

Kent County Council (with Medway
Council) Select Committee

The Future of Rail in Kent (Freight)

Executive Summary

June 2003

KCC/Medway Select Committee “Future of Rail in Kent (Freight)”

Terms of Reference

The aim of the Select Committee is to clarify the best CTRL domestic services solution for Kent, both in terms of:-

- the immediate benefits of the solution in terms of journey times and improved services to London and around Kent
- the long term benefits of the solution in terms of the impact on the wider rail network, transport in Kent and the social, economic and environmental benefits

This will involve investigating the necessary direct costs of the two options outlined below (infrastructure upgrade and service subsidy costs) in order to balance them against the wider costs and benefits they will bring through their impact on:-

- the wider rail network (capacity, connectivity in and outside Kent)
- passenger franchises as a whole in Kent
- **Freight services (particularly capacity)**
- integrated transport provision in Kent
- the economy
- the environment
- balance of development, particularly focusing on distortions that improved services to some areas (and not others) may create

Membership

The Select Committee was chaired by Mrs L Cufley (Kent County Council) and the membership comprised of Mr T J Birkett, Mr A R Chell, Mr F Gibson, OBE, Mr W A Hayton, Mr C J Law and Mr D Smyth (Kent County Council and Councillor R Andrews, Councillor A Jefferies, Councillor D Munton and Councillor R Wozencroft (Medway Council)

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This Committee was established in the autumn of 2002 to identify the best pattern and distribution of services for Kent and Medway made possible by the CTRL. The Committee first looked at domestic passenger services and considered the options for extending high-speed services beyond the CTRL and the social and economic benefits this could bring.

This second phase has looked at rail freight. There are major concerns about the contribution that freight makes to congestion on Kent's roads. Road congestion is increasing in the County. The Committee has not sought to presuppose any decision about the balance to be achieved between different transport modes but has attempted to identify what rail can do to make a difference. The Committee recognises that more efficient road distribution strategies and road-charging, can have an impact on congestion. But there is an implicit recognition that rail has the potential to play a greater role than it currently does.

CTRL could be a significant development in the context of the whole rail network's potential to carry freight. Despite being promoted as a high-speed passenger line there is likely to be additional capacity for freight, although the kind of freight that can be carried on the CTRL is still a matter of some debate. In addition to this when the CTRL opens there will be increased capacity on domestic lines as the Eurostar trains will transfer to the high speed line.

However the opening of the CTRL in 2007 will not be the solution to all of the problems that inhibit the use of rail freight. Only half of the freight pathways through Kent and Medway are currently being used. Of greater significance is the lack of intermodal facilities, both nationally and in Kent, and commercial concerns about the unreliability and inflexibility of rail as a distribution option.

The Kent and Medway ports that generate so much employment, and trade in the county have poor connections to the rail network and the Committee has paid particular attention to the needs and plans of port operators. Some ports, like Dover, are investing in the future of rail; others appear to have accepted that rail based distribution strategies can not deliver their objectives.

The review has taken place against a backdrop of two wider debates: the SRA have undertaken a consultation process to identify their preferred option for the operation of CTRL Domestic Services during the Spring of 2003, while in January the SRA announced significant budget cuts.

The Committee recognises that typically economic growth is accompanied by increasing traffic volumes and congestion. The challenge for Kent will be to sustain economic growth, and use it as a lever for investment in the transport infrastructure.

Recommendations

1. Greater emphasis must be placed on the significance of rail freight in national, regional and local strategies
2. The SRA must bear the responsibility to build confidence in the future of rail freight. There is a clear case for greater investment in rail infrastructure. The Committee urges the SRA to support the re-introduction of Freight Facilities Grants at the earliest opportunity.
3. The Committee would support a thorough appraisal of the development of the North Kent Thames-side area that considered the potential for road, rail and sea interchanges.
4. The Committee recognises that Kent should not be the site for a national, inland road/rail interchange facility and efforts should be directed to increasing the efficiency and flow of freight from facilities at Daventry.
5. The Committee would welcome the development of a coherent strategy to reconsider the potential of the North Kent Line and other routes through North Kent and Medway. In this context the Committee supports LaFarge’s plans to develop interchange facilities at Holborough.
6. The Committee does support road/rail/sea interchanges at the major ports in the Kent; however development will need to consider the potential of the existing road infrastructure and contribute to a shift from road to rail, and not cause an overall increase in road use.
7. On the North Kent Line and the East Kent Line, to Dover and Thanet, the Committee would urge the SRA to consider the potential benefits to freight of any upgrades necessary to accommodate CTRL (D) services
8. The Select Committee supports moves to develop train-ferry facilities at Dover and welcomes the news that the SRA will carry out enhancements to increase the loading gauge on the tunnels between Dover and Folkestone when demand has been demonstrated.
9. The Committee and the business sector would welcome clearer guidance from the SRA on the technical constraints that inhibit the freight movement in the County and greater openness from Union Rail over their plans for the operation of the CTRL.
10. The Committee urges the SRA to support the enhancement of capacity on the Hoo Branch line, which serves the regionally and nationally significant facilities at Thamesport.
11. Where track and signalling need to be renewed, this should not be considered on a simple ‘like for like’ basis, but the opportunity should

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be taken to explore how enhancements to the infrastructure can support other complementary projects and facilitate wider strategic objectives.

12. Debate over Central Railway should not detract from efforts to optimise the potential of the existing network.
13. The potential to develop rail links to East Kent should recognise the potential growth in passenger and freight services at Manston Airport, Ramsgate Harbour and in the future Lydd Airport.

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1. Introduction

1.1

In January 2003 Kent County Council and Medway Council completed a Select Committee review that discussed Channel Tunnel Rail Link Domestic services (CTRL D), the options for development, and the implications that these services may have for the wider rail network in Kent. The review was focused predominantly on passenger services and aimed to inform the Strategic Rail Authority's (SRA) decision to consult on the options for CTRL (D).

1.2

Following the CTRL (D) review the same Committee members from KCC and Medway Council have now looked at the issue of rail freight in the County. The review on freight complements the CTRL (D) review. The SRA are currently consulting stakeholders on 6 options for CTRL (D) ranging from:-

- limited extensions of high speed services beyond the CTRL to Gravesend, Folkestone and Canterbury
- to
- a full extension of high speed services through North and East Kent.

1.3

Although the CTRL consultation has most relevance to passenger services potentially there will be an impact on freight. The introduction of high-speed services on domestic lines linking to the CTRL could involve investment in rail infrastructure at key points across the County that can not, currently, increase capacity, particularly on the North Kent Line where there are numerous capacity constraints.

1.4

In addition to this when phase 1 of the CTRL (Folkestone to Waterloo via Fawkham Junction) opens later in 2003, and phase 2 (Springhead Junction via Ebbsfleet and Stratford to St. Pancras) scheduled for 2007 is completed, there will be a new line running across the County. A development of this unprecedented scale will have knock on effects to service patterns and demand on the existing domestic lines. The Committee was asked in their terms of reference to look at freight in the context of the development of CTRL.

This raises questions about:-

- The capacity of CTRL to carry freight
- The capacity left on the domestic network once Eurostar pathways have been transferred to the CTRL
- Upgrades to the domestic network to enable high-speed trains to operate on domestic lines connecting to CTRL to improve journey times (East Kent) and increase capacity (North Kent and Medway)

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This last point is perhaps the most complex. Until the SRA have made a decision on extending CTRL services, neither the County Council or Medway Council will know what impact there will be on the Kent network beyond the CTRL. The work of this Committee aims to complement the SRA's consultation process in identifying issues for the SRA to consider. There is some concern that the SRA's consultation will not take in to account wider economic, social and environmental concerns.

1.5

The review builds on evidence taken during the CTRL review and also from evidence given to the KCC Strategic Planning Scrutiny Committee that contributed to the 2001 Interim Rail Report. The Committee decided to take evidence from the major port operators in the County to look at the pressures affecting the passage of freight through the County. The Committee also sought a wider perspective from the Lord Berkeley from the Rail Freight Group, and the Freight Transport Association. In addition to this the Committee spoke to LaFarge who not only use rail freight services but are looking at the potential for developing rail freight facilities on their land-holdings in North Kent. Finally the Committee spoke to John Faulkner who is Chairman of Intercity Trucks (international freight distributors) and Kent and Medway Economic Board member. This was invaluable in giving an insight in to the issues affecting road hauliers but also on the wider difficulties associated with transferring modes of distribution

There have been significant policy developments in recent years affecting the freight sector; therefore the first section of this report considers the background from the development of the governments Ten-Year Transport Plan to recent announcements by the SRA of budget cuts. The report then goes on to look at the particular issues of freight on the Kent network (CTRL, Dover train-ferry, North Kent and Medway and the North Kent Line, air freight in East Kent). Finally the report looks at more fundamental issues inhibiting a transfer to rail freight at a national level.

This paper will begin with an overview of recent studies and policy initiatives. It is important to note that shortly after the Committee began their consideration of this issue the SRA announced budget cuts as part of rationalisation programme to establish a basic level of safe and reliable services. As a consequence Freight Facilities Grants have been suspended (these grants supported the development of freight facilities and could be used to encourage the input of private sector finance) and infrastructure enhancement projects to support the growth of freight have also been postponed or downgraded. The commercial sector needs to have confidence in the future of rail freight; the perception that rail freight is a lesser priority than passenger-services damages business confidence

2. Background

2.1

In July 1998 the Government published the White Paper “A New Deal for Transport: Better for Everyone.” This began to develop the context of an integrated transport policy for moving goods sustainably, and emphasised:-

- integration between different modes of distribution to maximise efficiency,
- integration with environment policy to limit environmental damage,
- and integration of planning policy to promote sustainable distribution patterns.¹

2.2

Following the White Paper the Government published *Transport 2010 – The Ten Year Plan* in July 2000. This plan set out the Government’s objectives to address issues such as congestion and the planning environment while establishing a sustainable model for growth. Rail freight, and the need to effect a shift from road to rail, was part of the plan. The Government aspires to an 80% increase in rail freight over the period of the plan:-

“Recent growth has taken rail freight's share of domestic freight traffic to 7%. Extra support will be provided to maintain this momentum. Increased investment in track capacity and gauge enhancements will be needed to keep pace with developments in the logistics industry, and demands for more track space from passenger services. Government alone can only achieve so much, however. The industry's performance and efficiency will need to improve significantly. If this can be achieved, we believe it ought to be possible to increase rail freight's share of the market to 10% by 2010, an increase of 80% in the amount of freight carried by rail today.”²

John Chapman, Assistant Director (Head of Freight Market Development) at the SRA told the Committee that one-third of this growth is likely to be in the growth of movement by rail of traditional bulk cargoes and two-thirds from the general freight market including fast moving consumer goods and other retail products. He said that it is possible to already see some progress towards this target amongst national supermarkets. For example, Safeways used rail for regional distribution in Northern Scotland, Marks and Spencer imported wine by train and Asda freighted goods from Scotland to the Midlands by rail. However, rail services have to be cost-effective and efficient in order to beat road services. One advantage for rail operators seeking hauliers’ custom was that, unlike road users, they had control of the infrastructure they were using and are able to “book” capacity in advance. It is generally acknowledged that the road network is becoming increasingly congested.

¹ “Sustainable Distribution: A Strategy” Section 1.4, UK Department of Transport March 1999

² UK Department for Transport “Transport 2010 -The 10 Year Plan” 6.16 July 2000

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2.3

Speaking to the House of Commons Select Committee on Transport Local Government and the Regions in March 2002 Lord Berkeley (Chairman of the Rail Freight Group) said that the targets for growth in rail freight in the Ten-Year Plan should have been more specific.³ Targets should have been linked to growth in specific sectors as well as regional targets. Currently the overall growth in the freight sector masks regional differences such as the 40% fall in international freight using the Channel Tunnel. To finance the growth of rail freight the Plan sets out its targets for investment over the period, £34.3bn from the private sector, £14.7bn from public funds and a further £11bn of public resource expenditure making a total of £60bn of expenditure on railways until 2010.⁴

EC
Transport
White
Paper

2.4

In 2001 the European Commission published the White Paper, “European transport policy for 2010: time to decide.” The report focused on congestion and the imbalance between modes of transportation and how integration across the EU (and beyond) can address existing problems.

2.5

The imbalances experienced across the EU as a whole are similar to those experienced in the UK, only 8% of freight in the EU as a whole is moved by rail.⁵ The report identifies three broad approaches to breaking the link between economic growth and transport growth:-

- (a) Focus on road transport and the introduction road pricing.
- (b) Continued focus on road transport pricing accompanied by measures to increase the effectiveness of alternatives (without investment in infrastructure or specific efforts to bring about a shift in modes).
- (c) A range of measures including road pricing, revitalising alternative modes of transport and investment in the trans-European network.⁶

2.6

The White Paper adopts the final model outlined here and the role of rail is clearly identified as being of pre-eminent importance:-

“Rail transport is literally the strategic sector, on which the success of the efforts to shift balance will depend, particularly in the case of goods.”⁷

³ Lord Berkeley evidence to House of Commons Select Committee on Transport Local Government and the Regions, 20 March 2002, Question 795.

⁴ UK Department of Transport “Transport 2010 -The 10 Year Plan” 6.19 July 2000

⁵ European Commission Transport White Paper “European Transport Policy: A time to decide” 2001 p12

⁶ European Commission Transport White Paper “European Transport Policy: A time to decide” 2001 p15

⁷ European Commission Transport White Paper “European Transport Policy: A time to decide” 2001 p16

EC’s
preferred
model

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The paper envisages a step-by-step change towards a dedicated freight network across the EU, similar to the USA:-

“Investment must encourage the development of trans-European corridors for priority or even exclusive use by freight trains.”⁸

2.7

The EC White Paper sets a target of increasing rail freight from 8 to 15% by 2020. The paper favours an open rail market that is accessible to new operators; where it has not already happened ownership of the infrastructure should be separated from service operators, giving them clear “commercial objectives”. The free market for rail should be developed within a guiding framework of technical “interoperability” which ensures that technical constraints do not impede the movement of goods across the Community. This also implies a harmonization of working practices and regulation across all sectors.

2.8

The White Paper also considers the benefits to freight of the development of high-speed lines:-

“Aid for new high-speed lines must be linked to the development of freight capacity on existing lines previously used by passenger trains which freight trains will now be able to use more easily.”⁹

EC Second Railway Package

2.9

The EC issued a further paper on rail “Towards an integrated European railway area” in January 2001 (also referred to as “the Second railway package”). This paper looked at the need to consolidate the existing rail network and in this respect the recent announcements from the SRA outlining the need to optimise the capacity of existing resources are consistent. The Second Railway Package said:-

“In the short term, specific measures to improve service quality must be taken in order to re-establish the confidence of customers in the freight service”¹⁰

2.10

This Second Railway Package focused on improving service quality and reliability. The European approach to service quality consists of 5 elements:-

1. Monitoring of rail service quality.
2. Voluntary Contractual quality commitments

⁸ European Commission Transport White Paper “European Transport Policy: A time to decide” 2001 p50

⁹ European Commission Transport White Paper “European Transport Policy: A time to decide” 2001 p51

¹⁰ European Commission Communication from the Commission to the Council and the European Parliament “Towards an Integrated European Railway Area” 2002 p61

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3. Legally binding incentives for ensuring a high level of service quality
4. Voluntary performance regimes between co-operating railway undertakings
5. Improving operational procedures of railway undertakings.¹¹

Better management and performance of rail services is therefore identified as an important aspect in the development of the rail freight sector.

SRA Freight Strategy

2.11

The SRA’s Rail Freight Strategy published in May 2001 outlines its plans to deliver the targets set out in Transport 2010. The Strategy recognised that the targets identified in 2000 could still be met, but after Hatfield they will be more difficult to achieve. There are four key components to the Strategy:-

- Network Strategy - considers the large-scale projects across the network that need to be completed to ensure that the 80% increase in rail freight can be met
- Interchanges Strategy – “The aim of the Interchanges Strategy is to facilitate development of rail freight interchanges with the right facilities and in the appropriate locations to support the growth of freight on rail”¹²
- Funding Strategy – develops “funding structures for freight, including the ability to enter in to agreements or other arrangements including the provision of grants, other payments or loans and the giving of guarantees.” The Funding Strategy develops various initiatives to support and encourage private sector involvement.¹³
- Strategy for service delivery – This strategy is concerned with developing the services and performance of the train operating companies.

In specific terms the Strategy discusses a number of issues that affect Kent and Medway:-

- The Strategy considers the difficulties experienced in increasing freight traffic through the Channel Tunnel; in 2001 freight volumes were 3 million tonnes per year, this was less than half of the forecast volumes. The traffic in illegal immigrants has been a contributory factor to this shortfall.

¹¹ European Commission Communication from the Commission to the Council and the European Parliament “Towards an Integrated European Railway Area” 2002

¹² Strategic Rail Authority Freight Strategy 2001 p24

¹³ Strategic Rail Authority Freight Strategy 2001 p29

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- The Strategy also recognises the important contribution that the Port of Dover could make to increasing the proportion of rail freight:-

“A successful International Strategy cannot rely on a single route, especially one such as the Channel Tunnel with its particular constraints. Consequently we are considering the viability of a number of alternatives which might involve swapbody services, piggyback or trainferry options from a wide number of sea ports. Dover demands particular attention as the busiest sea port with no rail connection”¹⁴
- The Strategy also identifies the possibility of increasing capacity on the Hoo Branch Line as representing value for money.

2.12

In December 2002 the Department for Transport published a progress update on the Government’s transport plans. “Delivering Better Transport: Progress Report” indicated that transport plans had been affected by the Hatfield rail crash:-

“Our longer-term strategy will need to evolve to take account of all these factors. But our immediate priority is to deliver a railway network that is consistently reliable and safe, and which delivers a better quality of service.”¹⁵

There is a concern in this context that rail freight may have been diminished in the Government’s priorities. In response to “Delivering Better Transport” the Rail Freight Group issued a press release “DfT Ten Year Plan Review - where is freight?”¹⁶ This complained at the lack of references to freight in the Progress report.

SRA
Budget
Cuts

2.13

On January 17 2003 the Government announced that it had decided to cut back a range of financial measures intended to support and encourage the development of rail freight:-

”Having made provision for other statutory and contractual commitments in the budget, we no longer have sufficient discretionary funding to budget for new schemes under the Rail Passenger Partnership scheme (RPP) and the Rail Performance Fund (RPF) or for Freight Facilities and Track Access Grants (FFG and TAG). This decision has been particularly difficult. We are conscious of the considerable effort partners - from local authorities to freight customers - have made to assemble viable funding packages, and the concerns that will exist about ongoing support. Nevertheless, we have concluded that - while safeguarding payments already committed - we are not able to accept new applications with immediate effect, nor are we likely

¹⁴ Strategic Rail Authority Freight Strategy 2001 p36

¹⁵ UK Department for Transport “Delivering Better Transport” 2002 p.56

¹⁶ Rail Freight Group web-site press release Wed 18th December 2002

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to be able to progress other schemes at early stages of development that involve expenditure in the next financial year.”¹⁷

Dr Andrew Traill, Freight Transport Association (FTA) Head of Rail Freight responded to the SRA’s budget cuts:-

“We are extremely concerned for those companies, many of whom are FTA members, that were banking on SRA grants to support their own investment and commitment to rail freight. Clearly the 80 per cent growth target is now completely beyond reach and it will be UK industry that suffers as a result. If I were a company director considering my future logistics options I would be very reluctant to consider rail freight in such a climate of uncertainty. Industry needs predictability; the messages coming out from the Government do nothing to instil confidence.”¹⁸

The FTA asked for confirmation of the government’s commitment to the future of rail freight.¹⁹

2.14

John Chapman from the SRA was asked to comment on the cuts to FFG and Track Access Grants. He told the Committee that FFG had been capped at £40m for 2003/4 all of which is already committed. The FFG for 2004/2005 was not known yet, but the SRA was advising bidders to prepare applications now which could be submitted later in the year when the amount of FFG would be known. The FFG had proved a success in which Government funding was matched almost pound for pound by private finance.

2.15

In addition to the grant cuts the Rail Freight Group have said that network enhancements for rail freight have also been drastically affected. Many major projects have been put on hold including, for example, gauge enhancement to Southampton via the West Midlands. Given the prominence of the Port at Southampton in national and regional strategies this move may give cause for more pessimism about the prospects for enhancements to the ports in Kent and Medway. Sara Watkins (Regional Policy Manager – FTA), in background discussions for the preparation of this paper, told the Committee that in the current climate it seems unlikely that projects not included in the original Ten Year Plan could possibly be implemented before 2010.

¹⁷ Exert from letter to industry stakeholders from the SRA 17 January 2003 (RFG website)

¹⁸ Press Release FTA: “*Freight grants decision puts rail freight growth in jeopardy*” 17 January 2003

¹⁹ FTA: *Major Concern for Future of Rail Freight* 30 January 2003

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Capacity 2.16

Utilisation

In September 2002 the SRA began a consultation on Capacity Utilisation. This aimed to establish a forward “planning process”. In the foreword of the consultation document Richard Bowker (Chairman SRA) outlines the purpose of the Capacity Utilisation Policy:-

“... we will be able to identify the best combination of services that will enable the industry to operate reliable timetables for both passenger and freight trains and to provide the right level of access for engineering and maintenance purposes. The SRA’s intention is to consider the capacity of the network holistically.”²⁰

While the paper continues to recognise the Governments aim of an 80% increase in freight by 2010, there appears to be some acknowledgement, which may have presaged more recent announcements, that the industry and stakeholders should “make the best use of the rail network that we already have.” Capacity Utilisation will be an ongoing process, annually reviewed but in this initial stage the emphasis appears to be on achieving stability and reliability in the existing network:-

“With the network already in effect full at critical points, and in advance of major enhancements, we could be faced with difficult decisions about how we best use the capacity of the existing network, as we strive to deliver a reliable timetable for both passengers and freight operators and their customers.”²¹

Despite this bleak picture rail freight grew by 7% during 2001/02²² and continued its recovery after Hatfield. Since 1994/5 freight tonnes/km have grown by more than 50%²³. The FTA has indicated that there is a growing demand for freight, Sara Watkins has said, “the level of interest in using rail freight is greater than it has been for some time”.

2.17

Below this overall growth in rail freight there are trends indicating the specific difficulties experienced in Kent are yet to be addressed. International Rail Freight (Channel Tunnel) accounts for 5% of all the freight carried on UK railways (average 1999/00 – 2001/02) however in the period 2001/02 International Rail Freight fell by 40%²⁴. This is in part a factor of the problems associated with illegal entry but in terms of the attractiveness of the Channel Tunnel there are also concerns over the cost and flexibility of services.

Freight tonnes carried through the Tunnel dropped from 3,141,438 tonnes in 1998 to 2,447,432 in 2001. Over the same period lorries through the tunnel increased from 704,666 in 1998 to 1,197,771 in 2001. Rail freight tonnage through the tunnel fell by a further 49% in the first half of 2002. The problems

²⁰ Richard Bowker Consultation on Capacity Utilisation – Foreword September 2002

²¹ Consultation on Capacity Utilisation SRA p4 September 2002

²² UK Department for Transport “Delivering Better Transport” p.53 2002

²³ SRA Capacity Utilisation Consultation September 2002

²⁴ SRA National Rail Trends 2002

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caused by attempted illegal entry to UK have been a significant factor. Revenues for the Tunnel operators were not affected by this decline because of the Minimum User Charge arrangements that continue until 2006 although the freight train operators have suffered as a result of the downturn in business.²⁵

Advice
from FTA

2.18

Against this background Kent and Medway face the prospect of increasing volumes of road freight on the main routes through the County. Sara Watkins (FTA) has indicated that in part the problems faced by Kent may be outside of the direct influence of the Government. The people that need to be influenced are not the UK hauliers but hauliers from across the EU and beyond. As a gateway to the UK’s wealthiest region (outside of London) Kent incurs many of the costs associated with high volumes of freight passing through without extracting enough of the benefits.

SRA
Strategic
Plan 2003

2.19

At the end of January 2003 the SRA issued their “Strategic Plan 2003”. In this document the SRA are keen to emphasise the progress that has been made on achieving the targets first identified in the Ten Year Plan; passenger and freight miles have increased over the first three years. However there is a recognition that continued development has been compromised by a lack of clarity surrounding the SRA’s role:-

“In the past the SRA has made it clear both for infrastructure and franchising, that it is for the public sector to be the strategic specifier and for the private sector to deliver. This simplification is of considerable benefit to Network Rail, which could otherwise face potentially irreconcilable demands from industry stakeholders.”²⁶

Upgrade and enhancement costs have risen over the period. Following the disruption caused by Hatfield and Potters Bar there has been a need to improve and maintain service quality and reliability on the existing network. The SRA now face the challenge of a reduction in funding over the next three of £312m. The report still maintains the commitment to achieving the targets set in the Ten Year Plan (80% increase in freight) and comments that the short-term constraints should not “undermine the pursuit of industry goals”.²⁷

With specific reference to planned Infrastructure developments for freight the report says that the “quoted costs for these schemes have escalated”²⁸. In the section that considers the freight strategy the report says that “every area of expenditure needs to be challenged.”²⁹. It will be important to see the case for Kent in the wider context and the report emphasises that even those projects included in the Ten-Year Plan are in question:-

²⁵ all details www.eurotunnel.com

²⁶ SRA Strategic Plan p11 2003

²⁷ SRA Strategic Plan p10 2003

²⁸ SRA Strategic Plan p25 2003

²⁹ SRA Strategic Plan p25 2003

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“Although the increasing volume of infrastructure renewals will provide some safety, capacity and performance improvements, it cannot deliver the wider role for rail that the Ten-Year Plan envisaged. As a consequence implementation of some of the rail projects prioritised by the Strategic Plan 2002 is being deferred while the financial balance is restored.”³⁰

The report goes on to identify the need for local and regional stakeholders to work with the rail industry on finance and improvements, but also to be realistic in their aspirations:-

“... regional stakeholders have tended to develop the rail aspect of their plans in isolation from national issues, such as affordability and deliverability and issues in other regions. Unrealistic expectations have arisen in some cases. Taken to its extreme, this makes it harder for the rail industry to respond to localised aspirations.”³¹

In addition to these changes in policy it is also important to recognise that two significant infrastructure developments directly affecting Kent are currently under consideration.

2.20

Crossrail are currently developing plans to create 2 new railway lines across London from Ebbsfleet to Heathrow. These lines would create passenger capacity as well as freight. At this stage however the project has yet to be agreed and the construction process is likely to be lengthy. Recently Crossrail issued a press release indicating the current position:-

“A meeting of the London Rail High Level Group, chaired by the Minister of State for Transport, John Spellar, heard that CLRL (Cross London Rail Links Limited) are on course to submit their conclusions to Ministers in February 2003, following an extensive process of detailed analysis and consultation.

The Group agreed that before the project could be taken further forward it was essential to be able to demonstrate that it had a robust economic case, and that its costs could be financed.”³²

2.21

Central Railway’s proposal to privately fund the construction of a freight route between Lille and Liverpool via the Channel Tunnel also has potential to relieve congestion through Kent. The (KCC) Strategic Planning Select Committee spoke to Mr R Beazley, (Chief Executive of Central Railways) in March 2001 Central Railway had yet to gain Government agreement to proceed with their plans; they describe the initial review of the project carried out by the SRA in 2001 as “broadly favourable”. In November 2002 Central Railways said that the SRA have recently submitted their technical review to

³⁰ SRA Strategic Plan p37 2003

³¹ SRA Strategic Plan p68 2003

³² Crossrail Press Release December 19 2002

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Government and are awaiting a decision from Government on whether or not they will support the project.³³

Central Rail

Central Railway’s project would pass through Kent from the Channel Tunnel to Ashford and then through the west of the County to Tonbridge and on in to Surrey. There are two route options that affect West Kent: option A would enhance the existing line and build new track where necessary, option B involves the construction of new tracks parallel to the existing line.³⁴

The Committee recognises that either proposal will raise environmental and social concerns across West Kent. Lord Berkeley told the Committee:-

“I believe that Central Railway with lots of different links could be extremely useful. I don’t have a view on their traffic forecasts honestly. But looking at the traffic forecasts, looking at the trucks going up the M1 or the M6 and M20 you actually have to form a view. Do you want the traffic on the road, do you want in on the rail, or are you going to say that you are going to manufacture it here.”³⁵

Evidence on the Central Railway proposal indicated that if the project goes ahead it would not happen for some years. At this stage the Committee feels that it is too early to form a view on either the acceptability or viability of the project.

Recommendation 12

Debate over Central Railway should not detract from efforts to optimise the potential of the existing network.

2.22

SEEDA Intermodal Study

There have been a number of studies carried out that consider the issue of rail freight at either a local or regional level. In July 2001 SEEDA published a study called “*Intermodal Freight Facilities in the South East Region*”. This study’s role was to “identify and articulate” the needs of business in the region. The study recognises that:-

“An integrated approach is needed building on the strengths of all modes and managing them more effectively, if a more sustainable is to be created and the reasonable needs of business met.”³⁶

Greater opportunity to facilitate transfer between modes is an important part of this process. The report recognised that 31m tonnes of rail freight is carried in the region but that this only represents 6% of the overall freight lifted, by weight, in the region.³⁷

³³ Central Railway Press Release 7 November 2002

³⁴ Central Railway “UK Route and Technical Details” Spring 2002 (www.central-railway.co.uk)

³⁵ Lord Berkeley evidence to KCC/Medway Select Committee 28 February 2003

³⁶ SEEDA Intermodal Freight Facilities in the South East Region p2 2001

³⁷ SEEDA Intermodal Freight Facilities in the South East Region p16 2001

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The report highlights the trend in national policy to emphasise the role of regional and local government in reducing “the extent to which economic growth generates additional lorry movements”³⁸ and the importance of rail in this context is clear.

The report recognises that more work needs to be done to identify the types of businesses that would be attracted to use inter-modal facilities and that commercial considerations will be the ultimate deciding factor in any decision to adopt different modes of distribution.

2.23

The report includes a discussion of the factors that discourage modal transfer (inhibitors) and other factors that may support it (facilitators). These points may prove to be a useful framework with which to consider the issues affecting rail freight. More recent developments highlight the fragility on which some of the “facilitators” were based. A summary is included here:

Inhibitors

- The UK rail system has the smallest loading gauge in Europe. Tunnels bridges and station awnings restrict what can pass down individual routes.
- Any growth in demand for rail use will necessarily imply an increase in capacity and upgrades to signalling and track (particularly where there is only single track).
- There is a general need for infrastructure upgrades on what is a declining and ageing network.
- The rail system does not offer flexibility and reliability. “There is a need to improve systems of tracking goods and programming rail delivery.”
- “Many rail heads are used by a single firm for a single purpose ... Opportunities should be explored for greater shared use of rail heads to maximise their potential”.
- “Environmental considerations are a constraint on the provision of new rail facilities”.
- The availability of sites for development might inhibit growth. (It was envisaged that the Regional Transport Strategy (RTS) would make a strategic case on which individual planning decisions could be based).
- The rail industry needs to reduce empty running.
- Integration with rail services on mainland Europe continue to inhibit development.

³⁸ SEEDA Intermodal Freight Facilities in the South East Region p3 2001

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- Track access charges a high proportion of rail hauliers costs.
- Intermodal freight involves transfer to or from road this implies additional cost and delay.
- The timescale for investment in rolling stock is longer than for lorries.
- There is a perception that modal transfer always involves capital investment.
- Subsidies for rail or an increase in the tax burden on road freight are unlikely to be popular.

Facilitators

- Government thinking on rail has increased the requirement for new investment. (This statement may need some re-evaluation in the light of recent SRA budget cuts).
- The Government has committed £60b to improve rail infrastructure and alleviate some of the inhibitors.
- “There is widespread public support for the movement of goods by rail.” (The fuel protests later in 2001 might have indicated otherwise.)
- New potential markets such as waste disposal are developing.³⁹

The study concludes with the recognition that more needs to be done to understand the needs of business and that private sector finance will have a key role in bringing about inter-modality.

TGSE Freight Study

2.24

The Thames Gateway Strategic Executive recently completed a study that looked at freight in the Gateway (an area that includes North Kent and Medway). This study acknowledged the increasing trends towards road congestion and the potential role that rail freight could have in addressing congestion and supporting economic growth.

The study recognises that the direct impact of CTRL on freight will be minimal:-

“any paths released on [the] NKL will probably be taken up mostly by Crossrail/Thameslink 2000 services”⁴⁰

2.25

Evidence received by the Select Committee in the autumn of 2002 (CTRL (D) Topic Review) indicated that CTRL (D) services on the North Kent Line (NKL) would only substitute existing services unless capacity is increased at the

³⁹ SEEDA Intermodal Freight Facilities in the South East Region para 6.4 - 8.4 2001

⁴⁰ TGSE Freight Study Sept p92 2002

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Rochester Bridge Junction.⁴¹ Substitution of existing services would not address existing capacity shortfalls on the NKL. The Committee recommended that capacity should be increased; if improvements to the junction are made this could be one way that CTRL (D) could have indirect positive impact on the potential of the NKL to carry additional freight.⁴²

The TGSE study discusses the possibility of upgrading the NKL (loading gauge and signalling) between Dover and London at an estimated cost of £100m - £200m. It seems unlikely that this figure includes an additional crossing at the Rochester Bridge. The report points out that this does not feature in the Government’s 10-Year Plan. This suggestion features again in one of the three potential solutions that the TGSE proposes.

2.26

The Select Committee asked Lord Berkeley and Dover Harbour Board to comment on this suggestion. Lord Berkeley indicated that he did not feel the investment would be justified and Dover Harbour told the Committee that such a plan had not been part of their consideration.

The study concludes by saying that:-

“In all cases, freight and passenger benefits should be factored in to every major infrastructure project in and around the Gateway, particularly where a “capacity” upgrade (e.g. more train paths or loading gauges) could provide benefits to both sectors”⁴³

2.27

The 1997 MDS Transmodal study of Rail Access to Kent Ports made a similar point with regard to East Kent:-

“for East Kent to derive any benefit from CTRL, fast passenger trains must operate via the CTRL London – Ashford; and thence to Ramsgate via Canterbury; and to Dover via Folkestone. Any track improvements for this traffic must be married in to the piggy-back requirements to optimise synergies.”⁴⁴

This echoes comments made during the previous phase of the Select Committee review that certain projects to upgrade existing lines suffer from a “compartmentalised approach”.

⁴¹ Chris Clark SRA evidence KCC/Medway Select Committee November 2002

⁴² KCC/Medway Select Committee “The Future of Rail in Kent: CTRL (D)” Recommendations

⁴³ Thames Gateway Strategic Executive Freight Study p111 Sept 2002

⁴⁴ MDS Transmodal Rail Access to Kent Ports p24 1997

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Recommendation 11

Where track and signalling need to be renewed, this should not be considered on a simple ‘like for like’ basis, but the opportunity should be taken to explore how enhancements to the infrastructure can support other complementary projects and facilitate wider strategic objectives.

Road Charging

2.28

Background research indicates that the issue of road charging is will be a factor that influences the movement of freight in the EU. The European Commission White Paper refers to the example of Switzerland. In Switzerland HGV’s, Swiss and foreign, pay charges that:-

“should account for half of the total cost of the planned infrastructure. Road hauliers from third countries will fund almost 20% of infrastructure costs through payment of a charge on transit through Switzerland.”⁴⁵

2.29

“Time to decide” indicates that there is legal ambiguity within the EU on the question of transferring road tolls to rail infrastructure projects. At the time of the White Paper road toll money was limited to the development of the road network. The Paper calls for legislative change to enable funds to be transferred to projects on complementary routes using alternative modes. Road pricing varies across the Community in terms of price and application

Commission for Integrated Transport

2.30

In 2000 the Commission for Integrated Transport (a body set up to advise the DfT) was asked to look at the potential impact of the proposed increase in HGV maximum tonnage from 41 to 44 tonnes. The Commission responded with the 2002 document “Rail Freight Delivering on Growth.” In gathering evidence for the report the CfIT outlined evidence from stakeholders in the freight sector. There was some concern that increasing the maximum tonnage for road vehicles, whilst not being overwhelmingly significant in itself, had further strengthened the market case for road freight. The report considers a variety of options to address increasing congestion including road charging:-

“Charging foreign vehicles to use UK motorways (in the same way that UK drivers must pay to use some continental motorways) would help level the playing field between UK and continental hauliers. It would also raise international road haulage rates helping rail freight become more competitive (notwithstanding the lingering service quality problems).”⁴⁶

⁴⁵ European Commission Transport White Paper “European Transport Policy: A time to decide” 2001 p60

⁴⁶ Commission for Integrated Transport “Rail Freight: Delivering on Growth” 4.5 2002

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Regional Transport Strategy 2.31
The most recent draft of the Regional Transport Strategy (RTS, January 2003) from the Regional Assembly refers to the issue of charging:-

“the pressures on the region’s transport system over the period covered by this RTS will be such that local transport authorities will need to give full consideration of such measures if the vision of the spatial strategy is to be realised”⁴⁷

The RTS goes on to say that policy makers have been reluctant to adopt the full array of policy options that are available:-

“In recent years much has been made of the ‘tool box’ approach to managing demand, wherein a set of measures, both physical and regulatory, are applied on a ‘mix and match’ basis according to the local circumstances. However, the use of this approach has resulted in the undermining of an effective implementation process, primarily because application has focused on the easiest ‘tools’ to implement, as opposed to those that will bring about the required impact.”⁴⁸

Lorry road- user charging 2.32
In 2001 the Government consulted the road haulage industry on the issue of lorry road user charging. The consultation looked at two options: a time-based scheme and a distance-based scheme:-

- Time Based – Giving access to the UK roads covered by the scheme for a given period possibly varied according to vehicle weight.
- Distance Based Scheme – Using remote sensing technology such as Global Positioning Satellites – charges to be varied by time and place.⁴⁹

In the 2002 budget the Chancellor announced the government’s decision to introduce a distance-based scheme. The Chancellor said:-

“Hauliers from overseas should pay their fair share towards the cost of using our roads. I propose to go ahead with a road user charge for lorries that is distance-based with offsetting tax cuts for the UK haulage industry. The financial secretary will consult with the industry on the precise details of the scheme.”⁵⁰

Modernising Taxation of the Haulage Industry DfT
The government plans to introduce the scheme in 2005 or 2006. In April 2002 the DfT issued a progress report on the consultation exercise (“Modernising the Taxation of the Haulage Industry – Progress Report One

⁴⁷ South East England Regional Assembly Draft Regional Transport Strategy 6.39 January 2003

⁴⁸ South East England Regional Assembly Draft Regional Transport Strategy 6.33 January 2003

⁴⁹ UK Department for Transport Lorry Road User Charging

⁵⁰ UK Department for Transport Lorry Road User Charging

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April 2002). It appears that these plans are intended to be cash neutral; targeted cuts in other taxes would ensure that UK road hauliers can compete more effectively with European operators. It is unclear at this stage where any revenues from the scheme would go. The 2002 Finance Act says:-

"All money and securities for money collected or received for or on account of lorry road-user charge shall be paid into the Consolidated Fund."⁵¹

While the overall aim is to address congestion there does not appear to be a direct link to funding for rail alternatives, the model proposed by the EC White Paper implied a direct link between road charging and investment in alternative infrastructure. The government recognised pressure from certain groups to make road charging punitive and increase the overall tax burden, however the indications are that this policy aims to make the taxation system for road haulage fairer for UK operators rather than effecting a shift to alternative modes directly:-

“Although there was some disagreement over whether the government should introduce offsetting tax cuts for the UK haulage industry – for example, several environmental organisations felt that total taxes on road haulage should increase – the Government maintains its commitment to introduce offsetting tax cuts for the industry when the new charge is introduced.”⁵²

CfIT – Paying for Road Use

2.33

The CfIT issued a paper in February 2002 called “Paying for Road Use”. This paper considered a broader vision of road charging for all road users but said that such a system should not be implemented until the Ten-Year Plan has been implemented. Again the model proposed fiscal neutrality i.e. no overall increase in the tax burden on road users. The report sees the current system of taxation as being unfair; by paying for road use (on targeted roads experiencing congestion) the system will “bring home much more clearly and directly the congestion costs they are imposing”⁵³. This model seeks to bring about a change of attitudes to road use once infrastructure developments are in place.

The CfIT estimate that the annual benefit of the government’s lorry road user charging proposals in terms of reduced operating costs would be £191.3 million. At this stage it is not clear whether the differential between increased road use costs for non-UK road hauliers using UK roads and rail alternatives will be sufficient to bring about a shift from road to rail, or whether the rail infrastructure could at this stage provide a viable alternative.

2.34

The Committee spoke to John Faulkner, Chairman of Intercity Trucks and Chairman of the Kent and Medway Economic Board Transport Sub-Group.

⁵¹ Finance Act 2002 Chapter 23 Part 6 Miscellaneous and Supplementary Provisions

⁵² UK Department of Transport “Modernising the Taxation of the Haulage Industry – Progress Report One” p3 April 2002

⁵³ Commission for Integrated Transport “Paying for Road Use p18 2002

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Mr Faulkner commented on the likely introduction of lorry road user charging, which he felt would inevitably create additional costs in the road haulage sector. He told the Committee that Germany is introducing a kilometre-based tax E15c per km. The UK may introduce a similar scheme in 2006. It is Mr Faulkner's opinion that this will hugely increase operator's costs. Mr Faulkner was asked whether he thought that there should be a read-across from road charging revenues to rail infrastructure improvements on competing routes (e.g. M20, M2/ Kent rail network). Mr Faulkner explained that there is a need to develop confidence in rail and the right fiscal incentives are part of this.⁵⁴

2.35

This section has looked at the context developed by important policy documents affecting the freight sector. Following a sustained period of under-investment and lack of emphasis on rail as a viable option, rail freight returned to the policy agenda in Europe and the UK during the late 90's. This happened in part because of concerns about environmental pollution caused by growing volumes of road freight, and (an associated factor) concerns about the impact of congestion on commercial competitiveness.

2.36

But, by the late 90's road freight had become established as the primary mode of distribution across the UK, with supply chains and financial margins built around the inherent flexibility and high competitiveness of the road haulage market. There could be no clean sheet; rail freight needs to compete on terms established by the widespread use of lorries to distribute goods. It is important to recognise that although figures like the 80% increase in rail freight suggested in the Ten Year Plan represents a significant increase it is only an increase from 7% to 11% of the total volume.

2.37

Until rail privatisation in the mid 90's rail was heavily subsidised by the state, but, the argument runs, investment in rail freight was far less than it should have been. To continue this argument: the costs of the movement of goods by road have not reflected the true infrastructure, environmental or social costs caused by the expansion and maintenance of the road network. Effectively an implicit subsidy has existed to support the growth in the movement of goods by road. With tighter margins in the road haulage sector and concerns about duties on fuel, and road charging to come, this is a contentious argument.

2.38

However it may serve to highlight the fiscal and budgetary pressures currently besetting the Ten-Year Plan; the Hatfield and Potters Bar crashes highlighted past under-investment in the maintenance of the network, and the cost and disruption to the network have, in part, led to the decision to cut budgets. The SRA budget cuts may serve to undermine confidence in rail but as was highlighted in the consultation on lorry road-user charging competitiveness in

⁵⁴ John Faulkner, Chairman Intercity Trucks; evidence to KCC/Medway Select Committee 28 February 2003

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the distribution market leaves little room for handicapping that evens up competition between modes.

2.39

In May 2003 the SRA published an updated report on their progress towards achieving their goals in the freight sector. This identified a number of positive factors including the resolution of the Channel Tunnel immigrant crisis and growth in rail's market share of land based freight. The report goes on to highlight areas for further attention:-

- Development of effective rail connections to ports where very substantial volumes of freight could be taken off the roads.
- Measures to attract primary trunk moves from road to rail, including increased capacity on trunk routes and further improvements in journey time, reliability and service quality.
- Development of a dedicated longer-term Channel Tunnel strategy to realise fully the opportunities for freight presented by the liberalised European rail network.
- Further gauge enhancement programmes to facilitate the movement of the increasingly common 9' 6" container.

There appears to be a recognition here of some of the factors that present the most problems to Kent; namely a focus on rail links to ports and an emphasis on the importance of international rail freight links. The report itself not only emphasises the importance of the link across the Channel but also connectivity with the English regions which necessarily implies improved rail access to the tunnel through Kent.

Having considered the context the report will now go on to look at some of the specific issues that came out of the discussions with witnesses with particular reference to developments in Kent.

3. Rail Infrastructure in Kent

3.1

Evidence taken during this review and by the KCC Scrutiny Committee in 2001 has indicated that overall there is sufficient capacity in the network in Kent to accommodate existing demand and allow for growth. The opening of the CTRL in 2007 will create more space on the domestic network. This does not necessarily preclude significant infrastructure projects such as Central Railway in the long-term, but in the short and medium term there is a need to maximise the potential of the existing network. Though this may seem a more modest aim there is still a need to invest in rail infrastructure in the County. These may fall in to three categories:-

- I. Supporting the development of new business – e.g. train ferry at Dover, airfreight to sub-regional airports.

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- II. Addressing existing pinch-points – e.g. Medway Tunnels/Rochester Bridge, NKL.
- III. Wider inhibitors to the free movement of freight on the network e.g. loading gauges and signalling across the County.

3.2 Dover

The Port of Dover handled 1.6 million trucks/trailers in 2000, and handles 200,000 tonnes of fresh produce per year. Although the rail link to the Port was severed when the Channel Tunnel was opened, the Port has continued to handle significant volumes of freight. Trailers and trucks passing through the Port have continued to increase during the late nineties and early part of this decade. In 1999 the Port opened a freight clearance facility at the Western Docks.⁵⁵

Train Ferry

3.3

Dover Harbour Board (DHB) submitted a proposal under the INTERREG III (B) programme in April 2003 to operate a train ferry from the Western Docks. This would provide a flexible alternative to the tunnel and could also act as a security of supply mechanism for tunnel trade. Once the proposals have been approved there will be a 3-year programme to develop the train-ferry option. In the second half of this period, the DHB would need to identify an operator and then put in the infrastructure at the Port.

3.4

The Port of Dover is the largest single employment site in East Kent. The number of freight vehicles through the Port has doubled over the last seven years and is set to double again over the next ten years. As the port does not have a rail connection all freight from the Port currently moves by road. The Committee was told that the Port and the County “needs some kind of rail solution.”⁵⁶

3.5

The Harbour Board have recently acquired rail sidings next to the Western Docks and the ramps required to connect the rail to the ferry have been retained since the rail connection was severed in 1995. After further expanding the Eastern Docks to capacity in 2010 the Harbour Board intend to develop the Western Docks and this will primarily be based on rail freight. Currently the most likely train-ferry destination would be Belgium; this partly reflects difficulties with movement through France but also offers the potential to serve alternative destinations in northwest Europe from Zeebrugge. The train-ferry would be able to move goods that can not pass through the Tunnel because they are categorised as hazardous.

⁵⁵ From “The Port of Dover Handbook 2001-2002”

⁵⁶ Richard Christian (Planning Officer) Dover Harbour Board; evidence to KCC/Medway Select Committee 28 February 2003

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3.6

Over one million tonnes of freight per annum used this line before the connection to the Port was severed; this all went via the tunnels between Dover and Folkestone. The SRA have indicated to DHB that if the Port can demonstrate a demand they will then consider upgrading the loading gauge through the tunnels to facilitate the passage of maritime containers on standard flat wagons. The Port estimates that they will be able to move up to one million tonnes of freight p.a. through the existing tunnels.

3.7

The cuts to Freight Facilities Grants could have a significant impact, although any planned development may be a few years ahead, when the current budgetary situation may have eased. The SRA have indicated that FFG funding could be on-line again by the time that works begin. The estimated contribution of FFG would be in the region of 50% of the £3.0m estimated cost of re-connecting the Port to the network.

3.8

However the carriage of freight on rail will only reduce the rate of growth of road freight, so there will still need to be a re-examination of the road infrastructure:-

“The final control to the free passage of European trade goods will not be the ability of the port to through-put traffic but the capacity of the road network.”⁵⁷

The Channel Tunnel has had the effect of concentrating freight flows as trade at smaller ports like Ramsgate, Folkestone and Newhaven has been diminished.

3.9

The latest draft of the Regional Transport Strategy issued by the Regional Assembly indicated general support for further development at Dover and recognised the need for infrastructure development to support growth:-

“In the medium and longer term growth in cross-channel movement will require of the impact on landside infrastructure”⁵⁸

Representatives from the Harbour Board who spoke to the Select Committee indicated that in their assessment there would be freight capacity on the CTRL, and the Kent network to the west of Dover. Although there may not be paths available on the CTRL during the peak hours of the day there is expected to be increased capacity on the domestic network and free paths on the CTRL during the night. The option of moving freight via Canterbury on the North Kent Line is not seen as attractive because there are infrastructure constraints on the line.

⁵⁷ Howard Holt (Head of Corporate Affairs) Dover Harbour Board; evidence to KCC/Medway Select Committee 28 February 2003

⁵⁸ South East England Regional Assembly Draft Regional Transport Strategy, 6.26 January 2003

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Recommendation 8

The Select Committee supports moves to develop train-ferry facilities at Dover and welcomes the news that the SRA will carry out enhancements to increase the loading gauge on the tunnels between Dover and Folkestone.

Recommendation 2

There need to be rail alternatives on the congested routes through the County. In this context the Committee would urge the SRA to support the introduction of Freight Facilities Grants at the earliest opportunity.

4. Sub-Regional Airports and Airfreight.

4.1

During the summer of 2002 a KCC Select Committee looked specifically at the potential of sub-regional airports in Kent: specifically Manston and Lydd. Although the current demand for freight is less than at the major sea ports there is the potential for significant growth. At Manston freight is anticipated to rise to 200,000 tonnes by 2005, and potential for 350,000 - 400,000 by 2015.⁵⁹ Freight volumes are much lower at Lydd; recent updates from Lydd indicate are that freight is growing, particularly light, high speed, freight (newspapers to Channel Islands).⁶⁰

4.2

There is no rail connection between Manston and Ramsgate New Port. However in the future there could be complementary development of facilities. In the context of the regeneration of the East Kent area it is important to recognise the growth of the Port and the airport. In 2002 the following traffic levels were recorded at the Port: 125,000 freight units and 40,000 tonnes of aggregates. Freight tends to be high value commodities including IMO class 3 and 8 hazardous products. The current cargo mix is 20% unaccompanied and 80% accompanied. There is currently no passenger service operating from Ramsgate New Port, however facilities are available to start a service at short notice. Improved rail facilities would have a significant effect on returning passenger services to Ramsgate.

4.3

In the next five years the Port authorities expect to be handling one to two million passengers and 300,000 units and to reach full capacity in ten years. These estimates are based on two ferry operators using the Port facilities. In addition to this the Port expects to handle 150,000 tonnes of aggregates per year. There is currently no link between Manston and the Port, however it is

⁵⁹ Wiggins Group plc. “A Strategy for Success” 2001

⁶⁰ Robin Gordon, Marketing Manager Lydd London Airport Co. Ltd

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expected that in the future there will be some joint working. Currently the Port shares customs clearance facilities with Manston. The Port has an estimated capacity of 500,000 freight units and 3,000,000 passengers based on the current berth and land availability.⁶¹

4.4

The Committee is also aware of some tentative proposals to open a freight link to the port of Folkestone by Sea Containers. Commenting on this suggestion John Chapman from the SRA told the Committee that although Folkestone had a direct rail link, used until comparatively recently by passenger trains and currently mothballed it featured a very steep gradient which would create problems for freight trains and especially those carrying heavy cargoes, such as aggregates. Mr Chapman said that a scheme based on Folkestone would be considered, however, if these problems could be overcome.

Recommendation 13

Increasing freight volumes at Manston support the case for enhancements to the East Kent Line to Thanet. These are implicit in the option of extension of CTRL (D) services to East Kent. Although the development of direct-to-rail interchange facilities at the airport will not occur in the short-term the airport operators, Wiggins plc, have considered the potential for the future. Freight volumes and passenger numbers will need to rise before the SRA will consider the specific case for a link to Manston but it is the Committee’s view that forward thinking on alternative modes of distribution is implicit in plans to develop the rail network in Kent. This should also include a recognition of the potential for growth at Lydd Airport.

5. North Kent

5.1

The Medway Ports (Chatham and Sheerness) handle significant volumes of fresh produce, forestry products and cars. The Port has a highly developed range of facilities including the Sheerness Produce Terminal at Spade Lane, Rainham and the Fresh Fruit Terminal at Sheerness. The Port is the largest handler of Fresh Produce in the UK; 85% is distributed to supermarkets across the country (by lorries). Sheerness and Chatham handle around 10% of the UK's total forest products imports, half of which is pulp for paper. The Port handles car imports from Peugeot, VW and other manufacturers, as well as exports including Land Rover and Jaguar. Overall the Port handles 400,000 vehicles per year. Chatham Docks also handle steel, newsprint, and forest products. Medway Ports is a subsidiary of the Mersey Docks and Harbour Company.⁶²

⁶¹ Captain Ken Gray Ramsgate New Port Authority

⁶² All figures from: www.medwayports.com

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5.2

The Committee received evidence from Paul Glock (Fresh Produce Marketing Manager). This evidence was valuable in giving an understanding of the commercial factors that influence distribution strategies. Mr Glock described the changing pressures on the distribution sector. He told the Committee that the role of a Port is to assist in the distribution of product in the optimum way and in the Fresh Product Sector; this involves consolidating the product in the Port area. The introduction of this term proved to be useful in describing the ways that port operators can add value by basing packaging facilities at the site and rationalising the loading of vehicles and reducing the need for the secondary movement of goods.

5.3

Much of the freight from the Medway Ports is carried by road, Mr Glock told the Committee that road freight meets the aspirations of the consumer. Within the last year pulp from Sheerness has moved from rail to road because the Road Freight Option was more flexible and cost effective:-

“Trying to facilitate the most effective way of moving goods around is our future, and at present I don’t think the rail network has a natural solution.”⁶³

5.4

Mr Glock explained that with Fresh Produce in particular, orders may change at very short notice and as a result loads may need to be changed. Rail freight does not offer the necessary degree of flexibility to deal with this situation. The question that needs to be faced is threefold:-

- What service needs to be provided?
- Who can provide a solution to what needs to be provided?
- Can the Provider of the solution develop a “service culture to deliver” that meets the aspirations of the customer?

The same emphasis that is applied to service quality for passengers’ needs to be equally applied to freight. Mr Glock explained that the key question is:-

“How do you develop a passenger type infrastructure that serves the need of freight customers.”

And added :-

“If you look at the competition on the road network between those who provide a rubber wheeled solution, there are plenty of options. The same cannot be said for rail. The Port’s function is not to decide on how freight is moved, but to help the Port’s customers to meet their

⁶³ Paul Glock, Fresh Produce Marketing Manager Medway Ports; evidence to KCC/Medway Select Committee 28 February 2003

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objectives of moving product in the most efficient and cost effective way.”⁶⁴

5.5

This year Medway Port’s customers will move 30000 tonnes of cargo by rail from Chatham and 15000 units from Sheerness but that needs to be seen in the context of 1 million tonnes of cargo being handled at Chatham and 1.9 million tonnes being handled at Sheerness.

5.6

Mr Glock was asked what effect increasing traffic congestion would have and whether or not this would make their sites less attractive? Mr Glock explained that this is already an issue that the operators are aware of and they are currently exploring alternatives such as moving goods by sea and optimising the efficiency of the operation to reduce the amount of road journeys. The Port is committed to helping developing the most cost-effective way of distributing product in the total chain. It is not possible to ask a customer to become less effective. Mr Glock explained that road and rail need to work together to provide what he described as a “total solution”.

5.7

A factor in increasing rail distribution from the Medway Ports is the problem of the height of the bridge at Queenborough and the Medway rail tunnels, because containers cannot pass along this route. The Committee discussed whether, or not the enhancements to the NKL to run CTRL (D) as additional services could also be justified by the potential benefit to freight from the Medway Ports.

5.8

While Mr Glock’s comments about the rail freight sector raised fundamental concerns about the potential of rail to meet business needs, the volumes of freight going on to the roads from the Medway Ports are significant.

Without effective connections to the wider rail network the Committee is concerned that increasing road congestion in the Thames Gateway area could impact on efficiency. It is clear that distribution from the Medway ports is being pro-actively managed by maximising load efficiency and minimising road journeys, but a greater variety of distribution options would be available if there were container freight access through the Medway tunnels.

5.9

The Committee also received evidence from David Simms, Planning Director LaFarge (formerly Blue Circle). He told the Committee that Lafarge would transport 1.3m tonnes of freight by rail in 2003 and that transporting freight by rail is vital if Lafarge are to achieve their aspirations. As an indicator of the volumes of freight this could represent on the roads Mr Simms told the Committee that 400,000 tonnes represents over 26,000 road vehicle movements on the A228/M20/M25.

⁶⁴ Paul Glock, Fresh Produce Marketing Manager Medway Ports; evidence to KCC/Medway Select Committee 28 February 2003

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5.10

Over the past five years Lafarge have opened 4 depots (2 inter-modal) across the UK and the company is currently negotiating for 2 more facilities to the west and north of London.⁶⁵

5.11

Lafarge aim to deliver 1300-1500 tonnes of freight (cement) to North London per day, or 350000 tonnes per year from its new Medway Works at Holborough. From 2007 the company will look to operate two trains per day in and out of North Kent.

5.12

In written evidence to the Committee David Simms indicated the improvements to the network that LaFarge feel are necessary to support growth. These also identify the Strood Tunnel as an important aspect of the network to be enhanced:-

- Creation of additional capacity/lines on the Strood-Gravesend-Dartford North Kent line.
- The creation of additional turnback facilities for passenger trains in or around Dartford, in or around Gravesend.
- The laying out of additional track or tracks between Gravesend and Strood tunnel to gain additional capacity.
- The long term enhancement of Strood tunnel to avoid delays, speed restrictions and occasional closures.
- The creation of additional capacity in and around the junction at Strood between the north Kent line - the Medway Valley line and the Rochester line.
- We believe there are still some additional pathways available. The following factors we believe inhibit operators.
- Access - there is almost a complete absence of rail sidings in north Kent for freight with good road access.⁶⁶

The North Kent Line experiences the greatest level of constraints across the whole Kent network. The concentrations of industry and distribution centres combined with planned housing growth in North Kent Thames Gateway area should make the modernisation and significant increase in capacity of the North Kent Line a major priority.

⁶⁵ David Simms Planning Director, LaFarge; evidence to KCC Medway Select Committee February 28 2003

⁶⁶ David Simms Planning Director LaFarge; written evidence to KCC Medway Select Committee

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Recommendation 5

The Committee would welcome the development of a coherent strategy to reconsider the potential of the North Kent Line and other routes through North Kent and Medway.

5.13

The experiment with inter-modal delivery is expected to last two years additionally Lafarge expect to develop a new conventional cement tank on 4 axles. If the trial is not effective, or effective only under certain conditions, the company may look to run hybrid trains, some of which could be inter-modal trucks and some conventional tanks

5.14

Lafarge have developed an industrial site at Holborough in North Kent. Mr Simms compared the costs for developing road infrastructure with rail. Connecting to the road network would cost approximately £0.5 m. In 1999 the projected costs for a rail connection were £7.5m; since then rail infrastructure development costs have grown.

5.15

Mr Simms was asked about his response to the TGSE Freight Study. He indicated that the Gateway should not be thought of as pockets of development but as a new City. In particular the developments around Ebbsfleet and Eastern Quarry, not referred to in the Study, will also need to be served. The company has significant land holdings in North Kent and has already done a lot of work on brown-field regeneration. Lafarge are not currently thinking of developing a major intermodal facility in North Kent but they have protected their connections at Northfleet, particularly at 42 Wharf, which is one of the deepest natural water wharves on the river. Rail sidings at this location could support the development of local companies like Kimberly Clark, and Britannia Metals.

5.16

Gravesham Borough Council has written to the Select Committee on the subject of the development of freight facilities at Northfleet. Development at Ebbsfleet means that the use of the whole area needs to be re-appraised. Crossrail and the anticipated station at Ebbsfleet could also complement re-establishing a freight connection to the area and the wharf. However Tony Chadwick (Planning and Regeneration Services Manager at Gravesham Borough Council) has indicated that:-

“What is clear is that this is not the location for a major road/rail/sea interchange because of lack of space and the radical changes to land use that are occurring in the area. Highways access to such a facility would have to be through Ebbsfleet but this route is intended to serve

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that development and the east end of Eastern Quarry, so large scale HGV traffic would be inappropriate.”⁶⁷

Recommendation 3

The Committee would support a thorough appraisal of the development potential of the North Kent Thameside area that considered the potential for road rail and sea interchanges.

5.17

Lafarge (formerly Blue Circle) still have fairly significant property interests in mid and north-west Kent. In summary the company owns various operational and non-operational sites in Kent Thameside and a significant part of the western side of the Medway Valley lying between Snodland and Cuxton.

5.18

Kent is also the location of the company's newest cement works for which a preparatory construction works and site clearance have already started. Planning permission was granted some 15 months ago. Currently none of the company's operations in Kent use rail although the expected 2003 output nationally for cement alone is about one million tonnes on the rail system and it is intended (SRA/FFG funds permitting) to increase this by a significant percentage over the next few years.

5.19

The company expects to achieve the target of 400,000 tonnes on the rail system as from 2006/2007. Mr Simms letter to the Committee indicated that there may further demand for the use of freight facilities:-

“Being located in Kent, and also a developer in Kent, it is our clear view that there are number of industrialists and manufacturers in north Kent, who like ourselves, would be more than willing to use the rail freight system if it were more readily accessible. One of the fundamental issues is the lack of rail freight facilities in Kent Thameside and in mid Kent. Whilst Hoo junction has very attractive infrastructure from a rail system viewpoint it is totally inadequate in terms of access by HGV's off the existing highways. From our neighbours on Northfleet embankment we are aware that several of our neighbours could be looking to put up to 50,000 or 100,000 tonnes per annum of freight on to the rail system but can't because of access problems.”

6. Intermodal Facilities

6.1

The TGSE Freight Study says that there is potential for a road/rail/river. Interchange at Thames Europort and at other areas in North Kent. The report

⁶⁷ Tony Chadwick, Planning and Regeneration Services Manager – Gravesham Borough Council letter to KCC/Medway Select Committee 5 March 2003

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also identifies Hoo Junction as a possible area for development as multi-modal industrial and distribution purposes, but recognises that this would require an improvement to road access on the A226.

6.2

However Gravesham Borough Council has commented on the development of the Hoo Junction area in their letter to the Select Committee:-

“Access to this area is by narrow unsuitable country roads, and in the case of the northern area requires passing through the village of Higham. The Borough Council has considered what could be done to improve this, but felt that the cost and environmental impact would be too great for the benefit that could be obtained. As it is a green belt, site expansion to a major large scale freight facility is not an option.”

In evidence to the Kent and Medway Select Committee in November 2002 Jeff Miles SRA (Assistant Director Freight Market) said that the SRA’s strategy “promotes freight interchanges as close to the points of consumption/production as possible to reduce the dis-benefits of secondary road distribution”.⁶⁸ This policy clearly militates against interchanges in the east of the county. Interchanges in North Kent and Medway outside of the M25 may also add to congestion on the A2.

6.3

The KCC Strategic Planning Scrutiny Committee also spoke to Mr. R. Goundry (Director of Strategy, Freightliner) in March 2001. Mr Goundry explained that (in 2001) Freightliner handled 24% of all containers coming into/going out of the UK. He told the Committee that Freightliner runs a service from the Isle of Grain to Crewe and the biggest difficulty they experience is on the Hoo Branch line, this restricts their activities because they can not run extra trains.

6.4

When asked what the County Council could do to develop freight Mr Goundry was clear that the capacity of the Isle of Grain Branch Line needed to be improved. He went on to say that business had grown by about 10% p.a. and to grow any faster would create risk. Reinforcing Sara Watkins point (above) Mr Goundry said that :-

“it was difficult to make the economics of UK intermodal traffic work unless there was a fairly dramatic change in the economics of road haulage.”⁶⁹

David Simms from LaFarge told the Committee that they have worked with Freightliner and Babcock International to develop intermodal tankers transferable as wagon loads (rather than bulk) from rail to road.

⁶⁸ Jeff Miles Assistant Director Freight Market SRA letter to KCC/Medway Select Committee 6 November 2002.

⁶⁹ Mr R Goundry Director of Strategy Freightliner evidence to KCC Strategic Planning Scrutiny Committee 2001

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6.5

It is clear that Kent is not ideal location for large-scale intermodal interchange facilities because of the increased difficulties with access to and from the north caused by the barrier of London. Evidence from John Faulkner from Intercity trucks indicated that interchange facilities in a central UK location would best serve business interests. Mr Faulkner identified Daventry in Northamptonshire (where interchange facilities already exist) as offering the greatest potential benefit. Sites to the east of London such as Dagenham, while convenient for individual suppliers based there are unlikely to have broader appeal. Where clusters of industry already exist particularly in North Kent and Medway it makes sense to maximise the potential of the network by exploring the potential for intermodal operations in the way that LaFarge have done. But the development of these facilities should aim to decrease rather than increase road use.

6.6

To support greater use of intermodal facilities there is a particular need to improve the rail infrastructure in North Kent. Lord Berkely told the Committee that a particular barrier to the development of potential from Thamesport is the lack of sidings between the Port and Willesden in North London, David Simms from LaFarge (above) also highlighted the lack of sidings as a difficulty.

7. Network Development

7.1

John Faulkner told the Committee that there is a need for a process to coherently identify the barriers to the free movement of freight on the Kent network. The SRA told the Committee that the Capacity Utilisation process would effectively identify the ways to maximise the potential of the network. However if Local and District Authorities are to take an active role in the planning and supporting the development of freight the complex issues over loading gauges, tunnel widths/heights, platform canopy overhangs, signalling need to be clearly expressed.

7.2

This point was also made by the 2001 SEEDA intermodal study. The Study referred to work done by the Centre for Regional and Economic Research who published a paper in 2000 called “Railfreight Growth and Regional Policy”. This suggested that the SRA:-

- “Should make more data available on existing and potential freight flows within and, especially between and across regions.
- Provide a collective and coherent view of what the strategic rail network is in each region, including routes and terminals.
- Provide a collective and coherent position on which infrastructure projects are to be prioritised and/or what the

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mechanisms are for deciding appropriate priorities, with in an appropriate timetable”⁷⁰

7.3

A problem faced in the investigation of the rail sector by non-rail industry stakeholders is the apparent complexity and uncertainty about capacity and constraints. This leads to two concerns: uncertainty over costs and priorities may act as a barrier to pro-active private sector and Local Authority support; and without a coherent process to identify constraints then enhancements or development could be fragmentary or contradictory. While there is a good level of co-operation between the SRA and local authorities John Faulkner would welcome greater sharing of information with the business sector on the issues of constraints and development.

7.4

In part this reflects frustration at the slow pace of change. The recent budget cuts experienced by the SRA appear to have undermined their ability in the short-term to make strategic decisions. Lord Berkeley said that the SRA’s overall budget cut should have been spread more evenly across all their responsibilities, as the impact on freight will be severe.

7.5

John Chapman from the SRA was asked if there was currently sufficient capacity on rail to allow for expanded freight use. He confirmed that capacity in Kent was not a problem – there were 35 train paths per day each way allocated for freight trains through Kent, fewer than half of which were currently used. This capacity was safeguarded for freight despite any pressure that there might be to use the paths concerned for passenger trains. In addition, when Eurostar started running on the new CTRL in autumn 2003, spare capacity on other lines would be increased. Freight users could be attracted by the reliability of rail travel compared with the road network, where delays and congestion were unpredictable and could seriously disrupt their business.

7.6

Mr Chapman was asked, if capacity was not an issue, why is the rail network currently seen as unattractive by potential freight users? Mr Chapman explained that over 50% of present freight traffic passing through Kent was run by continental road haulage companies. At present international railfreight services tended to attract bulk, non-time-sensitive traffics, the premium cargoes being carried by road. This premium traffic generally used road services because, when they had tried using rail, it had not been successful. Channel Tunnel rail services need to establish a greater degree of reliability to attract business that is time – sensitive and where punctuality is vital.

7.7

Mr Chapman set out what the SRA could do to encourage private hauliers to use rail. It would need to offer the right service at the right price. The SRA

⁷⁰ CRER (Sheffield Hallam University) from SEEDA “Intermodal Freight Facilities in the South East Region” p17 2001

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had the ability to ensure that the network had sufficient capacity (already identified as not being an issue in Kent), could liaise with the French *rail* authorities, could use Government grants to offset certain costs, and fund work on the network to make it sufficiently robust to accommodate the additional freight traffic. He added that, for its part, the private sector would have to provide reliable and cost – effective services.

8. CTRL

8.1

The Committee was keen to explore the potential for freight on the CTRL. Prior to the Select Committee process there had been a tacit understanding that the CTRL could not accommodate heavy freight and was in effect only suitable for light, high-speed parcel freight.

Recommendation 9

The Committee recommends that the Union Rail and the SRA send a clearer message to business about the capacity of the CTRL to carry freight.

8.2

With this in mind the Committee spoke to Glenn Hodson, a Distribution Manager for Parcelforce based at Coventry. Mr Hodson told the Committee that Parcelforce have not considered the potential of CTRL for parcels. On average 12 Parcelforce lorries per day pass through Kent on the way to the continent via the Channel Tunnel. Mr Hodson said that rail does not offer either the flexibility or reliability that Parcelforce require. At the moment the rail section of the journey to the continent (through the Channel Tunnel) is the main weakness in their distribution schedule.

8.3

The issue of flexibility may pose a more significant barrier to the use of rail for light freight. Mr Hodson explained that lorries go to destinations across North West Europe daily, including Utrecht, Brussels, and Lille. The volumes are relatively low and this makes transfer to rail impractical; road simply offers greater flexibility. Added to this are the problems associated with loading and off-loading at transfer points.

8.4

Mr Hodson raised similar concerns to Mr Glock from the Medway Ports. Where there is a need to have a high degree of load flexibility serving a wide range of destinations distributors have concerns over the lack of control they have over their loads once they enter the rail network. Although their services are affected by road congestion, particularly “Operation Stack” these incidents are normally well publicised and therefore easier to justify than the apparent uncertainty of the rail network.

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8.5

This focus on high-speed parcel freight was altered when the Committee took evidence from Lord Berkeley. He told the Committee that the SRA are discussing the use of freight on the CTRL with Rail Track and Union Rail, and it was his understanding that, firstly, there would be capacity on the CTRL to take heavier freight, and secondly that heavier freight could travel on the track. This may not extend to aggregates, however loads such as cars could use the CTRL. This returns to the uncertainty raised above: from the industry outsiders viewpoint there is some uncertainty over which loads can run where and on which lines.

Lord Berkeley told the Committee that some of the problems Kent already experiences with road congestion could be alleviated if European operators could be encouraged to exploit the potential of the CTRL. But indicated that further integration working practices, particularly in France, inhibits cross border integration:-

“There are a lot of temperature controlled vehicles coming through Kent from Spain and Southern France with fresh produce. This could come up through France to an interchange at Dagenham via the CTRL. However because the unions in France have a lot of power there are difficulties with integration and flexibility. SNCF need to provide a really reliable service for the flow of lorries from the South of France and Spain to transfer to rail.”

On this same issue John Chapman said that, around 1000 lorries a week travelled from Spain to the UK carrying perishable goods and it should be possible to get at least some of this cargo onto trains. A daily train for perishable traffic from Spain and Southern France to Paris operates more or less faultlessly. This should be equally efficient if extended to the UK. There is great scope to transfer perishable goods onto rail, as well as other time-sensitive goods, such as car parts, but he reiterated that rail needed to be able to offer the right service at the right price.

8.6

The Committee received written evidence from Freightliner that, in this context, added to the uncertainty over which kinds of freight could operate on the CTRL:-

“Our view is that CTRL offers little prospect of assistance to Thamesport other than in taking passenger trains off the conventional lines; this is because the ruling gradients, signalling systems and other operating characteristics of the CTRL are not suitable for the type of train we operate. Currently growth at Thamesport is constrained by Thamesport's difficulties in attracting container-shipping lines. Network capacity is not the present issue.”⁷¹

A number of witnesses that the Committee spoke to were sceptical about the initial demand for passenger services on the CTRL and in their view this

⁷¹ Robert Goundry, Director of Strategy Freightliner Group January 2003

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would leave spare capacity for freight, particularly during the night. Dover Harbour Board has considered the possibility of the train-ferry service accessing the CTRL at Folkestone to benefit from the high-speed connections across the County.

8.7

The Committee has been told that there is spare capacity on the existing network. Freightliner and EWS told the 2001 Strategic Planning Scrutiny Committee that there was adequate space on the existing network for their services. The Committee is concerned to ensure that freight continues to be factored in to any consideration of the future of CTRL. The domestic network will increase in capacity once the CTRL opens and Eurostar services and CTRL domestic services transfer to the CTRL leaving free pathways. However if freight services are to achieve a degree of parity with passenger services there should be access to the high-speed line.

8.8

The SRA are currently undertaking a consultation to identify the preferred route(s) for CTRL (D) services. Jeff Miles (Assistant Director Freight Market Development) wrote to the Select Committee on November 6 2002. This letter indicated that there had been some resistance from Union Rail to accommodating freight on the CTRL. However the SRA have maintained a dialogue and Union Rail are now considering freight schemes on the line. Jeff Miles recognised the constraints but said:-

“there remains a useful envelope of practical, operational capacity and capability to be exploited in the premium and general freight markets.”
(Jeff Miles ltr. To KCC/Medway Select Committee 6.11.02)

The letter also indicated that the SRA believe that the freight sector will demonstrate more interest in the CTRL once phase 2 has been completed. Union Railways were asked to participate in the review, representatives from Union Railways were unwilling to attend a hearing and comment on the potential for freight on the CTRL, and they have not replied in writing to requests for a general statement on freight.

John Chapman was asked about technical restraints or limits on use as a freight route. He explained there were loading gauge restraints on existing routes through Kent, and to enhance the gauge would inevitably be costly. He added that the new CTRL had no such constraints so could accommodate continental gauge trains. The SRA and Union Railways had established a joint working group to look at the issue of technical and operating constraints on CTRL and to consider how to make best use of the route for freight. It was hoped that 10 freight trains each way per night could be accommodated on CTRL with some higher speed services operated during the day between passenger trains.. As each train represented some 30 lorries removed from the road network, this would be a useful step towards achieving the government's growth target.

CTRL would not be used by heavier wagons, such as those built for the carriage of coal or minerals but those designed to convey lighter weight

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cargoes such as food products or fast moving consumer goods could use the line. The weight of these is unlikely to be an issue. Speed would be more of a problem, hence the probability that ‘conventional’ freight trains would operate during the night. The working groups will also look at the possibility of the operation of higher speed trains, between passenger trains, in the daytime. Loading gauge constraints mean that continental sized trains would not be able to travel beyond East London and the working groups is also looking at the possibility of establishing an interchange in that area.

Recommendation 7

On the North Kent Line and the East Kent Line the Committee would urge the SRA to consider the potential benefits to freight of any upgrades necessary to accommodate CTRL (D) services.

9. Rail Freight: Customer/Provider Relationship

9.1

This section reflects briefly on the perceptions of the rail freight sector from respondents in Kent. Serious concerns were raised about the ability of rail freight to deliver its objectives. Strictly these concerns have relevance beyond Kent and are not local issues. However it is important to recognise these concerns: if consumers do not believe that rail is a credible alternative to road they are unlikely to use it.

9.2

The Committee heard evidence from a number of sources, which indicated a level of dissatisfaction with the rail freight sector. This was less about individual operators (LaFarge recognised the innovation and flexibility of Freightliner in establishing a new style of service provision) but rather concerned the accessibility and culture of the sector as a whole.

9.3

In February 2003 the SRA and the Office of the Rail Regulator published “The Rail Freight Survey”. This survey recognised that there is a:-

“central core of customers transporting ‘Bulk’ commodities over a range of distances. This group account for over two thirds of freight moved by rail”⁷²

Only 23% of Non Bulk is moved by rail.⁷³

9.4

The points (above) raised by Medway Ports and Parcellforce indicate that road freight options offer a degree of flexibility that rail does not, particularly

⁷² SRA/Office of Rail Regulator/ Faber Maunsell “Rail Freight Study” February 2003

⁷³ SRA/Office of Rail Regulator/ Faber Maunsell “Rail Freight Study” p.11 February 2003

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for non-bulk suppliers. David Simms from LaFarge indicated that changes in their distribution strategy has led them to explore a transfer from bulk distribution to regional centres, holding large stocks, to a wagon-load intermodal strategy supplying the customer direct. Other comments from David Simms indicate that there is a demand for access to rail facilities. But at the moment facilities are not in place.

9.5

The SRA/ORR study recognised that although there was general satisfaction with the Freight Operating Companies there were concerns about flexibility and innovation and that the rail freight sector as a whole is failing to provide ‘integrated solutions’. The Non-Bulk and Logistics sectors were identified as expressing the highest levels of dissatisfaction in this context. From a Kent perspective the findings of the SRA/ORR survey indicate that there are considerable barriers still to be overcome if the number of lorry loads passing through the County are to be reduced.

9.6

John Faulkner told the Committee of the difficulties he has experienced as a freight distributor in gaining access to the sector. Mr Faulkner said:-

“I operate trucks because I have never had the opportunity to use rail. I’ve always chased rail operators, they have never volunteered any information”.⁷⁴

The development of well connected intermodal facilities in a central UK location (Daventry) with fast and reliable rail access to the Channel crossings (Tunnel and Dover train-ferry) were identified by Mr Faulkner as a necessary development to improve the range of options for distributors.

Recommendation 4

The Committee recognises that Kent should not be the site for a national, inland road/rail interchange facility and efforts should be directed to increasing the efficiency and flow of freight from facilities at Daventry

10. Summary

10.1

The Committee is concerned to ensure that infrastructure developments are planned and justified in a way that takes in to account the full range of potential benefits. These include regeneration which, the Committee were told by the SRA, is not currently factored in to cost-benefit analyses of potential investment. Rail freight, the needs of local business and the costs of increasing road congestion caused by growing volumes of freight moving by road also need to be considered in planning infrastructure development.

⁷⁴ John Faulkner Chairman Intercity Trucks; evidence to KCC Medway Select Committee 28 February 2003

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These issues can be used to *further* justify investment that may take place as part of the enhancements and increases in capacity necessary to accommodate CTRL (D).

10.2

It is clear however that investment in infrastructure alone will not effect a solution to the problems associated with moving freight through the County. The Committee recognises that the proportion of freight moved by rail nationally has increased over the past 5 years; however, on the basis of the evidence taken by the Committee there are fundamental issues that inhibit the development of rail freight as an option. These issues can not be addressed solely in Kent, although as gateway to the Continent, Kent experiences a greater proportion of the difficulties associated with the continued under-performance of rail as an option for moving goods to and from the Continent. This report aims to encourage and support efforts on the part of regional and national stakeholders to assert the importance of rail freight in the development of transport strategies.

10.3

There is a fine balance to be struck between the financial and logistical imperatives that determine commercial realities for companies who move goods and the wider economic, social and environmental costs of road congestion. Regional, local and district planning has to address the long-term costs of congestion. Businesses in the UK and on the Continent will identify distribution strategies that minimise costs and maximise efficiency. Planning strategies need to provide for the development of conditions that support economic development. There is a tension between supporting the growth of rail freight as an option and penalising the movement of goods by road. Nevertheless the concerns of the commercial sector, planners and communities may be forced in to agreement as road congestion increases and the costs associated with moving goods by road becomes prohibitive.

10.4

Businesses in Kent that rely on distribution will need to consider the long-term predictions of an increase in road congestion and the effect this will have on their viability as distributors. Rail is not necessarily the only solution to this problem; maximising the efficiency of road distribution strategies by consolidating activities such as packaging at distribution centres or exploring further alternatives (sea, air) may also be considered. The Committee recognises that the potential of rail to distribute goods should be maximised within the context of a range of strategies that aim to uncouple economic growth from a growth in the transportation of goods.

10.5

Rail freight in Kent can not be considered in isolation from either the wider factors that inhibit freight distribution or policy development in the UK and Europe as a whole.

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Recommendations

1. Greater emphasis must be placed on the significance of rail freight in national, regional and local strategies
2. The SRA should bear the responsibility to build confidence in the future of rail freight. There is a clear case for greater investment in rail infrastructure. The Committee urges the SRA to support the re-introduction of Freight Facilities Grants at the earliest opportunity. (3.9)
3. The Committee would support a thorough appraisal of the development of the North Kent Thames-side area that considered the potential for road, rail and sea interchanges. (5.16)
4. The Committee recognises that Kent should not be the site for a national, inland road/rail interchange facility and efforts should be directed to increasing the efficiency and flow of freight from facilities at Daventry. (9.6)
5. The Committee would welcome the development of a coherent strategy to reconsider the potential of the North Kent Line and other routes through North Kent and Medway. In this context the Committee supports LaFarge’s plans to develop interchange facilities at Holborough. (5.12)
6. The Committee does support road/rail/sea interchanges at the major ports in the Kent; however development will need to consider the potential of the existing road infrastructure and contribute to a shift from road to rail, and not cause an overall increase in road use.
7. On the North Kent Line and the East Kent Line, to Dover and Thanet, the Committee would urge the SRA to consider the potential benefits to freight of any upgrades necessary to accommodate CTRL (D) services(8.8)
8. The Select Committee supports moves to develop train-ferry facilities at Dover and welcomes the news that the SRA will carry out enhancements to increase the loading gauge on the tunnels between Dover and Folkestone when demand has been demonstrated. (3.9)
9. The Committee and the business sector would welcome clearer guidance from the SRA on the technical constraints that inhibit the freight movement in the County and greater openness from Union Rail over their plans for the operation of the CTRL. (8.1)
10. The Committee urges the SRA to support the enhancement of capacity on the Hoo Branch line, which serves the regionally and nationally significant facilities at Thamesport. (9.6)

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11. Like-for-like improvements to track and signalling need to be (re)considered with regard for other complementary projects and their potential to interact with wider strategic objectives. (2.27)
12. Debate over Central Railway should not detract from efforts to optimise the potential of the existing network. (2.21)
13. The potential to develop rail links to East Kent should recognise the potential growth in passenger and freight services at Manston Airport, Ramsgate Harbour and in the future Lydd Airport. (4.4)

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KCC/Medway Select Committee “Future of Rail in Kent (Freight)”Witnesses:-

- Dr Andrew Traill, Freight Transport Association
- Lord Tony Berkeley, Chairman Rail Freight Group
- Mr David Simms, Property Director, Lafarge
- Mr Howard Holt, Marketing Director Dover Harbour Board
- Mr J Faulkner, Managing Director, Intercity Trucks
- Mr John Chapman, Assistant Director Head of Freight Market Development SRA
- Mr Paul Glock, Fresh Produce Marketing Manager, Medway Ports
- Mr Richard Christian, Planning Officer Dover Harbour Board