

Tritax Symmetry (Hinckley) Limited

# **HINCKLEY NATIONAL RAIL FREIGHT INTERCHANGE**

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## **The Hinckley National Rail Freight Interchange Development Consent Order**

Project reference TR050007

### **Market Needs Assessment**

### **Rail Freight Market Demand & Supply**

Document reference: 16.1

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**March 2023**

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Planning Act 2008

The Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009  
Regulation 5(2)(q)

**This document forms a part of the Development Consent Order (DCO) for the Hinckley National Rail Freight Interchange project.**

Tritax Symmetry (Hinckley) Limited (TSH) has applied to the Secretary of State for Transport for a DCO for the Hinckley National Rail Freight Interchange (HNRFI).

To help inform the determination of the DCO application, TSH has undertaken a Market Needs Assessment of its proposals. This aims to inform and provide the decision maker with sufficient information about the market needs for the project to inform the decision.

The Market Needs Assessment is a predominantly commercial assessment of the need for the Hinckley National Rail Freight Terminal, supported in policy terms as set out in detail in the Planning Statement and the Environmental Statement Chapter 5 (document reference 6.1.5). It has been split in to two parts, the first relating to the overall logistics demand & supply in this location and the second, this chapter, specifically relating to the need for a strategic rail freight interchange in this location.

**The DCO application and documents relating to the examination of the proposed development can be viewed on the Planning Inspectorate's National Infrastructure Planning website:**

**<https://infrastructure.planninginspectorate.gov.uk/projects/east-midlands/hinckley-national-rail-freight-interchange/>**

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## ◆ Rail Freight Market Demand & Supply

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Maritime Transport Ltd

DP World

Felixstowe

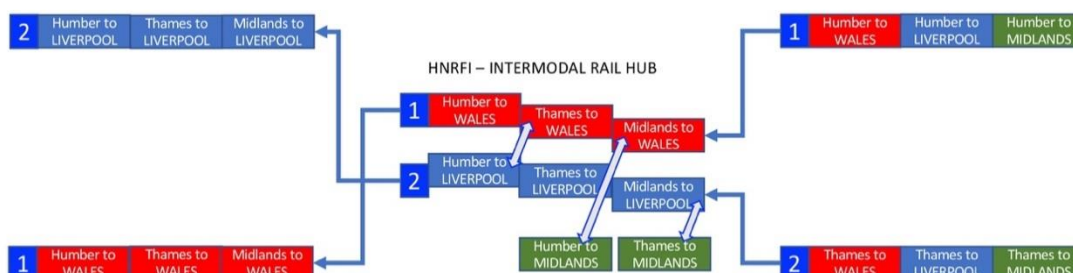
Rail Freight Group

Chartered Institute of Logistics and Transport

## 1. EXECUTIVE SUMMARY

- 1.1 Hinckley National Rail Freight Interchange (HNRFI) is situated on the Leicester to Hinckley section of the Felixstowe to the Midlands and the North mainline, a key component of Network Rail's Strategic Freight Network. HNRFI is therefore connected directly to the West Coast Mainline at Nuneaton, the Midlands Mainline at Leicester and the East Coast Mainline at Peterborough.
- 1.2 The intermodal terminal within the Railport has been designed to utilise the east and west connections onto the network. This enables very efficient handling and routing, with trains up to 775m long running adjacent to a full-length yard directly under gantries. Furthermore, loading and unloading can occur without the need to split and shunt train sections.
- 1.3 The local market for HNRFI's intermodal terminal, in addition to the adjoining warehouse development, will primarily be Coventry, Hinckley to Leicester and Leicester South, including Magna Park for deep sea traffic. A Memorandum of Understanding has been entered into with Maritime Ltd to be the rail terminal operator, subject to approval of the DCO.
- 1.4 HNRFI will be part of a network of rail terminals serving the Midlands market, a region which has no coast and therefore must have virtually all goods and products transported to and from it by road or rail. The number of terminals in the region reflects the volume of traffic serving the region and the need to optimise both the train route and minimise the final stem mileage by road to and from customers.
- 1.5 All the buildings on the development can be Rail Served, using HGVs or Tugmasters with containers delivered to loading docks. The scheme has also been designed to accommodate Rail Connected buildings with a rail chord, headshunt and receptions sidings, with rail connections into or directly alongside the warehousing. Rail Connected buildings that have a direct connection to rail sit within the rail corridor denoted as development zones B3, D and E, as shown on the Parameter Plan (Document reference 2.12)
- 1.6 Due to HNRFI's exceptional location on the Strategic Freight Network, it can also act as a rail hub for mixed destination loaded trains from smaller terminals and ports. It would be able to consolidate flows to create full loads, adding HNRFI's own traffic. This would be a service of national significance, enabling smaller terminals and ports in less well served regions to become viable sooner.

1.7 This graphic illustrates the strategic significance of HNRFI as an intermodal freight hub, that can maximise the use of rail nationally as well as locally, by receiving mixed origin trainloads and consolidating them into single trainload destinations.



1.8 The Midlands Engine area’s economy (comprising the West Midlands and the East Midlands, excluding Northants) is the largest economy outside of London and the South-East. A significant volume of manufactured goods are imported and exported from this economy to continental Europe via short sea shipping ports and the rest of the world, via deep-sea shipping ports.

1.9 Intermodal rail freight has developed primarily on deep-sea traffic from the major ports. European - UK supply chains have been very dependent on HGV movements via ferries. Delays at ferry ports and shortages of long-haul HGV drivers has encouraged shipping businesses to look to move more freight by alternative ports, using short sea shipping routes, containerised freight, and rail where possible. This is an emerging market which will help remove HGVs from the roads, providing there are rail terminals in the right location, with good rail access that can minimise the final stem mileage by HGV.

1.10 Midlands Connect states that<sup>1</sup>:  
*“One of the most powerful policies we can support in encouraging the decarbonisation of freight lies in planning effective access to SRFIs and associated warehouse clustering, as this can expand the proportion of total warehousing and industrial development with direct access to rail and high-capacity road for regional distribution. This is because rail can offer economies over road where at least one end of a journey is on a rail-connected site and distances exceed around 125 miles. This opportunity will attract warehousing and industry because the site occupiers will enjoy the benefits of these reduced costs.”*

1.11 The detail of the above and the underlying policy background and drivers, are set out below, along with appended letters of support.

<sup>1</sup> Midlands Connect – August 2022 – Our Freight Routemap for the Midlands

## 2. INTRODUCTION

### The Author

- 2.1 This report has been prepared by David Baker, a partner of Baker Rose Consulting LLP, in support of the application for a Development Consent Order (DCO) for the Hinckley National Rail Freight Interchange Terminal (HNRFI).
- 2.2 David Baker is a Fellow of the Royal Institution of Chartered Surveyors and a Fellow of the Chartered Institute of Logistics & Transport, as well as mediator member of the Chartered Institute of Arbitrators. He specialises in the complex issues around property, transport, investment and development.
- 2.3 David was involved with the original market development for Magna Park, Lutterworth as well as the planning and bringing into operation of the original DIRFT scheme, including its Needs Case analysis, as one of the first private sector Channel Tunnel terminals. He was also involved in the gestation of the port of London Gateway, including developing its national and international market prospects, as part of its business case prior to construction.
- 2.4 This report is to be read in conjunction with the Savills report, Hinckley National Rail Freight Interchange – Logistics Demand & Supply Assessment (LDSA) (document reference 16.2), which sets out the broader logistics demand and the supply of distribution buildings, to jointly provide a complete assessment of the Market Needs Case for HNRFI.

### The Applicant

- 2.5 Tritax Symmetry is a leading developer of large logistics buildings, with sites primarily along the M1 and M40 motorways in the Midlands and on the M6 and M62 motorway corridors in northern England. Tritax Symmetry (Hinckley) Limited ('TSH' or 'the Applicant') was established for the purpose of promoting the HNRFI project.

### A Strategic Rail Freight Interchange (SRFI)

- 2.6 Strategic rail freight interchanges (SRFIs) are distribution centres as defined in the Planning Act 2008, that seek to optimise the use of rail freight journeys by connecting to both the rail and strategic road network. The Government supports the creation of a series of SRFIs across the UK, to reduce lorry movements from the roads and transfer them onto the rail network, reducing both road traffic congestion and carbon emissions.
- 2.7 According to para. 2.44 of the Government's National Policy Statement for National Networks 2014 ('the NPS'):

*'The aim of a strategic rail freight interchange (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 are important in facilitating the transfer of freight from road to rail, thereby reducing*

*trip mileage of freight movements on both the national and local road networks.'*

Furthermore 2.45 of the NPS states:

*"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. In addition, the nature of that commercial development is such that some degree of flexibility is needed when schemes are being developed, in order to allow the development to respond to market requirements as they arise.*

- 2.8 The development of SRFIs whilst of national strategic importance, needs to be commercially viable. There is no current public financial support available for their creation.
- 2.9 The requirement where possible is to be able to service trains of up to 775m length, with minimal shunting movements, ideally with access to the rail network from either direction, with a minimum capability to serve 4 trains per day (NPS 4.89). The SRFI needs to be situated within the market area the rail terminal will serve, with good access to the national motorway network and major trunk roads (NPS 4.84).
- 2.10 The physical requirements of an SRFI make it challenging to find suitable sites, which in addition to being able to access the rail network, need to be developed away from the flood plain, both to mitigate environmental impact and to prevent flooding of associated warehousing. Much of the UK's railway infrastructure was built in early Victorian times, using river valleys to minimise problems with gradients. The track was built higher than the surrounding flood plain, but much adjoining land remains in the flood plain, making it entirely unsuitable for an SRFI. For this reason, large scale sites beyond the flood plain are a scarce resource. Added to this is the fact that the sites need good access to the strategic highway network.
- 2.11 There are two core parts to the market assessment for an SRFI; that the rail service capability and demand is good; and that the area to be served from the rail terminal will benefit from it being located there – together improving the access to rail freight and assisting in developing more sustainable transport solutions nationally.

### **Rail Connected, Served and Accessible Buildings**

- 2.12 For clarity the same definitions have been used for the relationship between the railway and individual buildings as set out in the Examining Authority's Report for the West Midlands Rail Freight Interchange:

*"Rail-connected"* - a warehouse or other building either with its own dedicated rail siding or which is sufficiently close to the rail terminal to allow containers to be

moved from the rail wagons into the warehouse by overhead cranes or reach stackers without the need for them to be loaded onto a HGV or Tugmaster vehicle;

*“Rail-served”* - a warehouse forming part of the Strategic Rail Freight Interchange development, but which would require containers to be moved from or to the rail terminal by means of an HGV or Tugmaster vehicle.

*“Rail-accessible”* - having the potential either for a direct rail connection (rail-connected) or to be rail-served.

- 2.13 All of the buildings on the development will be Rail Served, having the capability to use HGVs or Tugmasters with skeleton trailers to move containers and swap bodies between the warehouse loading bays and the intermodal terminal.
- 2.14 The scheme has also been designed to accommodate Rail Connected buildings with a rail chord, headshunt and reception sidings, with rail connections into or directly alongside the warehousing. These can be for very specialised uses, using dedicated rail wagons going from platform to platform, with a matching facility elsewhere (such as for paper reels, metal coil and potentially, express rail using converted passenger carriages). They can also be used for curtain sided swap bodies.
- 2.15 Those buildings adjoining the rail terminal could alternatively be ‘Rail Connected’ with the main terminal utilising gantries or reach stackers in their own yards, served by gantries or reach stackers from the terminal yard, without the need to use HGVs or Tugmasters to move containers.
- 2.16 Rail Connected buildings will be connected to rail within the rail corridor, as shown in development zones B3, D and E on the Parameter Plan (document reference 2.12).
- 2.17 All of the Rail Connected buildings are by design also Rail Accessible, as they are also capable of being Rail Served, using HGVs or Tugmasters.

### Savings in Cartage

- 2.18 There is a considerable benefit and indeed commercial incentive for occupiers within an SRFI development to use the rail terminal. The cost of repositioning containers (known as cartage) from the rail port to buildings within the estate is very significantly less than for relocating to a building in the surrounding region. At the time of writing, this equates to £100 per box move.<sup>2</sup> When the flow is from a port, the effect is to remove all external HGV movements in the primary trunk move from the wider highway network, making the rail proposition highly attractive in financial terms and time resources as well as assisting businesses to meet their Net Zero targets.

### The Proposal

- 2.19 The description of the proposed development is set out in detail in Chapter 3 of the

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<sup>2</sup> Maritime Transport Ltd at East Midlands Gateway – compared to delivery in a 20mile radius. Oct 2022.



Environmental Statement [Document 6.1.3] and summarised in the Planning Statement [Document 7.1] and is therefore not repeated in detail here.

- 2.20 In summary, for the purposes of this report, the proposal is for a Strategic Rail Freight Interchange on the Leicester to Nuneaton mainline section of the Felixstowe to the Midlands and the North Strategic Freight Line, gauge cleared to W10, to the south-east of Hinckley, Leicestershire. It is to be connected to the national motorway network via the adjoining Junction 2 of the M69 motorway and locally also via the proposed A47 link road through the development and will include:
- 2.20.1 New rail infrastructure including points off the existing Leicester to Hinckley railway providing access to a series of parallel sidings at the HNRFI, in which trains would be unloaded, marshalled and loaded.
  - 2.20.2 An intermodal freight terminal or 'Railport' capable of accommodating up to 16 trains up to 775m in length per day, with hard-surfaced areas for container storage and HGV parking and cranes for the loading and unloading of shipping containers from trains and lorries.
  - 2.20.3 Up to 850,000 m<sup>2</sup> (gross internal area or GIA) of warehousing and ancillary buildings with a total footprint of up to 650,000 m<sup>2</sup> and up to 200,000 m<sup>2</sup> of mezzanine floorspace.
  - 2.20.4 A head shunt and additional reception sidings have been allowed for to accommodate future electrification; and to allow for specialist direct rail connections to some of the warehousing, if required by users, as set out above.

### Policy

- 2.21 The policy assessment of the development is contained in Chapter 5 of the Environmental Impact Assessment [Document 6.1.5] and Planning Statement [Document 7.1] is therefore not repeated in detail here, although references to address the market impact are made below, in order to assist the decision maker.

### Purpose and Structure

- 2.22 The purpose of the report is to explain the market need for the development; the operational benefits this scheme will provide to the logistics industry and associated supply chains; and its place in the context of existing and consented SRFIs in the region.
- 2.23 The report comprises four principal sections covering, rail freight and climate change policy, the national need for a network of SRFIs, the Midlands context, and the market for HNRFI.

### 3. UK RAIL & CLIMATE CHANGE POLICY

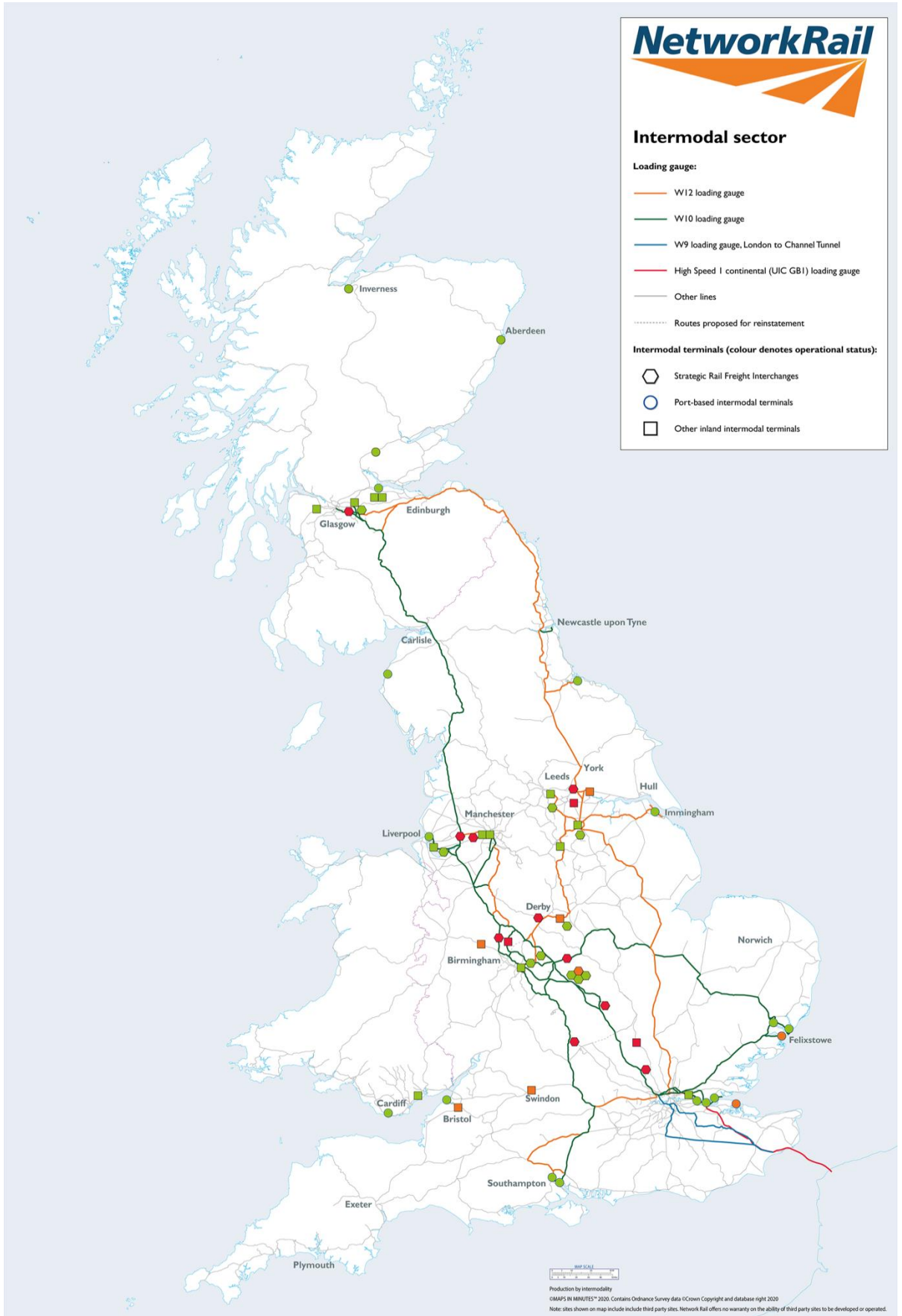
#### National Policy to Grow Rail Freight

- 3.1 There is a well-established national policy to grow rail freight in the UK as confirmed and set out in the Government’s extensive report ‘The Future of Freight; a long-term plan’ published in July 2022.
- 3.2 The Strategic Freight Unit within Great British Railways will have a duty to promote rail freight and help drive growth. Rail freight is already represented in the Great British Railways Transition Team (GBRTT). Government will set growth targets, as also confirmed in the ‘Williams-Shapps Plan for Rail’ (‘WSPR’); and will encourage the devolved nations to do likewise. GBRTT launched its Rail Freight Growth Target – A Call for Evidence on designing and delivering rail freight growth target options for the rail network in July 2022.
- 3.3 The Department for Transport’s Future of Freight: a long-term plan, reiterated in June 2022<sup>3</sup> the Williams – Shapps Plan for Rail Freight *‘The government is committed to supporting rail freight to enable it to thrive and grow recognising the role the sector will play in achieving net zero targets and the government’s ambitious economic and Environmental agenda’.*
- 3.4 It also reiterated *‘The WSPR rightly gave a high priority to the economic and environmental benefits of rail freight, putting rail freight at the centre of its reforms with ambitious plans to grow rail freight and ensure key protections for rail freight are prioritised’.*
- 3.5 Network Rail is continuing to develop and promote the Strategic Freight Network of core trunk routes, diversionary routes and core trunk routes with a smaller gauge than W12<sup>4</sup>. This is based on an understanding of gauge cleared for freight routings and capacity across and between the regions, such as Felixstowe to The Midlands and the North to W10. It is using the Strategic Freight Network to better target its own investments to enable sustainable growth in the economy and growth in the rail freight sector.<sup>5</sup> These are shown on MAP 1 below. The NPS identifies that links to adequate rail and road networks are essential. An SRFI should ideally be located on a rail route with a minimum gauge of W8 or more (NPS 4.85).
- 3.6 The difference in gauge between W10 and W12 is that W12 accommodates a nominally wider container for some specialist uses. W8 is a lower height gauge than W10 and requires special low wagons, where the container sits between the bogies (which reduces the number of containers that can be accommodated). W10 accommodates all but the specialist slightly wider containers
- 3.7 Unlike the passenger services and Network Rail’s national infrastructure, it is recognised by Government that the rail freight industry is substantially privately owned and operated, with very significant investments made in traction, rolling stock and rail terminals.

<sup>3</sup> Priority 1 – National Freight Network – page 50

<sup>4</sup> NPS – Dec 2014 – Annex C

<sup>5</sup> Network Rail – Freight and National Passenger Operations Strategic Plan – updated March 2021 Page 6



MAP 1 – NETWORK RAIL INTERMODAL STRATEGIC FREIGHT ROUTES

3.8 For nearly 30 years the investment in new intermodal rail freight terminals has been driven by private investment, with all the SRFIs and their predecessors, being developed as part of major schemes combining rail and logistics properties. New investment to upgrade older terminals is also taking place through private sector investment.

3.9 The NPS states in 4.8:

*‘In the case of strategic rail freight interchanges, a judgement of viability will be made within the market framework, and taking account of Government interventions such as, for instance, investment in the strategic rail freight network’.*

3.10 The Assessment principle is therefore that an SRFI is primarily driven by market need and the capability of Network Rail’s Strategic Freight Network, including with the benefit of future interventions.

3.11 The Rail Operations Report (document reference 6.2.3.1) identifies that Network Rail is satisfied there is capacity between the key dispersal nodes on its network, for up to 16 trains per day. Notwithstanding this, further investment in Network Rail’s Strategic Freight Network is being promoted in key locations to further expand capacity.

3.12 The Savills report, Hinckley National Rail Freight Interchange – Logistics Demand & Supply Assessment (LDSA) (Document 16.2) identifies the need and market viability of developing HNRFI Logistics Park.

3.13 The market viability is also supported by Maritime Transport Ltd (Maritime) who have entered a Memorandum of Understanding to co-invest in the development of the terminal. Subsequently, they will operate it on completion as an open access terminal, as part of their Midlands network of terminals. This is a very significant endorsement of the scheme by the market.

3.14 Maritime operate a national network of terminals including Wakefield, Trafford Park – Manchester, Tilbury, Mossend – Glasgow and within the Midlands; East Midlands Gateway, Hams Hall, BIFT and will operate Northampton Gateway on completion.

3.15 The combination of its West and East Midlands terminals, with HNRFI, will ensure each terminal is in close proximity to its individual markets and thus provides the best opportunity to grow intermodal rail freight, competing with the longer haul road freight market.

3.16 HNRFI being on the Felixstowe to Nuneaton line will also enable Maritime to offer a hub service to permit mixed container destinations both to HNRFI, as well as from smaller terminals and ports nationally.

3.17 Maritime have a large fleet of vehicles enabling them to make local deliveries and collection of containers, as well as delivering to the rail served and rail accessible buildings at HNRFI.

- 3.18 Government has tasked GBRTT to develop a rail freight growth target and to consider creating a wider regional network of terminals, possibly using its own estate. HNRFI will greatly assist achieving rail freight growth, both in serving its own core regional market and the major ports; being part of an established operators network; and in supporting smaller and emerging terminals, as a hub capable of consolidating mixed destination traffic from multiple originating terminals.

### Climate change policy and rail freight

- 3.19 The UK Government is committed to addressing climate change – global warming as a consequence of rising levels of carbon dioxide and other ‘greenhouse gases’ (GHG) in the Earth’s atmosphere. In June 2019 the Government amended the Climate Change Act 2008 to set a new legally binding target to achieve ‘net zero’<sup>6</sup> GHG emissions from across the UK economy by 2050. In 2021 it made a further commitment as part of its 6<sup>th</sup> Carbon Budget to reduce GHG emissions by 78% on 1990 levels by 2035, bringing the UK to more than three quarters of the way to its net zero target.
- 3.20 Government policy is clear on the positive role of rail freight in achieving the UK’s net zero ambitions<sup>7</sup>. Fundamentally transport of freight by rail produces less GHG emissions per km tonne moved than road.
- 3.21 The WSPR<sup>8</sup> acknowledges that *‘freight trains reduce road congestion, connect markets over long distances and are much less carbon intensive than road freight’*. Meanwhile the DfT’s detailed study<sup>9</sup> on the decarbonisation of rail freight states *‘Rail freight is on average 76% more GHG efficient per freight tonne km than road freight’*.
- 3.22 In this way modal shift – moving more freight onto rail to reduce emissions – is encouraged as a key measure in decarbonising the UK’s transport system to meet the overall net zero objective. Paragraph 2.35 of the NPS states that *‘Rail transport has a crucial role to play in delivering significant reductions in pollution and congestion. Tonne for tonne, rail freight produces 70% less CO<sub>2</sub> than road freight, up to fifteen times lower NO<sub>x</sub> emissions and nearly 90% lower PM<sub>10</sub> emissions. It also has de-congestion benefits – depending on its load, each freight train can remove between 43 and 77 HGVs from the road.’*
- 3.23 The Environment Statement Chapter 18: Energy and Climate Change, has assessed that considering the commitments to design and mitigation that have been made by TSH, it is concluded at 18.306 that such measures are *‘fully consistent with applicable existing and emerging policy requirements and good practice design standards for projects of this type’*.

<sup>6</sup> This means a reduction in the UK net carbon account to 100% against the 1990 baseline by 2050.

<sup>7</sup> “Carrying tens of billions of pounds worth of goods, we cannot overstate rail freight’s untapped potential for green growth” - Secretary of State for Transport Rt Hon Mark Harper MP, George Bradshaw Address 7<sup>th</sup> February 2023.

<sup>8</sup> Great British Railways (GBR) ‘Williams-Shapps Plan For Rail (WSPR)’, 2021.

<sup>9</sup> Department for Transport (DfT) ‘Future of Freight – A long term plan’, June 2022 is the government’s response to the NIC’s study ‘Better Delivery – The Challenge for Freight’ (2019), which it made a commitment to prepare in its National Infrastructure Strategy (Fairer, faster, greener’, 2020).

- 3.24 A key commitment of the DfT’s ‘Transport Decarbonisation Plan’<sup>10</sup> is to support modal shift of freight from road to rail. *‘The modal shift of freight from road to rail would not only lead to a reduction in GHG levels but also reduce congestion and noise pollution.’* (Page 139) *‘A shift to zero carbon modes of transporting goods and services including greater use of rail and maritime, will make our freight system net zero before 2050.’* (Page 39)
- 3.25 Both this plan and the government’s more detailed strategy published in 2022<sup>11</sup> contain specific measures to encourage modal shift including: grants for routes where road haulage has a financial advantage (*Mode Shift Revenue Support £20 million 2021/2022*) – which have reportedly already helped to remove around 900,000 HGV loads off the road each year; working with industry on understanding opportunities / barriers to innovative freight modes (such as freight on light rail, high speed rail freight into cities); and publicity and communication campaigns to raise the profile of cross-modal freight and its benefits.
- 3.26 The National Policy Statement for National Networks (‘NPS’) 2014<sup>12</sup> highlighted in particular how intermodal (containerised) rail freight and Strategic Rail Freight Interchanges (SRFIs) are important for delivering modal shift. Intermodal rail freight offers the flexibility to travel longer distances by rail (c120 miles or more) and shorter distances by road, helping to relieve congestion and CO<sub>2</sub> emissions by replacing larger numbers of HGVs on the road.
- 3.27 SRFIs optimise the use of rail in the freight journey by maximising rail trunk haul and minimising some elements of the secondary / final distribution leg by road, including through co-location of other distribution and freight activities. SRFIs are key to reducing the cost to users of moving freight by rail, facilitating the transfer of freight from road to rail and thereby reducing trip mileage of freight movements on the national and local road networks. The use of electric powered HGVs is operationally more viable in short distance use, based at rail terminals, than for long distance hauls, due to the downtime when charging.
- 3.28 It is important to note, that, as stated in the National Infrastructure Commission’s 2019 report<sup>13</sup> modal shift cannot replace all HGV journeys, especially the complex ‘last mile’ legs, and in isolation is therefore not a sole solution for decarbonisation of road freight. Other measures, such as acceleration of take-up of zero emission vans and short distance use of electric HGVs, will be needed to support it.
- 3.29 In addition, whilst it remains a key net zero objective to make all road borne HGV movements carbon neutral, modal shift of road freight to rail must continue to be prioritised, as the DfT’s Transport Decarbonisation Plan points out *‘Rail is currently the only means of transporting heavy goods in a low-carbon way using existing proven*

<sup>10</sup> Department for Transport (DfT) ‘Decarbonising Transport – a better, greener, Britain’, 2021.

<sup>11</sup> Department for Transport (DfT) ‘Future of Freight – A long term plan’, June 2022.

<sup>12</sup> Department for Transport ‘National Policy Statement (NPS) for National Networks,’ 2014.

<sup>13</sup> National Infrastructure Commission, Better Delivery – The Challenge for Freight’, 2019 was prepared in response to the government’s request for advice on how a world class, low carbon freight system can be achieved, which supports national growth and global competitiveness.

*technology through electrification'* (Page 7).

- 3.30 Similarly, the National Infrastructure Strategy<sup>14</sup> states that *'there is currently not a commercially viable path to decarbonise heavy goods vehicles (HGVs) on the country's roads'* (page 58). It is clear, therefore, that decarbonisation of the UK transport system is dependent on modal shift of freight movements from road to rail and must continue to be promoted to the greatest extent possible.
- 3.31 In addition to modal shift, Government recognises the need to minimise the carbon footprint of rail freight itself as a priority for decarbonisation of UK transport system. The DfT's Transport Decarbonisation Plan states *'by 2050 all rail freight will be net zero, and we will have increased the capacity to move more goods by rail'* (page 39).
- 3.32 In 2019 the Commission report identified that electrification of routes is key to achieving this objective and indeed necessary for freight operators to invest in new electric locomotives. However, the high costs of installing overhead line electrification may pose a challenge for all rail routes such that alternatives would need to be sought, potentially including hydrogen and battery powered trains. It also recommends that consideration should be given to addressing the existing structural barrier restricting the use of private finance to electrify the railway. HNRFI has been designed to accommodate electrification of the terminal if this is needed in the future.
- 3.33 To further support the 2050 net zero target for rail freight the Transport Decarbonisation Plan sets out additional measures including an ambition to remove all diesel only trains from the network by 2040; and incentivising the take-up of low carbon traction for rail freight.
- 3.34 The industry is responding with alternative fuels<sup>15</sup> and hybrid technology projects, including hydrogen fuel cells and HVO (hydrotreated vegetable oil) powering batteries, as well as hybrid use of electricity via overhead line equipment (OLE) and battery power for sections without OLE. These have the potential to enable trains utilising HNRFI to operate at NetZero without the need for OLE on site; and thus very efficiently rail moves directly into and out of the terminal.

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<sup>14</sup> HM Treasury, National Infrastructure Strategy - Fairer, faster, greener', 2020

<sup>15</sup> GD+ an innovative HVO with an additive improving air quality, trialled in January 2023 by Freightliner for Ocean Network Express (ONE) between Southampton and Coatbridge, Glasgow. Source: Rail Partners 'Freight Expectations - how freight can support Britain's economy and environment'. March 2023.

## 4. THE NATIONAL NEED FOR A NETWORK OF SRFIS

- 4.1 This section sets out the logistics principles and the UK's logistics ecosystem. It identifies the commercial / logistical pressures to use more intermodal rail freight services and establishes the importance of a national network of SRFIs.

### The Logistics Principles

- 4.2 Intermodal rail freight involves the movement of goods, materials, products and parts in standard ISO<sup>16</sup> shipping containers or European standard swap bodies<sup>17</sup>, also known as unitised freight. The purpose is to be able to readily move these standard sized boxes on and off and between different modes of transport; between ship and rail; and rail and road.
- 4.3 Logistics is the life blood of the economy and now recognised as critical infrastructure of national importance, having been brought into sharp focus during the Covid 19 pandemic.
- 4.4 Virtually everything we receive and use in our daily lives and workplaces must be moved, processed, assembled or manufactured at some point, as part of often complex national and international supply chains.
- 4.5 The last mile delivery of food and products to individual homes and stores is clearly most suited to road vehicles. The much more consolidated flows of parts and products from manufacturers and producers going to distribution centres, are suitable for delivery by rail, providing suitable infrastructure is in place, in suitable locations. Increasingly consolidated flows between national and regional distribution centres as well as to local delivery hubs, can be suitable for rail.
- 4.6 A simple definition of a suitable location in logistics terms is one that maximises operational efficiencies and minimises unnecessary costs to the overall supply chain. Logistics is essentially driven by the mathematics of time, volume and distance – which each have their own cost. Into this matrix is now added the urgent need to reduce the environmental impact of supply chains, not least in terms of CO<sub>2</sub> emissions and the drive to achieve NetZero.

### The UK's Logistics Ecosystem

- 4.7 The UK is fundamentally dependent on its seaports for the flow of all goods into and out of the country, with a small volume of high value products going via airports; and the potential to have some come via the Channel Tunnel.
- 4.8 The logistics networks for the UK have developed an ecosystem of warehousing and distribution centres that hold, sort and sometimes part assemble products for onward transportation to end users, or manufacturers. Until relatively recently this was predicated

<sup>16</sup> ISO - International Standards Organisation

<sup>17</sup> European standards swap bodies are lighter weight containers, sometimes with curtain sides, which can be lifted but are not usually stackable. They are designed for use on Load On – Load Off ferries and rail.



on a system of delivering 'Just in Time', with reliable and predictable supply chains minimising the need to hold stock 'Just in Case'.

- 4.9 As set out in Savills report on Logistics Demand & Supply Assessment for HNRFI, current changes in logistics are being driven by geopolitical uncertainty, national operational shortages of equipment and people, and an increased demand for centralised stock holding for distribution direct to end consumers.
- 4.10 The move to more internet-based purchases and direct delivery, accelerated during the pandemic, had already caused, and continues to cause a considerable growth in demand for warehousing, distribution hubs and associated growth in freight vehicle movements.
- 4.11 The geopolitical uncertainty and staff shortages has created a very rapid shift from Just in Time to much more demand for warehousing to hold stock locally, on the Just in Case principle, to ensure resilience. Resilience is now the key to national security and economic sustainability and is driving supply chains world-wide.
- 4.12 The central hub for the UK's distribution system is the Midlands, often referred to as the Golden Triangle, as a c.4-hour trip to serve most of the UK's consumers and production centres is possible from here. It is also a large consumer market and manufacturing region in its own right. Unlike the South East, North West and North East, the Midlands has no coast. So nearly everything coming into or out of the Midlands, must be transported by road or rail.
- 4.13 To put this into context, as of August 2022, the total UK road freight sector has a revenue of c. £33.3bn comprising c. 58,874 businesses. Of these, the Midlands has by far the highest proportion, at 27.7%, followed by the East of England at 11.5% (primarily servicing Felixstowe and London Gateway) and then the North West at 11.4%<sup>18</sup>.
- 4.14 By comparison, the rail freight sector currently has a revenue of c£1.2bn, comprising c. 102 business, with only 4 major train operating companies, DB Cargo (26.5%) Freightliner (24%), GB Railfreight (19.7%) and Direct Rail Services (8.2%)<sup>19</sup>. There is therefore considerable potential for rail freight to increase its market share in terms of both volumes and revenues.
- 4.15 There is a shortage of personnel nationally for key employment sectors and particularly HGV drivers. IBIS World in its report on Freight Road Transport in the UK in August 2022, headlined its report as '*Bumpy road: Enterprise numbers are set to fall owing to scarce labour*'. On page 12 it refers to 'the now chronic undersupply of appropriately qualified drivers. It identifies the Road Haulage Association's estimate of 100,000 shortfall of qualified drivers. This has been a long-standing issue in the sector arising from a number of factors, including an ageing driver base; backlog of testing; exodus of EU drivers and cabotage capacity from the UK market. Recent additional efforts in training and temporary visas have helped relieve some pressure, but the pandemic and other factors, such as poor facilities on the road for HGV drivers, have encouraged employees to want to work more

<sup>18</sup> Source IBISWorld Freight Road Transport UK – August 2022 – by establishments.

<sup>19</sup> Source IBISWorld Freight Rail Transport UK – June 2022 – by revenue.

locally, with longer haul HGV drivers being a scarce resource.

### Pressures To Use More Intermodal Rail Freight Services

- 4.16 Government policy, including through the NPS, has recognised the importance of intermodal rail freight and the need to develop SRFIs that more readily enable access to rail for supply chains; and in so doing create capacity to move freight off the roads and onto rail<sup>20</sup>.
- 4.17 In the period since the launch of the NPS in 2014 many more pressures to use intermodal rail freight have emerged, ranging from the Government’s environmental commitments and targets to reach Net Zero; shortages of HGV drivers; changing work and shopping patterns; through to global trade and geo-political disruptions that are forcing supply chains to adapt and provide resilient and sustainable transport solutions, that also meet corporate Environmental, Social and Governance criteria.
- 4.18 IBIS World’s Freight Road Transport UK report of August 2022, in its Executive Summary it notes that *‘Continued efforts made by the government to promote less fuel-intensive transport methods, such as rail and sea transport, is expected to reduce the [road] industry’s overall share of freight movements in the United Kingdom*
- 4.19 In practical terms, particularly at peak times and in difficult times where for example, there has been disruption to shipping leading to congestion in a port, then the port can more efficiently load and unload trains than it can a myriad of owner drivers in HGVs. Rail is often the most efficient way of moving freight into and out of ports.
- 4.20 The shortage of HGV drivers and an increased desire from many to work from a base close to home is encouraging a shift to use rail for the longer haul between ports and SRFIs, with drivers delivering containers locally, both within the SRFI and locally within the adjoining region.
- 4.21 The Road Haulage Association and the Recruitment and Employment Confederation have identified the shortage of drivers being caused in part by a systemic problem of poor driver retention. Drivers working long and anti-social hours – poor work / life balance and working conditions with poor or no facilities are being cited as reasons for leaving the workforce.
- 4.22 The combination of increasing fuel costs and driver shortage, as well as the cost of HGVs is naturally increasing the competitiveness of rail. The Government is encouraging modal shift with its Modal Shift Revenue Support scheme, which has been extended through to March 2025. Great British Railways Transition Team (GBRTT) state *“The UK Government’s ambitious legislative greenhouse gas reduction targets, including Net Zero carbon by 2050,*

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<sup>20</sup> Additional rail-connected terminals and improved capacity at ports, for example, will also be necessary to substantially grow the rail freight market – all of which will be largely driven by private investment. Therefore an environment must be created that gives the private sector the confidence to make sizeable investments.” Source~: Rail Partners ‘Freight Expectations – how freight can support Britain’s economy and environment’. March 2023.

*are significant drivers in facilitating rail freight growth and modal shift to rail.”<sup>21</sup>*

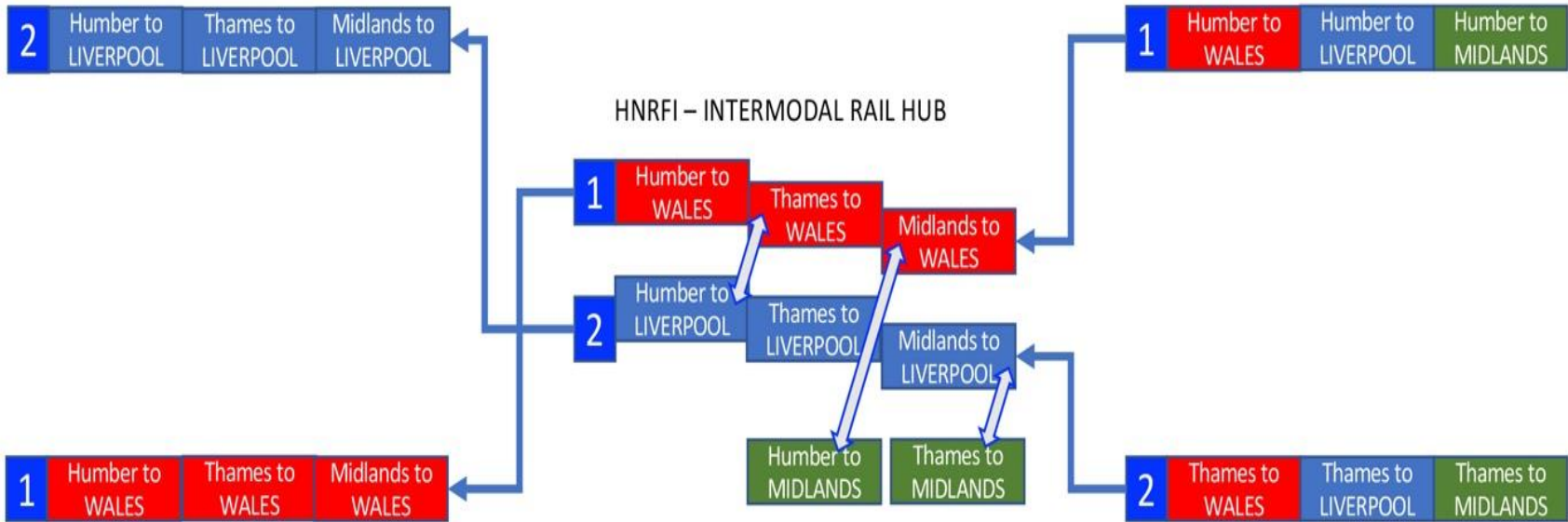
- 4.23 The increased requirements of border controls for all movements into the EU from the UK (and vice versa yet to be implemented) following BREXIT has impacted the efficiency of the driver accompanied freight through roll on roll off (RoRo) ferries and ports, such as at Dover and Le Shuttle, through the Channel Tunnel. This along with HGV drivers’ reluctance to endure the associated delays and the cost of these delays, is forcing supply chains to adapt.
- 4.24 The key change that is emerging is the use of more unitised freight (containers and swap bodies) for European UK flows that can be shipped through a wider number of the UK’s smaller ports, from a wide number of Continental European ports. Some of these are being directed through ports that can then deliver to and from their immediate hinterland regions, effective port centric distribution, as well as further afield using intermodal rail, as confirmed by Maritime Ltd in its Letter of Support.
- 4.25 This is a highly significant shift which is expected to continue to grow as the pressure to use scarce driver and particularly fuel resources across Europe and the UK increases. The pressure increases further with the necessity to achieve NetZero, given that short sea shipping and rail are much more environmentally friendly than HGV movements.
- 4.26 Trade with the EU and continental European markets is c50% of all UK trade, with much of this historically reliant on being moved by HGV through short-sea RoRo ferries<sup>22</sup>. Intermodal rail freight has historically focussed on the deep-sea container markets using the major ports such as Felixstowe. New investment in handling short-sea unaccompanied European freight, including by rail, has been made for example at Teesport, Immingham, Liverpool and Tilbury, with more to come.
- 4.27 This move away from English Channel ferries into and out of the south-east via HGV, the M20, M3, M25 and beyond, to a wider range of coastal ports is a practical remedy which is environmentally sustainable and particularly so when combined with intermodal rail services between the new port facilities and the UK’s origin and destination. The Midlands has no coast. It is critical that the Midlands therefore increases its capacity to handle these changes and enable more rail freight to be viably moved by rail. HNRFI presents an opportunity to do exactly that.
- 4.28 To access rail viably, trains need to be loaded as fully as possible. For smaller ports and intermodal terminals, it may be difficult to secure volumes for a whole train to run to one end destination. This creates a barrier to rail which can only be resolved practically using a rail hub to consolidate flows between different origins and destinations.
- 4.29 HNRFI is uniquely placed to act as a national hub for smaller terminals and ports. It is on Network Rail’s National Strategic Freight Network, on the Felixstowe to the Midlands and the North line, between the East Coast Main Line, The Midlands Main Line and the West

<sup>21</sup> GBRTT – July 2022 - Rail Freight Growth Target call for evidence

<sup>22</sup> ONS UK Trade May 2022 – Exports £34bn; EU 49.7%; Non-EU 50.3.% - Imports £54.3bn; EU 51.2%; Non-EU 48.8%

Coast Main line, designed to accept trains from both east and west, with through tracks.

- 4.30 By way of example, as shown on the Diagram 4.1 overleaf, a Thames port may have loads sufficient for 1/3<sup>rd</sup> train to the Midlands, 1/3<sup>rd</sup> for Liverpool and 1/3<sup>rd</sup> for South Wales. A Humber port may have the same. Neither have enough of a load to run a train direct to each destination, so rail would not be viable.
- 4.31 If they both ran a train to HNRFI, with the mixed destination loads, then the loads for the Midlands could be taken off at HNRFI; and the loads for Liverpool from the Thames and Humber ports combined onto a dedicated train, with the addition of Midlands loads to Liverpool, to make a full train. The same can be done for the South Wales train. The train operators get full trains and services are run by rail which would otherwise have had to go via road.
- 4.32 This is critical to the national need to grow access to intermodal rail and rail terminals around much more of the country. HNRFI is exceptionally well placed to deliver this service and help satisfy the national need.



Diag 4.1 HNRFI – NATIONAL INTERMODAL RAIL HUB

Growth of Intermodal Rail Freight

- 4.33 The rail freight industry used to be dominated by the need to move coal, but this sector has now all but gone. Intermodal rail has been growing and is now the largest rail freight sector at c. 39.5% of the market, with construction materials at 28.3%, other goods at 12%, metals at 8.6% and coal at 4.3%<sup>23</sup>.
- 4.34 Industrial growth to 2027-28 was expected to increase at a compound annual rate of 2.8% in June 2022<sup>24</sup>. However, the increased move of EU freight to unitised traffic via East Coast and Thames ports as well as via Liverpool is likely to see greater pressure for more services and faster growth.
- 4.35 The rising environmental pressure is also expected to accelerate the modal shift to rail, with the extension of the Government’s Modal Shift Revenue Support scheme through to 2025 assisting in this.
- 4.36 The Chartered Institute of Logistics & Transport’ Rail Freight Forum is encouraging GBFTT and the intermodal sector to develop and invest for 5% compound growth per annum<sup>2526</sup>.
- 4.37 One of the constraints to achieving this is the volume of business required to make train services viable between an origin and a destination. Without an efficient hub capability in the national network that can consolidate flows of mixed destinations, the barrier to new services will be a need to have a regular fully loaded train between an origin and final destination.
- 4.38 As set out above, HNRFI is exceptionally well placed to act as a hub for rail traffic to and from smaller terminals, consolidating flows from a variety of different origins.
- 4.39 Investment in more and new rolling stock is required and indeed, underway, which significantly increases the efficient utilisation of intermodal wagon sets. These are based on three linked 40’ platforms, rather than the older twinned 60’ ones and as such can take three 40’ containers, the most popular size, compared to two on the 60’ sets. The combination of this and Network Rail’s Strategic Freight Network being developed to take longer trains at 775m, enables a 15% increase in capacity, using the same number of trains.
- 4.40 With the increasingly rapid development of freight services into new terminals, with iPort Doncaster at 8 per day in 4 years and East Midlands Gateway, at 6 per day in 2 years (with 100% of the occupiers on this SRFI utilising rail) it is clear that demand is there, it is the delivery of the right infrastructure that has to keep up, including the provision of SRFIs in areas of market demand.
- 4.41 Companies are actively engaged in targeting their greenhouse gas emissions through their

<sup>23</sup> Source IBISWorld Freight Rail Transport UK – June 2022.

<sup>24</sup> Source IBISWorld Freight Rail Transport UK – June 2022.

<sup>25</sup> CILT submission to GBRTT Rail Freight Growth Target – Call for Evidence – Sept 2022.

<sup>26</sup> “Independent analysis by Aether demonstrates that a trebling of freight is entirely credible with the right support. In order to treble freight between now and 2050, the rail freight market will need to grow by 4% each year.” “Aether’s research for Rail Partners using Department for Transport’s Transport Appraisal Guidance (TAG) cost-benefit analysis appraisal tool, shows that a trebled freight market in 2050 would be worth £5.2bn annually to the UK economy as a minimum”. Source: Rail Partners ‘Freight Expectations – how freight can support Britain’s economy and environment.’ March 2023.

supply chains, in conjunction with creating more resilient routing. The rail industry has become quicker than it traditionally has been at responding to opportunities to start new train services and find suitable train paths. This means that as more terminals and equipment come on stream, take up can accelerate. Both iPort and East Midlands Gateway have outperformed their anticipated ramp up in services accordingly.

- 4.42 The road freight sector is under considerable pressure to better utilise scarce resources, both in terms of people and fuel. As such the expectation is that the overall number of road freight enterprises will reduce, with longer freight hauliers coming under pressure, with more freight moved to rail; and the largest increase in enterprises being to service short haul freight from SRFIs.<sup>27</sup>
- 4.43 The very significant incentive for developing rail and short haul HGV moves, is that battery powered HGVs (EVs) have a limited range of c. 200 miles before they need a full recharge, which does not make them viable for long distance hauls. Having EV HGVs operating from an SRFI, delivering within a normal radius of c. 20 miles as short stem mileage, enables a lot more movements in a working day, which in combination with rail for the longer haul, then in total creates the least environmental impact compared to using an HGV for the whole route. Maritime Ltd has also identified in its Letter of Support the additional benefits of greater flexibility for drivers, such as shorter shifts and fixed start and finishing times.
- 4.44 All of the above has been predicated on the intermodal movement of unitised freight in containers and swap bodies between the ports and the distribution centres; and between national distribution centres to distribution centres / manufacturing plants in major conurbations, including to and from Scotland.
- 4.45 An additional area of intermodal growth that is starting to emerge and be trialled is for the secondary distribution movement of goods and parcels into urban areas, either into smaller dedicated rail freight terminals, or into passenger stations.
- 4.46 The latter is based on the conversion of passenger rolling stock, with seats removed and internally strengthened to take roller cages, ideal for onward distribution to stores or parcel delivery hubs, using electric vans for last mile delivery. Each carriage has the equivalent floor space of a standard articulated vehicle's trailer and can run at up to 100 mph, the same speed as most passenger trains, allowing it fit readily into many routes.
- 4.47 These emerging solutions are all part of the response to increasing market and policy demand to move more freight by rail, efficiently and better environmentally, whilst maximising the contribution made through private investment in the necessary infrastructure. They may or may not transpire to be feasible, but HNRFI might well be able to support them either through its hub capabilities; or via a user with a Rail Connected building.

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<sup>27</sup> Source IBISWorld Freight Rail Transport UK – June 2022

## 5. THE MIDLANDS CONTEXT

### Freight Movements

- 5.1 As set out above, the Midlands is the central hub of the UK's Golden Triangle of distribution networks, with the largest concentration of HGV enterprises in the Country also serving the region's large manufacturing sector.
- 5.2 The markets for the movement of freight into, out of and through the region are product, origin and destination dependent. These essentially comprise raw and construction materials (including aggregates and fuel); parts for manufacturing and assembly (parts); slow moving consumer goods (SMCG); and fast-moving consumer goods (FMCG). Of these the primary markets for containerised freight are parts, SMCG and FMCG moves.
- 5.3 FMCG supply chains are largely food and some fashion items which have a short shelf life and are normally in high volume demand being sold through supermarkets and fashion retailers / internet platforms.
- 5.4 SMCG supply chains comprise everything else, typically including seasonal goods, including some fashion, which require a stock build; as well as products being sold into mature markets where they are replacing longer life products, such as white goods, homeware and furniture.
- 5.5 Parts for assembly and manufacturing can be agglomerated for regional industry sectors, where Tier suppliers (businesses that produce parts to be assembled into other parts and into a final product) co-locate to serve a key common end customer; and will hold and sometimes part assemble stock in their logistics facility.
- 5.6 FMCG high volume markets typically have a strong European and domestic sourcing in terms of origin, using short sea shipping and HGV movements; with particularly valuable and short life products flown in. The Channel Tunnel through freight service (as distinct from Le Shuttle accompanied HGV piggyback service) was designed to deliver an alternative rail terminal to rail terminal service between the UK and key locations in continental Europe, ideal for this market.
- 5.7 The development of the FMCG market in terms of national distribution function had initially been concentrated along the M1 corridor of the Midlands, particularly Northamptonshire and Leicestershire aided by the pioneering presence of Magna Park, Lutterworth and the Daventry International Rail Freight Terminal (DIRFT), with its early Channel Tunnel successes, and its development of its domestic services, including rail links to Scotland using the West Coast Main Line.
- 5.8 SMCG products will be sourced domestically and from Europe via short sea shipping routes and worldwide using deep sea shipping, the latter comprising c50% of the UK's imports<sup>28</sup> delivered through the concentration of deep seaports such as Felixstowe, London

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<sup>28</sup> ONS UK Trade May 2022



Gateway, Southampton and Liverpool.

- 5.9 The parts supply chains can often be international in their nature, with a tier supplier in one location making specialist parts from a variety of smaller parts delivered from around the world, then having its own product shipped on worldwide, as well as locally to the next tier in the supply chain. This is typical of the aerospace and automotive industries. The principle of Just in Time deliveries has been a core part of the sector's economics, which is now having to move to greater stock holding, Just in Case; and re-shoring of production to ensure resilience in the supply chain to enable reliable levels of production.
- 5.10 These last two markets are strongly represented throughout the West and East Midlands, with manufacturing being a much larger sector here than it is for Northants.

### The Midlands Economy – The Midlands Engine

- 5.11 The Midlands Engine (comprising the West and East Midlands, but not including Northants), is the largest regional economy in the UK outside of London, equivalent to the size of Denmark's economy, with a population of c11 million people<sup>29</sup>. The Midlands, including Northants is a key export and import region of national importance, with virtually all imports and exported items going by road and some by rail.
- 5.12 The total value of goods exported from the Midlands in the year to Q1 2022 was £46.8bn. The total value of imports into the Midlands was £65.2bn. The following table (Table 1) identifies the Midland's manufacturing trade flows as well as the food and live animal imports and exports. Manufacturing overall is by far the most important trade flow for the Midlands at £41.2m exports and £50.5bn of imports.<sup>30</sup>
- 5.13 Based on the Q1 2022 a value of £112bn of goods per annum had to be moved in and out of the region by road or rail, to ports (excluding those flown via the region's airports). Unless they can access viable rail services, the Midlands' businesses have to use HGVs to access the UK's coastal ports. The ~~Q1~~ time period, of year to Q1 2022, has been used as it predates the distortion in trade figures arising nationally from the movement of fuel oils / gas to the EU in response to the Ukrainian s.
- 5.14 The export and import strength of the manufacturing sector is a particularly important economic aspect for the Midlands. HNRFI is substantially aimed at serving these markets by rail via the UK's ports, particularly Felixstowe, London Gateway, and the Northern Ports. The West Midlands Rail Investment Strategy 2022 – 2050 consultation draft<sup>33</sup> states "*Of particular importance to the West Midlands economy is the intermodal logistics sector where new and expanded terminals are required to connect the region with UK domestic terminals and deep seaports*". HNRFI serves both the West and the East Midlands.

<sup>29</sup> Midlands Engine Partnership – key Facts, Strengths and Barriers to Growth

<sup>30</sup> HM Revenue & Customs, UK regional trade in goods statistics: first quarter 2022

<sup>33</sup> West Midlands Rail Executive issued 22 October 2022

**Table 1: HM Revenue & Customs, UK regional trade in goods statistics: first quarter 2022**

Figures in £million	ANALYSIS	TOTALS	WEST MIDS	EAST MIDS
<b>TOTAL VALUE OF GOODS EXPORTED FROM THE MIDLAN</b>	<b>£46.8bn</b>	46,816	25,818	20,998
Percentage of all UK goods exported from the Midlands	14.6%	<b>321,225</b>	<b>ALL UK</b>	
Percentage exported to the European Union market	49.1%	22,985	12,293	10,692
Percentage exported to non-European Union markets	50.9%	23,831	13,525	10,306
of which				
<b>Machinery &amp; Transport is the largest sector exported at</b>	<b>£30.9bn</b>	30,860	16,861	13,999
Percentage of total UK exported from the Midlands	65.9%			
Percentage exported to the European Union market	43.3%	13,360	6,969	6,391
Percentage exported to non-European Union markets	54.8%	16,900	9,892	7,008
<b>Manufactured Goods is</b>	<b>£5.0bn</b>	5,051	3,186	1,865
Percentage of total UK exported from the Midlands	10.8%			
Percentage exported to the European Union market	61.9%	3,125	2,037	1,088
Percentage exported to non-European Union markets	38.1%	1,926	1,149	777
<b>Miscellaneous Manufactures</b>	<b>£4.3bn</b>	4,263	2,167	2,096
Percentage of total UK exported from the Midlands	9.1%			
Percentage exported to the European Union market	53.4%	2,275	1,207	1,068
Percentage exported to non-European Union markets	46.7%	1,989	960	1,029
<b>Food &amp; Live Animals</b>	<b>£1.8bn</b>	1,752	775	977
Percentage of total UK exported from the Midlands	3.7%			
Percentage exported to the European Union market	72.6%	1,272	599	673
Percentage exported to non-European Union markets	27.4%	480	176	304
<b>TOTAL VALUE OF GOODS IMPORTED TO THE MIDLANDS</b>	<b>£65.2bn</b>	65,207	36,588	28,619
Percentage of all UK goods imported into the Midlands	12.8%	<b>510,033</b>	<b>ALL UK</b>	
Percentage imported from the European Union market	53.4%	34,841	19,757	15,084
Percentage imported from non-European Union markets	46.6%	30,366	16,831	13,535
of which				
<b>Machinery &amp; Transport is the largest sector imported at</b>	<b>£28.5bn</b>	28,487	15,903	12,584
Percentage of thses goods imported into the Midlands	43.7%			
Percentage imported from the European Union market	55.1%	15,710	9,241	6,469
Percentage imported from non-European Union markets	44.9%	12,777	6,662	6,115
<b>Manufactured Goods is</b>	<b>£12bn</b>	11,961	8,262	3,699
Percentage of thses goods imported into the Midlands	18.3%			
Percentage imported from the European Union market	52.6%	6,297	4,314	1,983
Percentage imported from non-European Union markets	47.3%	5,663	3,948	1,715
<b>Miscellaneous Manufactures</b>	<b>£10bn</b>	9,996	5,218	4,778
Percentage of thses goods imported into the Midlands	15.3%			
Percentage imported from the European Union market	35.0%	3,495	1,768	1,727
Percentage imported from non-European Union markets	65.0%	6,501	3,450	3,051
<b>Food &amp; Live Animals</b>	<b>£5.8bn</b>	5,755	2,564	3,191
Percentage of total UK exported from the Midlands	8.8%			
Percentage exported to the European Union market	62.8%	3,613	1,618	1,995
Percentage exported to non-European Union markets	37.2%	2,142	946	1,196

- 5.15 The Development of the Intermodal Rail Market in the Midlands
- 5.16 The UK's intermodal business originated with the movement of deep-sea containers from the UK major ports in the 1960s, into terminals such as that built at Landor Street in the centre of Birmingham.
- 5.17 With the development in the early 1990s of the Channel Tunnel, opened in 1994, intermodal trains using containers and European swap bodies could travel direct between inland rail terminals designed for the purpose, such as to and from DIRFT and Hams Hall, in the Midlands, which opened at the same time.
- 5.18 The ongoing expansion of rail capabilities at ports and the pressure from road congestion, as well as the policy guidance and support for developing SRFIs led to the development of more terminals in the UK, with terminals in the Midlands being added at Birmingham International Freight Terminal / Birch Coppice, opened in 2005; and East Midlands Gateway in March 2020. West Midlands Gateway at Four Ashes, north of Wolverhampton, and Northampton Gateway, south of DIRFT, are now also underway.
- 5.19 All trains must run on time tabled 'paths'. Paths are created dependent on the speed of trains and their interaction with other services, both along it and crossing it. This is referred to as capacity. Fast trains remove capacity for slower trains (hence the argument for HS2 removing high speed services off the West Coast Main Line); and vice versa, slower passenger and freight trains reduce the number of fast services that can be run. In simple terms there needs to be enough space to run the faster service before it reaches the slower service in front, or another train crossing its line of route.
- 5.20 As for much of Network Rail's infrastructure, its origins lie in the mid to late 1800s rapid development of rail by competing private rail companies. In the Midlands and particularly in the West Midlands in and around Birmingham, where the origins of older terminal locations relate to coal movements, modern intermodal moves in and out of these terminals is not simple.
- 5.21 Many rail freight services in the region were developed initially with a need to move coal and the historic rail connections were designed to serve relatively short (c 300-400m), but heavy trains, moving between collieries and power stations, such as Birch Coppice (colliery) and Hams Hall, as a Power Station. This means they often have connecting points only facing in one direction, designed for a historic route, with a limited ability to handle full length modern intermodal trains, at 775m.
- 5.22 The Beeching Cuts from 1963 and the general decline in use of rail in favour of motorways prior to privatisation in the 1990s, saw significant sections of railway permanently closed and parts of routes lost to development (such as between Leicester and Rugby via Lutterworth).
- 5.23 Privatisation created a significant catalyst for the development of rail services to meet customer demand and grow revenues. The rail freight industry has remained entirely privately run and funded in terms of the provision of terminals, traction and rolling stock, sometimes aided to compete with road where required, via grant support.

## Growing the Intermodal Rail Market in and through the Midlands

- 5.24 As set out above, there are significant cost and environmental benefits to occupiers at or very close to Strategic Rail Freight Terminals, with very much shorter HGV travel distances, if any; and much lower costs of box moves. For businesses with substantial volumes that can be moved by rail co-locating is critical, providing the rail capacity and route has the required origin and destination ports or other inland terminals; and is in the market area.
- 5.25 In the Midlands, in terms of adjoining accommodation, Landor Street, in the centre of Birmingham, has no adjoining capacity; Birch Coppice at Tamworth, next to BIFT is complete and East Midlands Gateway is fully occupied, after only six years. This means that if the Midlands Connect Freight Routemap<sup>34</sup> is to be successful, the region requires additional SRFI capacity with adjoining development to deliver the most beneficial impacts for the economy and the environment.
- 5.26 The only available consented sites next to SRFI terminals are the West Midlands Rail Freight Interchange at Four Ashes, aimed at servicing the Black Country and North-West Birmingham; and DIRFT 3 and Northampton Gateway, both in Northants, outside the Midlands Engine area of demand<sup>35</sup>, both of which are within the areas' traditional focus of Fast Moving Goods markets, including now, mail and medical supplies.
- 5.27 With their respective locations on the Northampton Loop of the West Coast Mainline, to the south of Rugby station, DIRFT and Northampton Gateway are well placed to serve the domestic UK terminal to terminal markets, including NDC<sup>36</sup> to NDC in Scotland. Should the Channel Tunnel re-open for extensive through-freight again, DIRFT is well placed to rebuild that market, which at its peak, it had a 50% share of. It is ideal for the FMCG customer base it serves. They do not however have optimal connections to the east coast deep-sea ports; and particularly not Felixstowe, the UK's largest deep-sea port. Routing has to go via London and the North London line, which is longer and congested. Network Rail's investment in the Felixstowe to Nuneaton improvements has been made to provide a better route for this service.
- 5.28 The movement of deep sea and short sea containers in the year 2021/22 at a non-peak time Q2, 2021 demonstrates the different emphasis of port connectivity between the Midlands Engine / Midlands Connect West and East Midlands Terminals – all deep sea; and DIRFT, in Northants – all short sea<sup>37</sup>.
- 5.29 The proposals at Burnaston Derbyshire are to the North West of East Midlands Gateway and focussed specifically on the needs of Toyota as a manufacturing logistics hub.
- 5.30 Without HNRFI, there is no scope for the central core of the West and East Midlands to move more freight very efficiently by rail, as identified as a need in the first Leicester and Leicestershire Enterprise Partnership Logistics & Distribution Sector Growth Plan, of May

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<sup>34</sup> Midlands Connect – Our Freight Routemap for the Midlands – August 2022

<sup>35</sup> Midlands Engine Observatory – Factsheet - Autumn 2022

<sup>36</sup> NDC – National Distribution Centre

<sup>37</sup> British port-hinterland container rail freight market analysis. Dr Allan Woodburn. October 2021

2015 and now set out in Midlands Connect’s Freight Routemap for the Midlands<sup>38</sup>.

- 5.31 The combination of being able to offer a national rail hub service to smaller ports and emerging rail terminals, which is critical to the Government and GBRTT’s ambition to see a wider spread of terminals nationally; as well as a capacity of new warehousing adjoining an exceptional rail location for the benefit of the region’s exporters and importers, in such a nationally important economy as the Midlands Engine, is nationally significant.
- 5.32 HNRFI is designed to provide extremely efficient rail connections to the UK’s key ports such as Felixstowe, London Gateway and Liverpool. With a ‘dive-under’ connection proposed at Nuneaton, it would also have a direct route via Coventry, to the Port of Southampton and to Cardiff. As identified in the Rail Operations Report, there is capacity for HNRFI through Water Orton to and from Southampton and Cardiff as well. A ‘dive under’ is where a short rail tunnel is used to go under existing lines, instead of crossing them on the level. The Nuneaton Dive Under is being promoted in the draft West Midlands Rail Investment Strategy to be constructed between 2026 and 2031<sup>39</sup>.
- 5.33 It should be noted that the primary markets for HNRFI will be through Felixstowe, London Gateway, and the Northern Ports / Regions. These are all served without needing to go through Birmingham, which is one of the fundamental benefits of HNRFI.
- 5.34 Container flows through Southampton Port primarily serve the South Midlands, Birmingham and South-West England and Welsh markets. There is a service operating between London Gateway and Southampton to reposition containers, which will enhance the offer to customers from Southampton enabling them to access HNRFI via London Gateway if needs be.
- 5.35 HNRFI, with its opportunity to additionally act as a national rail hub, consolidating loads from different ports in the east, into trainloads for running into terminals in the west, including Wales and the South West, as well as the North West and Scotland (and vice versa) also benefits other nation states.
- 5.36 This ability to act as a national rail hub for ports will be unique to HNRFI, as it is designed as an efficient through terminal scheme (to act as a ‘station’ as well as a terminal for its own regional market), with east and west facing connections on Network Rail’s Strategic Freight Network, on the Felixstowe to Midlands and The North mainline. It is perfectly situated in between the West Coast Mainline at Nuneaton (minimising the use of Water Orton), and the Midland Mainline at Leicester and the East Coast Mainline at Peterborough.

### Midlands Connect – The Freight Routemap

- 5.37 Midlands Connect in its Strategic Transport Plan for the Midlands published in April 2022, set out its clear support for the rail freight sector:

*‘Moving goods across the Midlands*

<sup>38</sup> Midlands Connect – Our Freight Routemap for the Midlands – August 2022

<sup>39</sup> West Midlands Rail Executive – draft for consultation issued 22 October 2022

*The Midlands is the heart of the UK's freight network. We want to ensure our strategic rail and road networks provide the fast and reliable connections needed for our manufacturing and logistics business to grow, including to international gateways. To do this, we will deliver on the decarbonisation, rail and road commitments described above, as well as:*

*Develop and publish a route map and improvement plan to support strategic freight movements in the region. This will be published in 2022. [ 'Our Freight Routemap for the Midlands' was published in August 2022].*

*Incorporate rail freight needs into all passenger rail projects, supporting the transportation of more goods by rail. This will include supporting the development of a network of strategic rail freight interchanges across the region and the United Kingdom. It will also include linking the two freeport proposals located within the Midlands and working with partners to tackle pinch points outside the Midlands that have a direct impact on the ability of the region to switch goods from road to rail.'*

5.38 Midlands Connect in 'Our Freight Routemap for the Midlands' set out five guiding key objectives:

1. **Economy:** *Exploit the natural advantages of the region's location and ensure freight is able to support and grow the Midlands and wider economy.*
2. **Rail capacity:** *Ensure rail capacity, particularly by HS2, benefits rail freight so that the network can accommodate a growth in freight moved by rail.*
3. **Mode shift:** *Where practicable, encourage modal shift to more sustainable modes.*
4. **Decarbonisation:** *Decarbonise freight movements with a particular focus on road freight, contributing to the 'Net Zero' target.*
5. **Integration:** *Enhance integration between freight modes to provide a more resilient and effective supply chain.*

5.44 The Routemap also points to the region's key competitive advantages with freight because of its central location and existing infrastructure. It highlights the links to major international gateways such as Dover, Felixstowe, and Southampton, noting that investment which improves the reliability and enhances the resilience of the network is a priority.

5.45 Crucially, the Routemap will help to ensure that freight and logistics continue to serve the needs of the people and businesses of the region and the UK. It hopes that its plans will support and grow the regional and UK economy whilst creating a safe, efficient and sustainable freight sector in the Midlands that also acts as an enabler for freight for the whole of the UK.

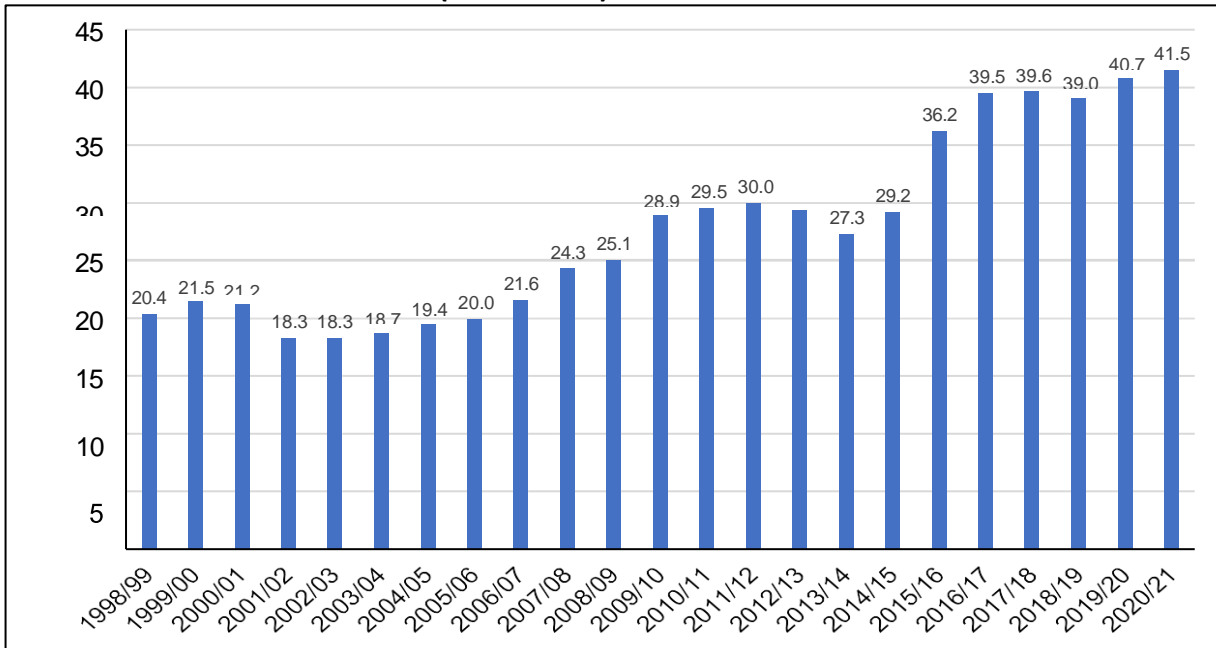
- 5.46 Importantly, it also includes a recommendation to incorporate rail freight needs into all passenger rail projects, helping to support the transportation of more goods by rail. It notes that success in this aspect will be vital to delivering on the region's ambitions.
- 5.47 Tritax's plans for HNRFI are also mentioned within the Routemap. When discussing key opportunities for freight, the report notes that one of the most powerful policies Midland Connect can support is encouraging the decarbonisation of freight lies in planning effective access to Strategic Rail Freight Interchanges and associated warehouse clustering.
- 5.48 Crucially, it notes that this can expand the proportion of total warehousing and industrial development with direct access to rail and high-capacity roads for regional distribution, adding that this opportunity will attract warehousing and industry because the site occupiers will enjoy the benefits of these reduced costs. The Routemap highlights Tritax's plans for Hinckley as one of the sites with considerable interest from the market in its development.

**6. THE MARKET FOR HNRFI**

**The British Port Hinterland Rail Market**

6.1 The British rail freight market has seen a significant growth in intermodal market share of rail freight, between 1998/99 and 2020/21, measured in net tonne kilometres moved. The 2015/16 jump reflected a drop in coal traffic, but clearly the overall trend is one of continued growth.

**Intermodal container moves (million tkm) 1998 - 2021**



Source: ORR (2021)

6.2 The Midlands share of the overall growing intermodal rail market in 2021, was around 32%, with the North West at around 30%.<sup>40</sup> The market itself has increased 35% since 2015, enabled by the development of new SRFI terminals, such as Doncaster iPort and EMG; and a growth in containers moved by rail across many areas of the country, both to and from ports and to and from different terminals. The Midlands market has increased by 46.4%, showing a marked propensity to move more freight by rail when facilities are developed and come on stream. EMG is up to 6 trains a day within 2 years of opening.

6.3 In Dr. Alan Woburns analysis, the Port pairings between each of the Midland’s terminals, the train operators using them and the typical number of services per week in the year 2021/22, is as follows:

<sup>40</sup> Dr Allan Woodburn – Port - hinterland container rail freight market analysis - Oct 2021



**FELIXSTOWE – Deep Sea**

Birch Coppice / BIFT	GB Railfreight	22 per week
Birmingham Landor St	Freightliner	30 per week
East Midlands Gateway	DB Cargo	20 per week
Hams Hall	GB Railfreight	32 per week

**LIVERPOOL (Seaforth) – Deep Sea**

East Midlands Gateway	GB Railfreight	10 per week
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**LONDON GATEWAY – Deep Sea**

Birch Coppice / BIFT	GB Railfreight	10 per week
Birmingham Landor St	Freightliner	10 per week

**SOUTHAMPTON – Deep Sea**

Birch Coppice / BIFT	GB Railfreight	2 per week
Birmingham Landor St	Freightliner	32 per week
East Midlands Gateway	GB Railfreight	10 per week

**TEESPORT – Short Sea**

DIRFT via Doncaster	Direct Rail Services	12 per week
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**TILBURY – Short Sea**

DIRFT	Direct Rail Services	20 per week.
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- 6.4 The above supports the understanding that DIRFT is predominantly focused on the FMCG market, with services from and to the short sea ports primarily connecting to Continental Europe, as well as domestic services to the UK regions. It has historically been successfully linked to the Channel Tunnel for FMCG traffic.
- 6.5 Terminal pairings for the current Deep Sea volumes are spread throughout the other Midland terminals, depending on the terminal's proximity to the end destination.

**The Market for Hinckley NRFI**

- 6.6 HNRFI's location in the centre of the country, between the West Coast and East Coast Mainlines and immediate access to the National and Regional Strategic Rail Freight Network, makes it exceptionally well placed to serve a regional market function and a national rail hub function, as set out above.

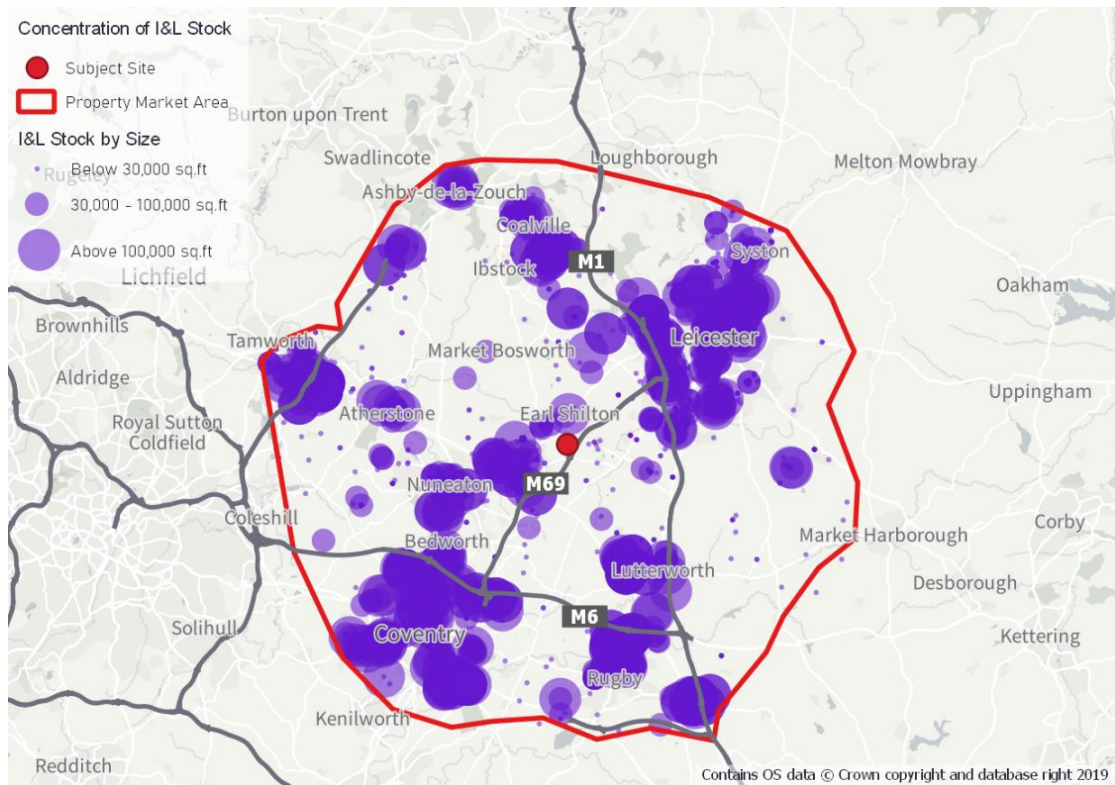
- 6.7 The East and West Midlands market is the largest regional market outside of London and the South-East, with a very significant volume of manufactured goods being imported and exported to continental Europe via short sea shipping ports and to the rest of the world, via deep-sea shipping ports.
- 6.8 HNRFI is not being developed to take market share from other terminals or SRFI developments. It will provide a terminal in line with Midlands Connects plans, that will serve the Coventry to Leicester and Magna Park market within a c20 mile radius of the rail terminal; with an ability to readily serve deep-sea and short -sea ports without the need to route through Birmingham. HNRFI includes rail served buildings on site and the potential for rail connected buildings.
- 6.9 HNRFI will be the most accessible of the Midlands terminals enabling it to act as a hub for smaller ports and regional terminals, critical for the expansion of intermodal rail freight across other regions, as well as the most efficient connections to the major deep sea and short sea ports for the core product flows for its immediate market area.
- 6.10 Its location within the Midlands region enables a network of rail terminals to work together allowing each to be used for the most efficient local distribution by electric HGV and increase the overall transfer of more freight to rail from long haul HGV.
- 6.11 In terms of onward distribution, the rail element is one leg, with the next being either into an adjoining warehouse on the SRFI development, or into the surrounding region. For HNRFI, having worked with terminal operators with road haulage services<sup>41</sup>, the optimal maximum distance for the road leg is c20 miles / 45 minutes drive time.
- 6.12 This means that the Midlands market will primarily operate such that:
- West Midlands Interchange, will serve the Black County, Southern Staffordshire
  - Hams Hall will serve north Birmingham and along the M42, to Solihull.
  - Landor St will serve Central Birmingham,
  - BIFT will serve Tamworth and North,
  - HNRFI will serve Coventry through to Leicester South, including Magna Park for deep sea / east coast, west coast and domestic time sensitive flows.
  - East Midlands Gateway will serve Leicester North, Nottingham and Derby
  - DIRFT will serve Northants Fast Moving Consumer Goods National Distribution Centres and Magna Park for short sea, domestic and Channel Tunnel flows.
  - Northampton Gateway will serve a similar market to DIRFT

This network of rail terminals is critical to maximise the ability of the region to move more

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<sup>41</sup> Maritime Ltd's experience as operators of East Midlands Gateway, Hams Hall and BIFT.

long-haul freight by rail and allow the short haul cartage to be undertaken by EV HGV's.



**Fig 5.1 Concentration of Industrial & Logistics in HNRFI Catchment – Source: Savills**

- 6.13 Hinckley NRFI is critical to grow the key import and export markets for rail serving the Midlands, particularly deep sea which cannot be readily served by DIRFT or Northampton Gateway, and which it can do so exceptionally efficiently without all the constraints of Water Orton and the legacy rail connections of the Birmingham rail terminals. The deep sea ports need high volumes of freight to be moved by rail as the most efficient mode of hinterland transport. With a move to EV HGVs, the charge time required makes it critical for the Midlands in particular (as it has no coast) to have a high capacity of rail freight access to replace long haul HGV moves, as we move to a Net Zero carbon infrastructure.
- 6.14 The ability of HNRFI to operate as a rail hub for other regions is of national importance and cannot be replicated elsewhere in the Midlands region.
- 6.15 Midlands Connect identifies the importance of having warehousing developments associated directly with rail terminals at SRFIs and HNRFI will help fulfil this need. It is the only such terminal capable of being delivered to suit occupiers with significant deep sea volumes, which also has the capability to act as a national hub, making connectivity for occupiers and local businesses, exceptional.

**The Rail Terminal**

- 6.16 The logical strength of this scheme has been recognised by Network Rail’s freight development team from the outset, with its operational colleagues acting professionally throughout to test every element and work with the developer to ensure a deliverable,

safe and operationally sound scheme can be delivered, as set out in the Rail Operations Report. A Statement of Common Ground is being progressed with Network Rail to be submitted during the Examination.

- 6.17 Discussions have been had with potential Terminal Operators and as set out above, Maritime Ltd has entered into a Memorandum of Understanding to be the terminal operator, subject to approval of the DCO.

## 7. CONCLUSION

- 7.1 HNRFI is an exceptional proposal for an SRFI, which is in the National and Regional interest. It is needed to secure the sustainable development and economic importance of the Midlands Engine, entirely in line with Midlands Connect's Routemap for Freight, recognising the vital importance of rail freight access for sustainable local and national economies.
- 7.2 HNRFI's ability to act as a national intermodal rail hub, able to efficiently consolidate mixed destination traffic from smaller regional terminals and ports, will clearly assist in enabling the growth of rail freight in line with Government policy and aspirations for levelling up.
- 7.3 The scheme is required to provide the core rail infrastructure needed to achieve Net Zero targets and ensure the UK has a resilient supply chain that can maximise the use of rail and makes the best use of scarce resources, including that of HGV drivers.

## PICTURE GLOSSARY

### Soft sided 'Swap body' on train



### Empty container stackers



Reachstacker



Gantry over rail delivering to truck



### Electric Rubber Tyred Gantry (RTGs)



Electric-Powered RTGs (Zero Emission RTGs)

### Conventional wagons loaded from warehouse platform





## APPENDIX - LETTERS OF SUPPORT

### LETTERS OF SUPPORT

Maritime Transport Ltd

DP World

Felixstowe

Rail Freight Group

Chartered Institute of Logistics and Transport



**Maritime Transport Limited**

Maritime House  
Clickett Hill Road  
Felixstowe  
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Tel: +44 (0)1394 617300

Fax: +44 (0)1394 617299

19<sup>th</sup> October 2022

Maritime Transport Ltd is a UK-based, market-leading intermodal logistics company offering the complete solution for supply chain requirements, including container transport and storage, freight management, curtain sided Full Truck Load distribution, and rail services for both deep sea and domestic markets.

We currently operate 7 fully open access Intermodal Rail Terminals across the country, with an 8th Terminal operation awarded from 2023/24. Half of these terminals are already based within the Midlands region.

We already have a significant investment record in existing Rail Terminals; £12m in Trafford Park, £6m in Wakefield, £13m in Mossend. Along with the expansion of East Midlands Gateway which will double its size just 3 years after opening, and make this the largest Intermodal Rail terminal in the country.

Our newest SRFI operation at East Midlands Gateway, is already operating at 6 rail services per day within 2 years, and 100% of the occupiers on this newest SRFI utilising rail in some capacity, it is clear that the provision of SRFI's offerings are a proven driver to enable modal shift benefits.

The continued investment and expansion of Intermodal Rail terminal network within the UK, is at the forefront of our business plan. The ability to grow and achieve a robust geographical terminal and train plan is key to enabling a sustainable full load supply chain for customers.

HNRFI's location within the Midlands region complements our network of existing rail terminals to work together and enables the growth in rail options into geographical areas which are either unviable or suboptimal with current options. This includes using HNRFI as a national rail hub to enable the consolidation of mixed route rail freight from smaller terminals and ports.

We see the prime local market service within a 20 mile radius such as existing warehousing developments in South Leicester (including Magna Park), Coventry in addition to the estate development itself.

This will also aid the transition and adoption to a mix of alternative fuel provisions for our road vehicle fleet, through shorter stem mileage for final mile operations. Electric HGV's used on the short stem are ideal to be paired with rail freight used for the main haul.

Shorter stem mileage opens up opportunities to allow greater flexibility for Large Goods Vehicle employment offering, such as shorter shifts and fixed start and finish times. These employment offerings will open and increase accessibility to a wider demographic of new entrants for the driving profession, and encourage longevity in the Large Goods Vehicle driver market.

The biggest market growth available is modal shift from the Full Truck Load distribution sector. We currently own and operate over 900 Curtain-Sided HGV, on a 24/7 364 Days per year basis across the UK. The geographical catchment area of HNRFI, in the heart of the golden triangle, opens up solutions for modal shift to rail. The proximity of warehousing to rail connections is key, in order to allow us to compete against



traditional haulage methods by road. This once again relies on a robust terminal network, coupled with rail network capability and capacity for which the development has.

Due to the connectivity and location of the terminal connection to the rail network on the F2NM corridor, which is the main cross country route for access to the Port of Felixstowe, as well as the North, we believe that an immediate requirement for 2 Deep Sea Round Trip rail services per day from Felixstowe to Hinckley from terminal opening. Followed by an additional 2 deep sea service in the first 2 years. Dependant on client occupation on the site and the timing of development of other domestic SRFI's and port capabilities, we also envisage at least 1 UK Domestic rail service during this period.

We are seeing growing demand from manufacturers to use rail instead of road as part of their push to reduce their carbon footprint. An example is our new contract with Coca Cola Europacific Partners (CCEP), the largest independent bottler of Coca-Cola globally. Its switch from road to rail will save 4 million road miles per year and 15,000 lorry journeys. Our customer was clear that the transition from road to rail forms an important part of its sustainability strategy and its overall roadmap to NetZero.

From experience with other SRFI's start-ups, we believe that the opportunity to allow warehouse occupation and operations to take place ahead of Rail terminal operations, is instrumental in allowing organic growth and encouragement of occupiers to utilise the SRFI to its full potential.

An example of this is major companies, consolidating 7 smaller UK warehouses without any geographically suitable rail links, into 2 large footprint buildings on the EMG SRFI site.

One of the companies consolidated warehouse on site will account for 60% of their 32,000 total import loads into the UK from the EU. 30% of this is currently driver accompanied. The consolidated move, will now allow transition of this volumes to rail and in addition will unlock a significant proportion of UK domestic deliveries by re-using the import containers.

Maritime Transport are pleased to be selected as the preferred operator for HNRFI (Subject to Contract and Development Consent Order) and fully support the design and proposal for HNRFI.

Kind regards,

A handwritten signature in black ink, appearing to read "J. Tierney". The signature is fluid and cursive, with a long, sweeping underline.

**James Tierney**  
General Manager - Intermodal

## HINCKLEY NATIONAL RAIL FREIGHT INTERCHANGE (HNRFI)

### Letter of Support from DP World

DP World Group has two deep water ports with rail freight terminals at London Gateway and Southampton. The group has invested approaching £2bn in the UK over the last 10 years with another £1.5bn planned. Each year we transport around 3.6million TEU with contents worth over £43billion of goods travelling to and from markets beyond the EU.

The fourth Berth at London Gateway is now under construction, a £350m project which will complete in 2024, increasing the ports capacity by a third. We currently move 23% of containers by rail and we will want to see the capacity of regional terminals in the UK increased to accommodate growth in this market.

Rail services to and from our ports are critical to our customers for the efficient and most environmentally friendly transportation of containers throughout the UK. The demand for rail freight solutions as part of corporate Net Zero strategies is on the increase.

As a Group we also have logistics businesses, including business based in Hinckley, which receive international deliveries via our ports and are then distributed nationally for major brands. As such we are very supportive of the proposed HNRFI scheme which our group and its customers expect to benefit from.

We are supportive of the creation of more rail terminals generally to permit the growth of rail freight. Hinckley is of particular interest as it sits as a real hub on the rail freight network, which would allow mixed destination services to go on a single train from our ports.

This increases the flexibility of the rail service offer and would enable our ports to send and receive more by rail, to more destinations in the UK, via Hinckley. This should particularly help the development of terminals in regions which otherwise could not support a direct service from our ports.

The logistics industry is substantially privately funded and as for our investments in London Gateway and Southampton, the promoters of SRFIs are enabling valuable national rail infrastructure to be developed, which is critical to the future prosperity of the UK.

We fully support this scheme.



**MARK HOOPER**

UK Business Development Manager (BCO's & Inland) - Commercial



**DP WORLD**

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**E** [mhooper@dpworldsouthampton.com](mailto:mhooper@dpworldsouthampton.com)

TO WHOM IT MAY CONCERN

07.11.22

Dear Sir/Madam

### **Letter from Hutchison Ports, Port of Felixstowe – Hinckley National Rail Freight Interchange**

Hutchison Ports is the port and related services division of CK Hutchison Holdings Limited, one of the largest inward investors in the United Kingdom. It operates the world's leading port network with over 30,000 employees and operations in 52 ports spanning 26 countries throughout Asia, the Middle East, Africa, Europe, the Americas and Australasia.

In the UK, Hutchison Ports owns and operates the Port of Felixstowe, Harwich International Port and London Thamesport.

The Port of Felixstowe is the largest container port in the UK, handling over 4 million TEU of container traffic annually, around 40% of all containers handled in UK ports. It is also the country's largest intermodal rail freight facility and the largest generator of intermodal freight on the network handling 76 intermodal trains daily connecting Felixstowe with the UK hinterland. The maritime container is particularly well suited to movement by rail and represents one of the fastest growing rail freight sectors. The railway is a vital element of UK supply chains; 29% of Felixstowe's container traffic is transported by rail.

Rail volumes at Felixstowe have doubled in the last 10 years and currently the port handles around 1 million TEU (standard container units) annually via its three rail terminals and demand for intermodal rail freight continues to grow strongly. The environmental benefits of rail freight are widely recognised and it has a key part to play in meeting the government's environmental targets. In comparison with road, rail offers significant environmental benefits such as reducing CO2 emissions and air pollution. Rail freight also has an important role in tackling road congestion. The continued growth of freight rail will lead to greater relief for Britain's roads. Each freight train removes up to 76 heavy goods vehicles from our roads, preventing c7m lorry journeys per year. This translates to 1.66 billion fewer HGV kilometres a year, of which 200 million are attributable to the Port of Felixstowe alone.

There has been a significant increase in the size of container ships operating on the world's major trade lanes accompanied by a further consolidation amongst container ship operators. The largest ships are able to carry up to 24,000 TEU and are 400 metres in length. Consequently, the trend is for fewer vessel calls discharging and loading ever increasing numbers of containers accentuating demand peaks and troughs. Rail is particularly well placed to cope with the peaks given the ability to move large numbers of containers in one movement. At the same time, we are seeing a tightening of the road haulage market due to a shortage of HGV drivers which worsened following Brexit. Without the contribution by rail, it is likely that UK supply chains would be severely disrupted.

Hutchison Ports has made significant investments in rail infrastructure. In recent years more than £50m has been invested in various rail projects at the port including a third rail terminal. This is in addition to an £8 million contribution to Network Rail's works on the Felixstowe Branch Line. The new terminal allows the handling of longer trains (30 plus standard wagons) without the requirement to split and shunt wagons.

Future growth in rail volumes and modal shift to reduce carbon emissions further will be constrained without additional investment in the national network to include Strategic Rail Freight Interchanges (SRFI's). The proposed rail terminal development at Hinckley is an example of the type of investment required if rail freight is to continue to grow. Its location, adjacent to the strategically important Felixstowe to the North (F2N) route, is certainly well placed to handle intermodal services to and from the Port of Felixstowe.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'M Woor', is written over the 'Yours faithfully' text. The signature is fluid and cursive.

Martin Woor  
Senior Manager – Strategic Rail Network Development  
Hutchinson Ports, Port of Felixstowe

16 November 2022



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To Whom It May Concern

**HINCKLEY NATIONAL RAIL FREIGHT INTERCHANGE (HNRFI)  
Letter of Support from the Rail Freight Group**

The Rail Freight Group is the representative body for rail freight in the UK. Our members include rail freight operators, logistics companies, ports, equipment suppliers, property developers and support services, as well as retailers, construction companies.

RFG works to influence a policy environment in the UK which supports sustainable growth in rail freight. Our campaigning aims to ensure that politicians and key decision-makers are well informed and make the right decisions for rail freight and for UK logistics. Our aim is to increase the volume of goods moved by rail, delivering economic growth and helping to decarbonise supply chains.

Over time we have seen increasing demand from businesses to use more rail freight, and new customers are coming onto rail. This is driven by a number of factors including;

- Pressure to reduce carbon emissions and use more environmentally friendly modes (including in response to shareholder expectations and legal requirements).
- Cost, in particular where costs of alternative modes have increased post Brexit
- Supply chain changes and the need for increased resilience which is leading business to diversify their supply chains including the use of alternative modes.
- Changing distribution patterns to make better use of scarce HGV driver resource and, in future, battery powered HGVs to serve rail terminals.

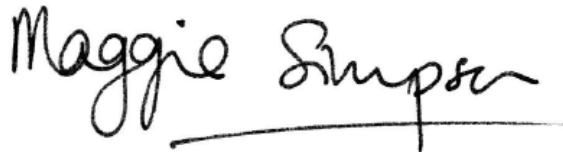
This is a positive move but in order for rail freight to grow it is imperative that there are new, modern rail terminals available to meet demand for services. For many customers, having warehousing co-located on site with the rail terminal is essential to avoid the need for any road trips and to make rail cost competitive with road freight. We are therefore supportive of the creation of more rail terminals, in particular strategic rail freight interchanges as a vital component of rail freight growth.

These terminals need to be located in places matched to customer demand, and in areas with good road and rail links. Areas such as the Midlands see high demand from HGV movements and freight traffic and are ideally suited for rail freight terminals. The success of such terminals can be evidenced by those sites which have opened in the last few years, and which are already seeing many trains on a daily basis. Sites in the Midlands are also supporting rail services to smaller terminals across the country, and we are keen to see that network of terminals and trains develop.

The site at Hinckley meets the requirements for an SRFI as set out in the National Policy Statement for National Networks, and the criteria for success. Sites such as this can act as hubs for services across the country, removing HGV movements across the country as well as between the nation's ports, warehouses and businesses.

Accordingly, the Rail Freight Group is very supportive of schemes such as that proposed at Hinckley.

Yours sincerely,

A handwritten signature in black ink that reads "Maggie Simpson". The signature is written in a cursive style and is underlined with a single horizontal line.

Maggie Simpson OBE  
Director General





*The Chartered Institute of Logistics and Transport is a professional institution embracing all transport modes whose members are engaged in the provision of transport services for both passengers and freight, the management of logistics and the supply chain, transport planning, government and administration. Our principal concern is that transport policies and procedures should be effective and efficient, based on objective analysis of the issues and practical experience, and that good practice should be widely disseminated and adopted. The Institute has a number of specialist forums, a nationwide structure of locally based groups and a Public Policies Committee which considers the broad canvass of transport policy.*

## **Introduction**

CILT is pleased to respond to this consultation, which has been considered by its Rail Freight Forum. The Institute welcomes the level of detail that has been provided in this consultation and the engagement with the local communities – this is important and much to be commended. Our response takes note of the local factors but is focussed primarily on the national and regional strategic dimension.

## **Strategic Need**

We face a climate emergency and transport generates approaching half of all CO<sub>2</sub> emissions in the UK. Electric cars, vans and buses are now commonplace and electric HGVs for local and regional deliveries are starting to emerge. There is, however, no practicable solution available for decarbonising long distance road haulage and the only proven method of moving freight in quantity over long distances with zero emissions is electric rail. Renewable (or nuclear) electricity supplied via overhead power lines allows trains carrying the equivalent of 75 of the largest HGVs to move with zero carbon emitted.

Around two thirds of the UK's core rail freight network is already electrified and wiring around another 800 miles would permit 95+ % of rail freight to be electrically hauled. In the meantime, diesel-hauled trains save c.66% of the carbon emitted by HGVs moving the same amount of freight. This means that modal shift to diesel-hauled trains is one of the most straightforward ways of reducing carbon, now, in response to the IPCC's Code Red warning about containing global warming to 1.5C.

The connection between this and Hinckley NRFI may at first seem remote but a multimodal supply chain, using rail for the trunk haul and battery trucks for local and regional distribution, is reliant on intermodal transfer facilities and works most efficiently and sustainably when warehousing is located at the point of modal transfer. It is no exaggeration to say that decarbonisation of UK long distance freight transport is dependent on the creation of Strategic Rail Freight Interchanges (SRFIs) such as Hinckley NRFI.

Most major UK supply chains are structured around National Distribution Centres (NDCs) in the Midlands – usually in the ‘Golden Triangle of Logistics’ - and Regional Distribution Centres (RDCs) in four or five key locations around the country. Goods from overseas and UK manufacturers typically move first to the NDC and are then forwarded to RDCs for final delivery to stores, manufacturing plants etc. It follows that there are substantial flows of freight into and out of the Midlands, over long distances, and rail is well suited to such movements.

Rail is a major player in the movement of Deep Sea containers from the main ports of Felixstowe, Southampton, London Gateway and Liverpool, moving 25-30% of all containers landed in the UK. In recent years, to this has been added the movement of Short Sea containers, carrying goods from other parts of Europe and Scandinavia, landed at ports such as Teesport and Tilbury. Such inbound movements to NDCs are increasingly complemented by outbound rail moves to RDCs and other locations around Great Britain, most notably to Scotland but also to Wales, Yorkshire & the North East and London. In the future, moves of smaller containers to major urban areas for direct delivery to stores and home delivery are likely to develop.

Such rail movements, which take thousands of HGVs off Britain’s road every day are dependent on intermodal facilities and, particularly, on rail-connected warehousing. For destinations other than Scotland, rail cannot compete if it has to bear the additional cost of moving a container by road 5,10 or 15 miles to an intermodal terminal for loading onto a train. SRFIs eliminate this disadvantage and permit rail to compete with trunk road haulage on a level playing field. Their importance can be seen by continued growth and expansion at DIRFT and the success of newer facilities at East Midlands Gateway and iPort Doncaster, both of which have seen the introduction of 5 or 6 trains a day within a year or so of opening. Each of these locations is removing over 500 HGV trips a day from the UK road network.

### **Hinckley NRFI**

CILT UK has a policy of strict neutrality between commercial operators and developments, so our response concentrates on the essential features of the proposals and should not be viewed as endorsement of Tritax Symmetry as a commercial entity.

The first and most important considerations with an SRFI are location and connectivity. As outlined above, the Golden Triangle of Logistics in the Midlands is a strategically vital location and a good supply of rail connected warehousing at SRFI's in the Region is essential if significant modal shift is to be achieved. Hinckley is at the heart of the Golden Triangle and is thus very well located to cater for market demand, both inbound from the ports and outbound to RDCs around the UK. It could also function as an RDC location for the local region.

The site is very well located in relation to the rail network, with good connectivity to all parts of the UK. It lies on the direct line of route from Felixstowe to the Midlands and North (F2MN) – one of the most important rail freight corridors in the UK. Because of its importance, F2MN is cleared to take the largest containers, as is the West Coast Main Line into which it connects at Nuneaton. There is sufficient capacity on the Nuneaton-Leicester line for trains to/from Hinckley NRFI, plus extra passenger and freight services. Proposals by Midlands Connect/Network Rail for infrastructure enhancements at both ends of the line will further improve connectivity of the route.

The site is also well connected by road for distribution to local and regional markets, with direct access onto the M69 and thence to the M1 and M6. It appears to us that the new link road from J2 of the M69 to the B4668/A47 should improve local connectivity and reduce rat running through local villages, particularly Stoney Stanton and Elvesthorpe.

The specific proposals for the Hinckley NRFI presented at Consultation appear sound. The ability to receive trains from Network Rail into reception sidings at reasonable speed is important to maximise line capacity on the Nuneaton-Leicester route. The track layout connecting the reception sidings to the intermodal terminal and some of the warehouses, including a long 'head shunt', is well thought out and should cater efficiently for all envisaged requirements.

Similarly, the proposed phasing of development – starting with reach stackers for container handling and moving to gantry cranes as volume builds up – is sensible and an approach widely used by other new terminals. iPort Doncaster, for example, is likely to move to its second phase within the next year, around 4/5 years after opening.

## **Conclusion**

We consider that Hinckley NRFI is very well located and that the proposed facilities and layout have been well thought through. The proposed infrastructure will complement and enhance both road and rail networks in the vicinity. Overall, we would expect NRFI to attract considerable market interest and believe it would play an important role in decarbonising logistics across the UK.

Daniel Parker-Klein

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CILT

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