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13 October 2011

Dear Ms Symes,

**Town and Country Planning Act 1990 - Section 78
Appeal by Helioslough Ltd
Land in and around former Aerodrome, North Orbital Road, Upper Colne Valley,
Hertfordshire
Application ref 5/09/07/08**

Thank you for your letter of 15 September concerning the appeal by Helioslough Limited in respect of the a development proposal on land in and around the former aerodrome, North Orbital Road, Upper Colne Valley, Hertfordshire.

The Department welcomes the opportunity to respond and clarify our policy on Strategic Rail Freight Interchanges (SRFI). The policy guidance is attached at Annex A.

It would not be appropriate for the Department to comment on a specific development proposal. However, I can confirm that it is Government policy to support and encourage the development of Strategic Rail Freight Interchanges (SRFI) in the regions as part of our desire to support economic growth and encourage mode shift for freight from road to rail where it is economic and sustainable to do so. From an environmental perspective it makes eminent sense for warehousing and distribution facilities, not only to be rail-connected, but to be close to the urban areas that they serve in order to minimise the length of road journeys - the 'final mile'. London and the South East is particularly ill-served by rail connected warehousing currently and there is a pressing need for such facilities in the region.

I confirm that we are content for our response to be shown to other parties.

Yours sincerely,

Tim Wellburn
Deputy Director, Rail Network Strategy





ANNEX A

Strategic Rail Freight Interchange Policy Guidance

Introduction

A Strategic Rail Freight Interchange (Strategic RFI) is a large multi-purpose rail freight interchange containing rail-connected warehousing and container handling facilities. The site may also contain manufacturing and processing activities.

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

The Government's vision for transport is for a greener transport system that is an engine for economic growth, but is also greener and safer and improves the quality of life in our communities. The key drivers of transport demand are population growth and economic prosperity and increases in population and prosperity will continue to influence demand.

The Strategic RFI policy laid out in this document seeks to maximise the economic, environmental and social benefits of transferring freight movements from road to rail. Strategic RFIs represent major gateways to the national rail network which allow businesses to move freight by rail for distances and in quantities appropriate to their operational and commercial priorities. They are therefore key features of national rail infrastructure.

A network of Strategic RFIs, complemented by other freight interchanges and terminals, is required to support longer-term development of efficient rail freight distribution logistics. Whilst Strategic RFIs operate to serve regional and cross regional catchment areas, they are also key components in national and international networks. These networks are of strategic importance in facilitating links between UK regions and the European Union.

It is important that Strategic RFIs are located near the key business markets they will serve, which will largely focus on major urban centres, or groups of centres, and key supply chain routes. The need for effective connections for both rail and road means that the number of locations suitable as Strategic RFI will be limited.

This document sets out Government policy for strategic rail freight interchanges.

1. What is a Strategic Rail Freight Interchange?

A rail freight interchange is a facility facilitating transfer of freight between rail and road/inland waterway, often a rail trunk haul and secondary distribution by road. It usually comprises rail infrastructure, rail connected (or rail accessible) warehousing, and handling/lifting equipment to service various methods of transport by rail.

A strategic rail freight interchange is a larger rail freight interchange - in excess of 60 hectares in size - on a scale, form and function without which longer term growth and development of an efficient rail based, general freight distribution network will not be achieved.

For many freight movements rail is unable to undertake a full end to end journey for the goods concerned. A Strategic RFI enables freight to be transferred between transport modes, to allow rail to be used to best effect to undertake the long haul primary trunk journey prior to interchange, as necessary, with other modes for the secondary leg of the journey.


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

Rail freight services are operated by private sector companies under open access arrangements, and rail freight terminals and strategic freight interchanges are owned, developed and operated by private sector companies. The need for rail freight interchanges in section 2 below is set out in the context of current and future forecast levels of demand for rail freight services.

For rail freight, the development of the **Strategic Rail Freight Network** (See Annex A) will bring forward a number of measures, including longer and heavier trains, enhanced loading gauge (W10/W12) on all strategic container routes and electrification of freight routes, in order to deliver increased operating efficiency and capacity in order to support sustainable freight transport and reduce carbon emissions.

2. Sustainable Transport: The Need for Strategic Rail Freight Interchanges

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



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

Efficient and sustainable freight transport is increasingly important both to the UK's economy and to the achievement of our environmental goals. Rail transport generally has a less negative impact on society than road transport and so has a crucial role to play in delivering significant reductions in pollution and congestion.

Government policy is to support low carbon transport by encouraging the transfer of freight from road to rail and by facilitating future rail freight growth. This is because, tonne for tonne carried, rail freight produces five times less carbon dioxide emissions than road freight and up to fifteen times less noxious emissions.¹ It also has de-congestion benefits - an aggregates train can remove 120 heavy goods vehicles from our roads; a container train can remove 50 heavy goods vehicles from our roads.²

The intention is to support the growth of freight traffic on rail by addressing the shortage of appropriate rail freight interchange (RFI) sites in some areas by giving a clearer statement of Government intent. A defined class of rail freight interchange (i.e. the "Strategic Rail Freight Interchange"³) is nationally significant because it is on a scale, and of a form and function without which modal transfer (from road to rail), longer term growth and development of an efficient and sustainable rail based, general freight distribution network will not be achieved.

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

The Government working with Network Rail and the industry has produced unconstrained rail freight forecasts to 2019 and 2030. The results are summarised at Annex B. In the baseline year 2006 a total of 116 million

¹ "Delivering A Sustainable Transport System: The Logistics Perspective. December 2008"

² -"www.freightonrail.org.uk"

³ A strategic rail freight interchange is a rail freight interchange in excess of 60 hectares and capable of handling more than 4 goods trains per day, as defined in the Planning Act 2008. These interchanges are on a scale, form and function needed for delivering the network described above.

tonnes were transported by rail, by 2019 this figure is expected to reach 139 million tonnes and by 2030 the forecast tonnage will be 179 million tonnes. These forecasts have been agreed and are considered robust.

The forecast by itself does not provide sufficient granularity to allow a site specific need case to be demonstrated but indicates that should a rail freight interchange be constructed it will attract business, generally new to rail. The modelling confirms the need for a number of large Strategic RFI across the regions to accommodate the forecast long term growth in rail freight.

3. Strategic RFI Location


Strategic RFI capacity must be in the right place if it is to serve the needs of the freight and logistics market efficiently and effectively. However the provision of such capacity is entirely commercially driven by the private sector.

The majority of existing operational Strategic RFI and other intermodal RFI are situated predominantly in the Midlands and the North. Conversely, in London and the South East, away from the deep-sea ports, most intermodal RFI and rail-connected warehousing are on a small scale, poorly located well away from the main urban areas or closed. Only one Strategic RFI has been granted planning consent in London and the South East.

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

Expansion is required to facilitate the growth in demand for rail freight as well as the use of longer trains so that freight operators can make better use of scarce network capacity. A key factor in growth and mode shift will be the co-location of freight generating and consuming activity at some point in the supply chain. This will require rail-connected warehousing or warehousing clustered around an intermodal RFI, something not always achievable at existing intermodal RFI due to their location.

A number of factors are coming together which will encourage rail freight growth and generate demand for Strategic RFI and other types of rail-connected sites. Some of this shift to rail is due to significant recent investment in the freight capability of the rail network - the Strategic Rail Freight Network and Transport Innovation Fund - for gauge and capacity enhancements on key routes, and also the investment being made by the property industry for rail-connected sites. In addition, with road congestion increasing, road transport costs escalating and businesses paying greater attention to sustainability, companies now have a strong incentive to look at rail.



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

As commercial developments, strategic rail freight interchanges can also generate agglomeration effects by bringing together businesses, with varying degrees of mutual interaction, and producing economic benefits over and above those reflected in the value of transactions among those businesses.

Strategic rail freight interchanges can contribute to enhancement of people's skills and of technology, as embodied in equipment used by ports and port-related activities, with wider longer term benefits to the economy.

4. Function and Form

Strategic rail freight interchanges should include warehouses to which goods can be transferred from the railway network either directly or by means of another form of transport.

Rail freight interchanges (including non strategic interchanges) are not only locations for freight access to the railway but also locations for businesses capable now or in the future of supporting their commercial activities by rail. Therefore, from the outset, RFIs should be developed in a form that can accommodate both rail and non-rail activities.

5. Transport Links and Locational Requirements

Because of the strategic nature of large rail freight interchanges it is important that new or proposed extensions to RFIs ensure that their proposed development is appropriately located relative to the markets they will serve, which will largely focus on major urban centres, or groups of centres, and key supply chain routes. Because the vast majority of freight in the UK is moved by road proposed new rail freight interchanges should have good road access as this will allow rail to effectively compete with, and work alongside, road freight to achieve a modal shift to rail.

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

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

Strategic RFIs can provide many benefits for the local economy, for example because many of the on-site functions of major distribution operations are relatively labour intensive this can create many new job opportunities. The availability of an available and economic workforce will therefore be an important consideration for the applicant.

6. Scale and Design

Strategic RFI should provide for a number of rail connected or rail accessible buildings for initial take up, plus rail infrastructure, to allow more extensive rail connection within the site in the longer term. The initial stages of the development must provide an operational rail network connection and areas for intermodal handling and container storage.

As a minimum, a Strategic RFI should be capable of handling four trains per day and, where possible, be capable of increasing the number of trains handled. Strategic RFIs should, where possible, have the capability to handle 775 metre trains with appropriately configured on-site infrastructure and layout. This should seek to minimise the need for on-site rail shunting and provide for a configuration which, ideally, will allow main line access for trains from either direction.

There are other types of rail freight interchange that are no less important. These other rail freight interchanges will also support the growth of rail freight and the Government's mode shift objectives.

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

The success and growth of rail freight and continued development of the traditional rail markets at, for example, quarries, open cast sites and major manufacturing plants will require new, expanded and replacement interchange facilities if rail freight is to continue to prove both attractive and efficient.


In this section the various types of other RFIs and rail terminals are described. Development proposals for the types of RFI and terminal described in this section may well inter-relate with the provision of larger RFIs.

Sub-regional mixed intermodal and warehousing RFI

There is an acknowledged need for other 'sub-regional' facilities, similar to Strategic RFIs but smaller in scale and perhaps serving a smaller catchment area. Like their larger counterparts it should be an essential requirement that the warehousing on the site is rail connected or rail accessible. Such facilities should have a mix of intermodal facilities and warehousing.

Intermodal only RFI

Some RFIs will focus on a single activity – intermodal handling or rail linked warehousing. Intermodal RFIs will often be located at key points in urban



areas, but can also be located in such a way as to act as sub-regional, regional or company specific hubs where there is sufficient competing terminal capacity. Typically an Intermodal only RFI will range in size with a site area of 10 to 30 hectares and will include an area for container storage and stacking.

Rail linked warehousing RFI

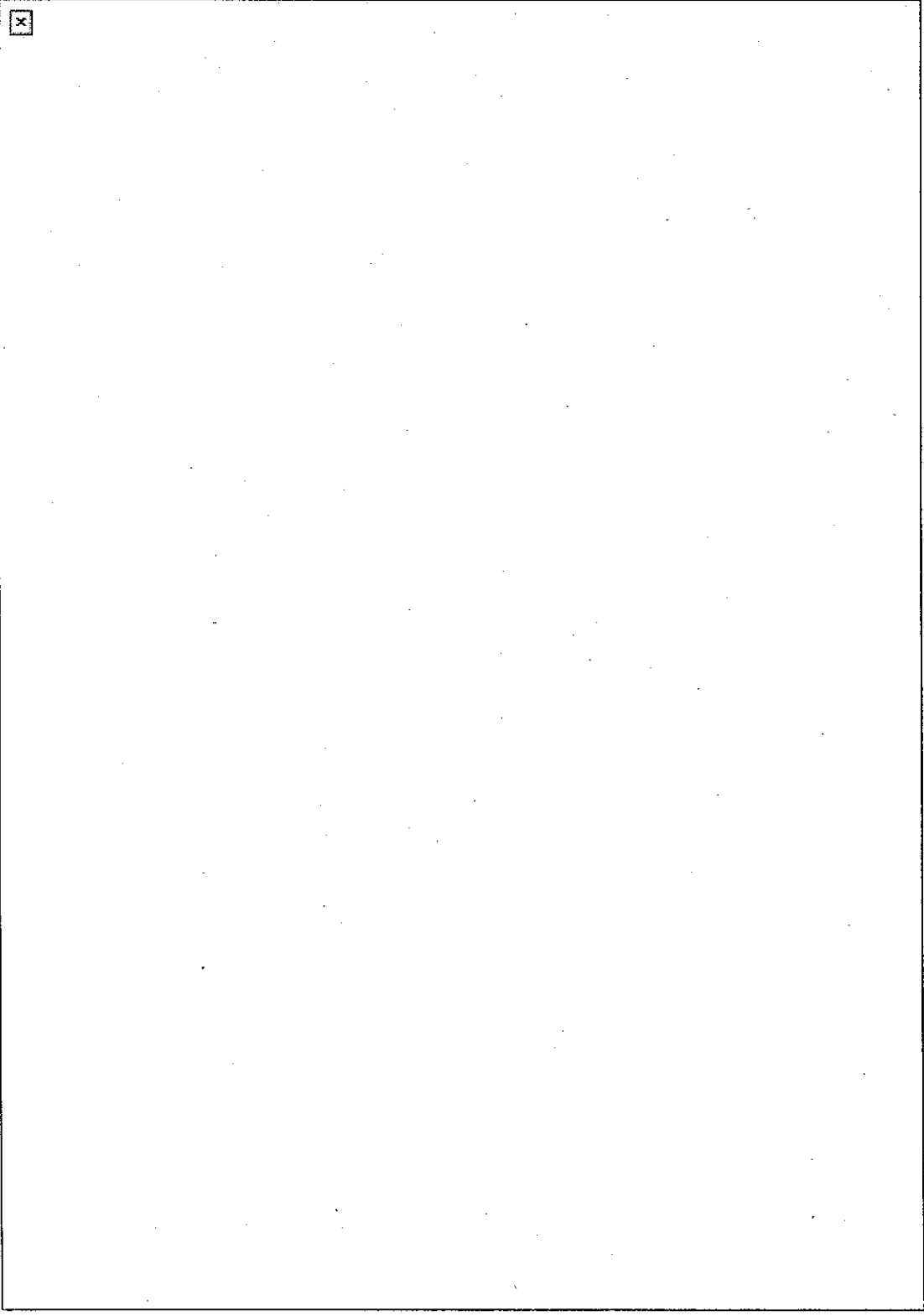
These are generally small-scale facilities, and can be a single unit, sometimes serving a single customer, or logistics company. These facilities will have similar locational requirements to other rail interchanges and can be located in urban areas. The site area for a typical rail connected warehouse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

Bulk material terminals

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

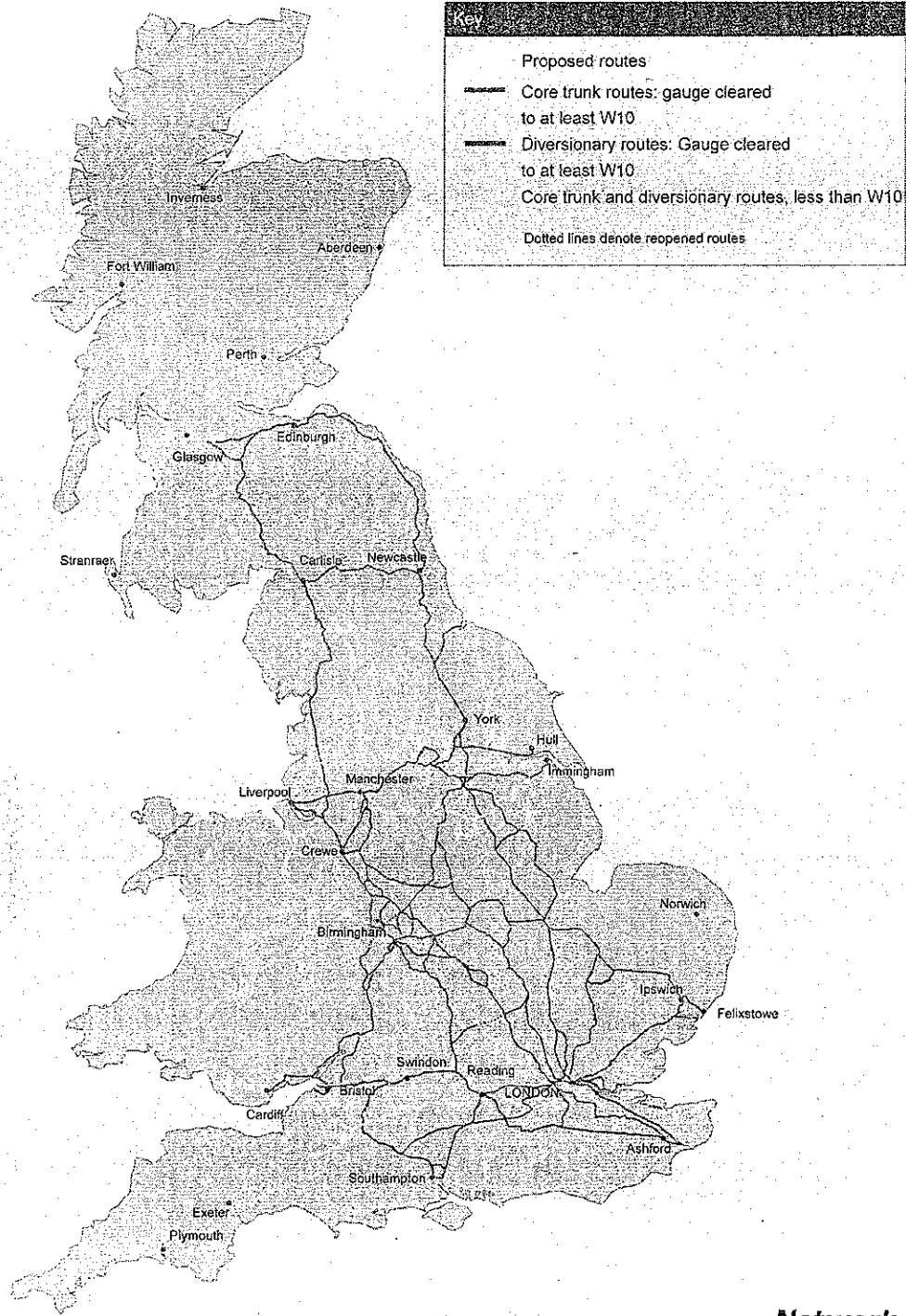


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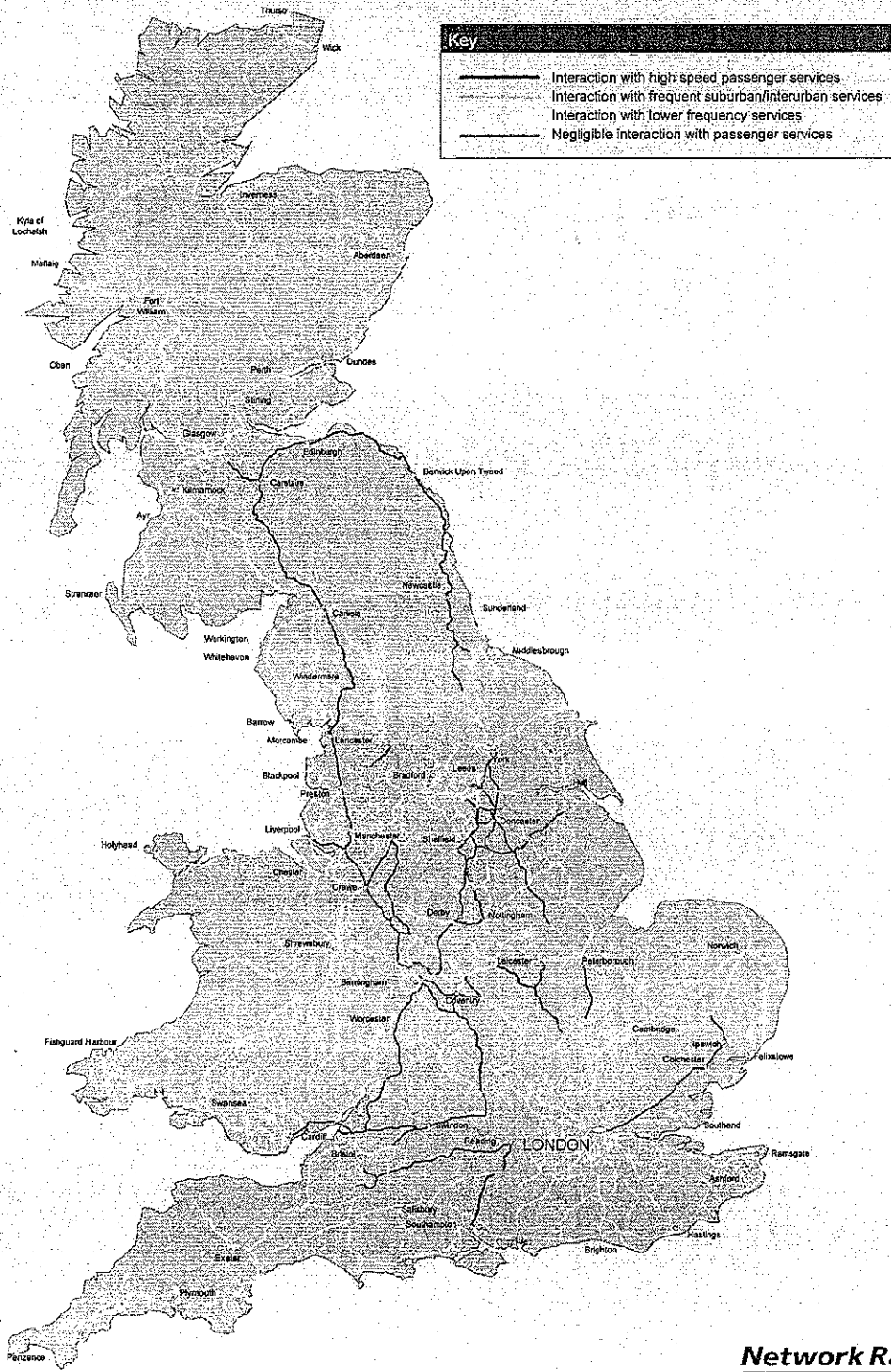
Annex A Map 1: The proposed Strategic Freight Network

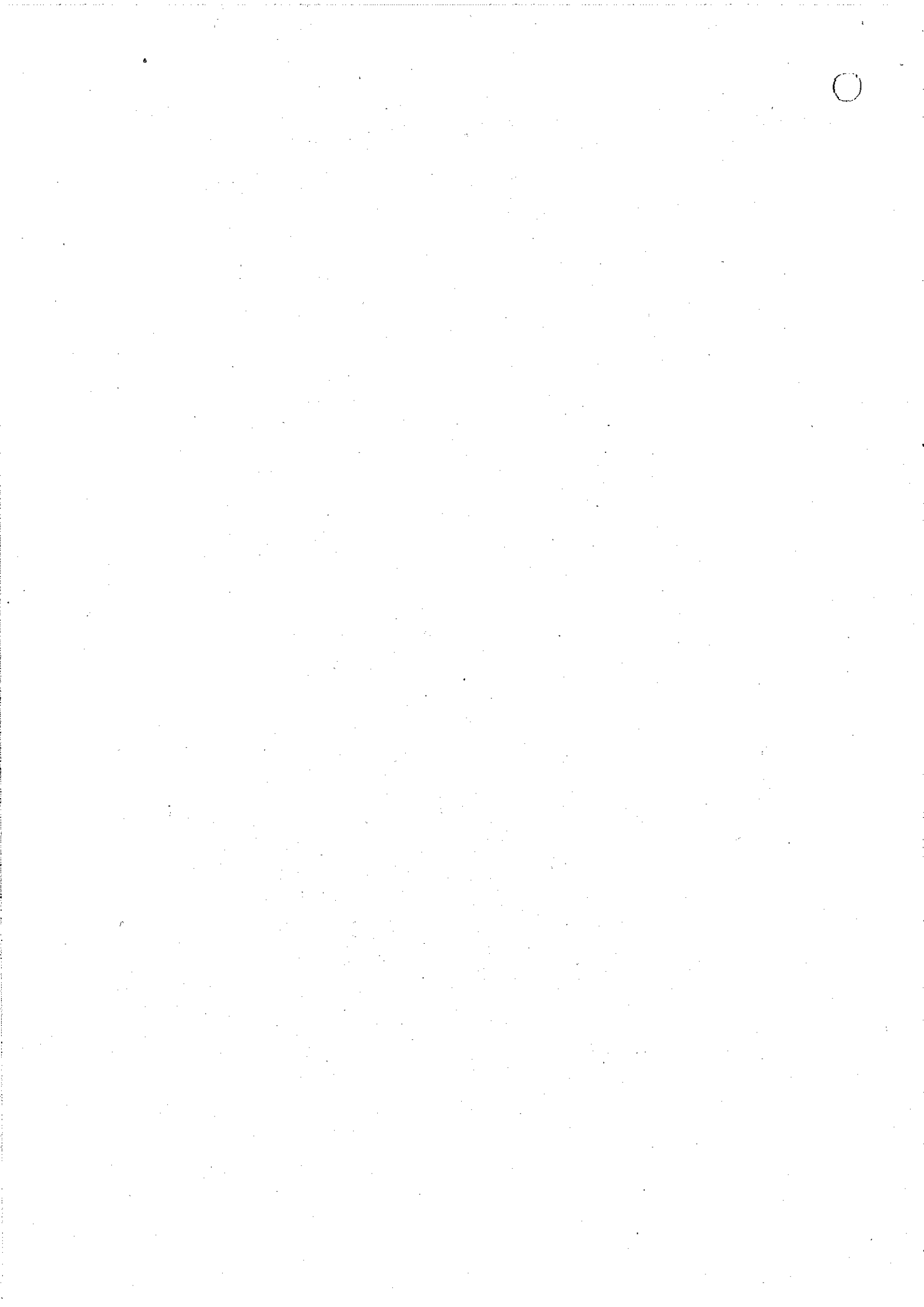






Annex A Map 2: Key Strategic Freight Routes - interaction with passenger traffic







ANNEX B

RAIL FREIGHT FORECASTS (Base Year - 2006)

Table B1

Rail Freight Forecasts to 2019 and 2030: Tonnes lifted

	Million Tonnes			
	2006	2019	2030	Average annual growth 2006 to 2030
Solid Fuels	51	41	41	-1%
Construction	21	25	32	2%
Metals & Ore	18	17	19	0%
Ports: Intermodal	12	30	50	6%
Domestic: Intermodal	2	12	25	11%
Other	12	13	12	0%
Total	116	139	179	2%

Table B2

Rail Freight Forecasts to 2019 and 2030: Tonne Km

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

Source: DfT and Network Rail

