, is required to support longer-term development of efficient rail freight distribution logistics. There will be a demand for new and improved SRFIs, because of the following main drivers:

Rail Freight Growth

- The industry, working with Network Rail, has produced unconstrained rail freight forecasts. In the baseline year (2006) a total of 116 million tonnes were transported by rail: by 2019 this figure is expected to reach 139 million tonnes; and by 2030 the forecast tonnage will be 179 million tonnes.
- These unconstrained forecasts indicate that new rail freight interchanges, especially in areas poorly served by such facilities at present, are likely to attract substantial business, generally new to rail.

The changing needs of the Logistics Sector:

- To meet the growth in rail freight and the changing needs of the logistics industry, especially the ports and retail sector.
- The location of many existing rail freight interchanges in traditional urban locations mean that there is no opportunity to expand.
- The users and buyers of warehousing and distribution services are increasingly looking to integrate rail freight into their transport operations.

Sustainable Transport and the Low Carbon Economy:

- To achieve our environmental goals and to support low carbon transport by encouraging the transfer of freight from road to rail.
- To facilitate this modal transfer, a network of SRFIs is needed across the regions, to serve regional, sub-regional and cross-regional markets.

UK Economy, National and Local Benefits - Jobs and Growth:

- Rail freight has become an important driver of UK economic growth
- SRFIs can bring together businesses to produce economic benefits over and above those reflected in the value of transactions among those businesses.
- The contribution to skills and technology with wider long term benefits to the economy.

The IPC should therefore start its assessment of applications for infrastructure covered by this guidance on the basis that there is a need significantly to increase to number of SRFI.

3.2 Drivers for demand for SRFI

3.2.1 Rail Freight Growth

The industry, working with Network Rail, has produced unconstrained rail freight forecasts to 2019 and 2030. The results are summarised in the table below. These forecasts are considered robust and the Government has accepted them for planning purposes.

While these forecasts, in themselves, do not provide sufficient granularity to allow site-specific need cases to be demonstrated, they confirm the need for an expanded network of large SRFIs across the regions to accommodate the long-term growth in rail freight. They also indicate that new rail freight interchanges, especially in areas poorly served by such facilities at present, are likely to attract substantial business, generally new to rail.

Rail Freight Forecasts to 2019 and 2030: Tonne Km

	Billion Tonnes Km			
	2006	2019	2030	Average annual growth 2006 to 2030
Solid Fuels	8	6	5	-2%
Construction	4	4	5	1%
Metals & Ore	3	3	3	0%
Ports: Intermodal	4	10	17	6%
Domestic: Intermodal	1	6	12	11%
Other	3	3	3	0%
Total	22	32	45	3%

Source: Network Rail

3.2.2 The changing needs of the Logistics Sector

As noted, a network of SRFIs is a key element in aiding the transfer of freight from road to rail, supporting sustainable distribution, rail freight growth and meeting the changing needs of the logistics industry, especially the ports and retail sector. The location of many existing rail freight interchanges in traditional urban locations mean that there is no opportunity to expand, that they lack warehousing and they are not conveniently located for the modern logistics and supply chain industry.

The logistics industry provides warehousing and distribution networks for UK manufacturers, importers and retailers; currently this is predominantly a road based industry. However the users and buyers of warehousing and distribution services are increasingly looking to integrate rail freight into their transport operations with rail freight options sometimes specified in procurement contracts. This requires the logistics industry to develop new facilities that need to be located alongside the major rail routes, close to major trunk roads as well as near to the conurbations that consume the goods.

3.2.3 Sustainable Transport and the Low Carbon Economy

Efficient and sustainable freight transport is increasingly important both to the UK economy and to the achievement of our environmental goals. Rail

transport generally has a less negative impact on society than road transport and so has a crucial role to play in delivering significant reductions in pollution and congestion.

Government policy is to support low carbon transport by encouraging the transfer of freight from road to rail and by facilitating future rail freight growth. This is because, tonne for tonne carried, rail freight produces five times less carbon dioxide emissions than road freight and up to fifteen times less noxious emissions.² It also has de-congestion benefits - an aggregates train can remove 77 heavy goods vehicles from our roads; a container train can remove 43 heavy goods vehicles from our roads.

To facilitate this modal transfer, a network of SRFIs is needed across the regions, to serve regional, sub-regional and cross-regional markets. In all cases it is essential that these have good connectivity both with the road and rail network. The enhanced connectivity provided by a network of SRFIs should, in turn, provide improved trading links with our European neighbours and improved international connectivity and enhanced port growth.

3.2.4 UK Economy, National and Local Benefits - Jobs and Growth

Rail freight transports over 100 million tonnes of goods per year. It has expanded by 60% over the last decade and is expected to grow by a further 30% up to 2019. It delivers nearly all the coal for the nation's electricity generation and over a quarter of containerised food, clothes and white goods. Rail freight is therefore of strategic importance, has started to play an increasingly significant role in logistics and has become an important driver of economic growth.

SRFIs can provide considerable benefits for the local economy: for example, because many of the on-site functions of major distribution operations are relatively labour-intensive this can create many new job opportunities and contribute to the enhancement of people's skills and use of technology, with wider longer term benefits to the economy. The availability of an available and economic workforce will therefore be an important consideration for the applicant.

3.3 Alternatives to meeting the demand for Strategic Rail Freight Interchange infrastructure

3.3.1 Reliance on the existing Rail Freight Interchanges to manage demand

Perpetuating the status quo, by design or default, is simply not a viable option. Road congestion would continue to increase and the deep-sea ports would face increasing difficulties in ensuring the efficient inland movement of the forecast growth in the volume of sea freight trade, causing port congestion and unacceptable costs and delays for shippers. This would constitute a constraint on economic growth, private sector investment and job creation.

² Delivering a Sustainable Transport System: The Logistics Perspective. December 2008

3.3.2 Reliance on a larger number of smaller Rail Freight Interchange terminals

The increasing performance and efficiency required of our logistics system would not allow continued reliance on an expanded network of smaller terminals. While there is a place for local terminals, these cannot provide the scale economies, operating efficiencies and benefits of the related business facilities and linkages offered by SRFIs.

3.3.3 Reliance on Road-based Logistics

The Government does not consider that the United Kingdom's current predominantly road-based system of logistics represents an economically or environmentally sustainable model for the future. Even in the event of a significant future road building programme – which in itself would have major environmental implications - the forecast growth in freight demand would lead to increasing congestion both on the road network and at our ports, together with a continued increase in transport carbon emissions. To avoid these unacceptable outcomes we need to secure substantial modal shift to rail which, in turn, will require sustained investment in the capability both of the national rail network and in the terminals and interchange facilities which serve it.

3.3.4 Conclusion on need for infrastructure

In consequence of the foregoing considerations, an expanded network of Strategic Rail Freight Interchanges is likely to be needed to meet the expected increase in freight and the demand for a modal shift from road to rail.

4. Characteristics of Strategic Rail Freight Terminals

4.1 Scale and Design

An SRFI³ is a larger RFI facility - in excess of 60 hectares in size and capable of handling over 4 goods trains per day- SRFIs should provide for a number of rail-connected or rail-accessible buildings for initial take up, together with rail infrastructure, to allow more extensive rail connection within the site in the longer term. The initial stages of the development must provide an operational rail network connection and areas for intermodal handling and container storage.

To be efficient, SRFI must be large enough to accommodate longer trains with modern wagons, and provide rapid means of cargo transfer, handling and storage. They may also provide activities such as warehousing, stockholding, order picking, container repair and materials processing, all of which may be regarded as adding value to the process of modal transfer.

As a minimum, a SRFI should be capable of handling four trains per day and, where possible, be capable of increasing the number of trains handled. SRFIs preferably should have the capability to handle 775 metre trains with appropriately configured on-site infrastructure and layout. This should seek to

³ As defined in section 26 of the Planning Act 2008.

minimise the need for on-site rail shunting and provide for a configuration which, ideally, will allow main line access for trains from either direction.

4.2 Transport Links and Location

Rail freight interchanges should be located alongside the main trunk rail routes (especially the Strategic Rail Freight Network) and close to the motorway and trunk road network.

Adequate links to the rail network are essential. Rail access will vary between rail lines, both in the number of services that can be accommodated, and the physical characteristics such as the train length and, for intermodal services, the size of intermodal units that can be carried (the 'loading gauge'). As a minimum a SRFI ideally should be located on a route with a gauge capability of at least W8 or capable of enhancement to a suitable gauge.

Because the vast majority of freight in the UK is delivered by road, proposed new rail freight interchanges should have good road access as this will allow rail to effectively compete with, and work alongside, road freight to achieve a modal shift to rail.

In general the location of RFIs has changed little in terms of geographic spread with many remaining in their traditional urban locations with little or no opportunity to expand. As a result of the physical constraints and lack of available warehousing some locations have closed over the last decade or so, which further restricts freight access to the rail network and limits modal switch (from road to rail) and growth.

The majority of existing operational SRFI and other intermodal RFI are situated predominantly in the Midlands and the North. Conversely, in London and the South East, away from the deep-sea ports, most intermodal RFI and rail-connected warehousing are on a small scale and/or poorly located in relation to the main urban areas. To date, only one SRFI has been granted planning consent in the whole of the South East region.

The provision of new SRFI (and other RFI) capacity is entirely commercially driven by the private sector. Clearly, developers of SRFI or proposed extensions to existing RFIs will wish to ensure that they are appropriately located relative to the markets they will serve, which will largely focus on major urban centres, or groups of centres, with links to key supply chain routes.

This means that SRFI capacity needs to be provided at a wide range of locations, particularly but not exclusively serving London and the South East, to provide the flexibility to match the changing demands of the market, possibly with traffic moving from existing RFI to new larger facilities.

5. Other types of Rail Freight Interchanges and Rail Terminals.

There are other types of rail freight interchange that are also important. These will also support the Government's rail freight growth and modal shift objectives. The success and growth of rail freight and continued development

of the traditional rail markets at, for example, quarries, open cast sites and major manufacturing plants will require new, expanded and replacement interchange facilities if rail freight is to continue to prove both attractive and efficient. In this section the various types of other RFIs and rail terminals are described. Development proposals for the types of RFI and terminal described in this section may well inter-relate with the provision of SRFIs.

5.1 *Intermodal-only RFI*

Some RFIs will focus on a single activity – intermodal handling or rail linked warehousing. Intermodal RFIs will often be located at key points in urban areas, but can also be located in such a way as to act as sub-regional, regional or company-specific hubs where there is sufficient competing terminal capacity. Typically an Intermodal-only RFI will range in size with a site area from 10 to 30 hectares and will include an area for container storage and stacking.

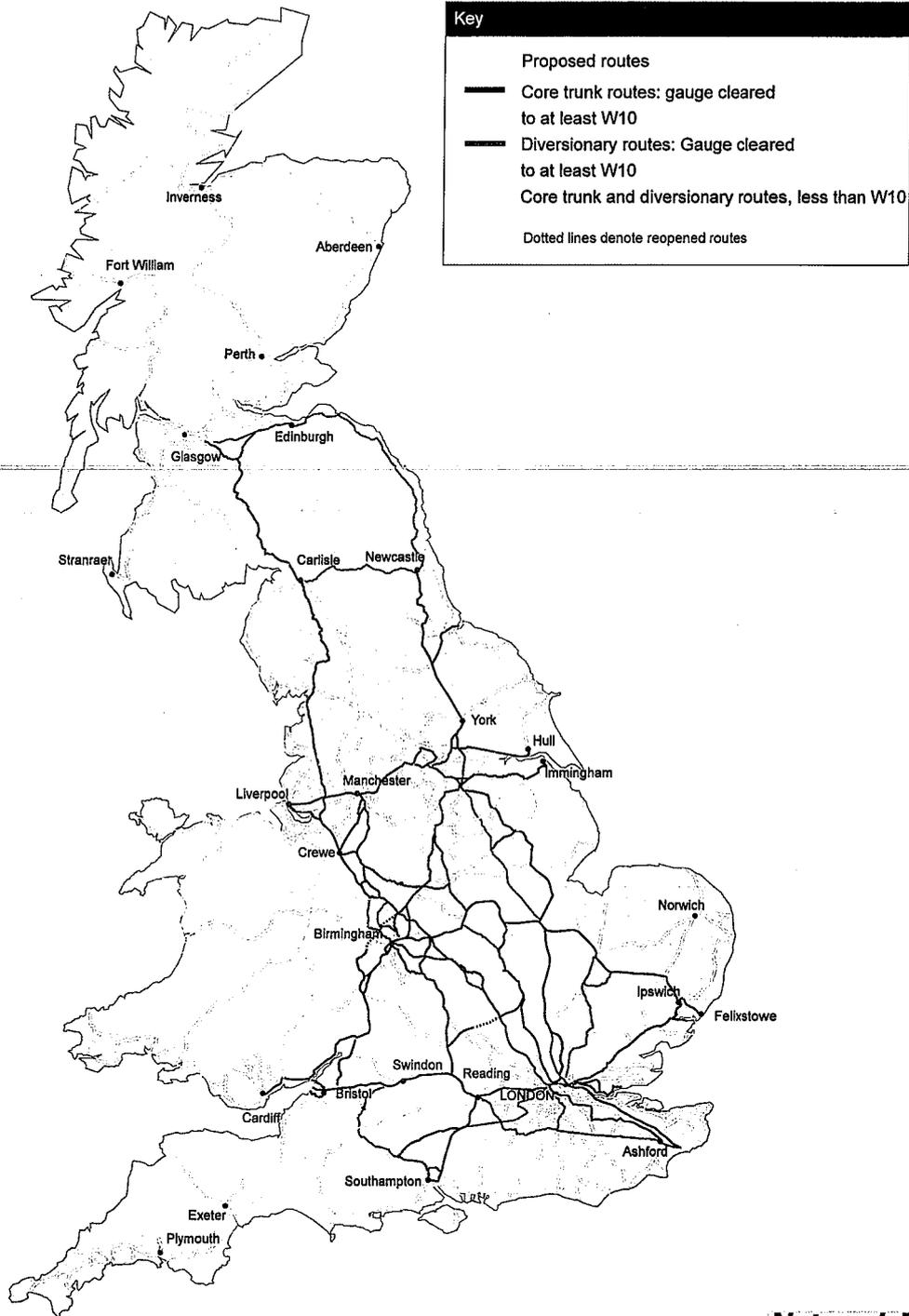
5.2 *Rail linked warehousing RFI*

These are generally small-scale facilities, and can be a single unit, sometimes serving a single customer, or logistics company. These facilities will have similar locational requirements to other rail interchanges and can be located in urban areas. The site area for a typical rail connected warehouse would be in the range of 10 to 30 hectares.

5.3 *Bulk material terminals*

This type of facility can be used to handle any of a variety of products such as coal, aggregates, cement, and even cars, and can be linked to a specific manufacturing, processing or distribution facility. Bulk terminals are almost always owned and operated by a single company handling a single type of product. A bulk terminal, depending on the need for on-site manufacturing or processing, will range in site area from 5 to 10 hectares.

Annex A Map 1: The proposed Strategic Freight Network



Annex A Map 2: Key Strategic Freight Routes - interaction with passenger traffic

