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[Department
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Policy paper

Rail freight growth target

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Applies to England, Scotland and Wales

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Secretary of State for Transport foreword

I am very pleased to be able to publish the rail freight growth target – for at least 75% growth in freight carried by rail by 2050. This demonstrates our confidence in the sector and our support for its continued growth and development, enabling it to deliver even more benefits for our country.

Rail freight is a vital part of our transport system – transporting goods we rely on. From food to our supermarkets, to building materials for construction and to removing waste – it is vital to everyday life in our country. It impacts on all our lives. While carrying tens of billions of pounds worth of the goods we need, rail freight delivers major economic and environmental benefits. Ninety per cent of those benefits are realised outside London and the South East. So, rail freight is crucial to achieving the Prime Minister’s priority of growing the economy and creating opportunity right across the country. It also improves our environment – a tonne of freight moved by rail produces around a quarter of the carbon emissions that it would if it were moved by road. One train could replace up to 129 heavy goods vehicles (HGVs), easing congestion on our roads.

All of these benefits are why we are committed to growing rail freight and why, in my [George Bradshaw address \(https://www.gov.uk/government/speeches/george-bradshaw-address-2023\)](https://www.gov.uk/government/speeches/george-bradshaw-address-2023) in February 2023, I committed to setting a rail freight growth target this year. This alongside the [Strategic Freight Unit \(https://gbrtt.co.uk/what-we-do/our-workstreams/strategic-freight/\)](https://gbrtt.co.uk/what-we-do/our-workstreams/strategic-freight/), which has been established within the Great British Railways Transition Team, and our support in [Network North \(https://www.gov.uk/government/publications/network-north\)](https://www.gov.uk/government/publications/network-north) to the Ely Area Capacity Enhancement are important steps to further untapping rail freight’s potential for green growth. I spoke about a customer-first culture in my Bradshaw address, creating a more customer-focused and joined-up railway and I emphasised that rail freight is a customer too. Its needs must be recognised, so this vibrant private sector industry can continue to grow. This means that rail freight will be at the heart of the railway and taken into account when decisions are made.

I would like to thank all those in the rail freight industry, including their customers, who have contributed to the development of the growth target. We must now seize the opportunity, working together to deliver it, maximise the huge benefits that rail freight can bring and show that freight really does belong on rail.

The Rt Hon Mark Harper MP

Introduction

The government fully recognises the critical role that rail freight plays in improving supply chain resilience and helping to secure economic, social and environmental benefits. Rail freight trains reduce road congestion, connect markets over long distances and are much less carbon-intensive than road freight. Rail freight can also play a big role in wider governmental priorities including the [Transport Decarbonisation Plan](https://www.gov.uk/government/publications/transport-decarbonisation-plan) (<https://www.gov.uk/government/publications/transport-decarbonisation-plan>) and the [Future of Freight Plan](https://www.gov.uk/government/publications/future-of-freight-plan) (<https://www.gov.uk/government/publications/future-of-freight-plan>).

That is why in the [Plan for Rail](https://www.gov.uk/government/publications/great-british-railways-williams-shapps-plan-for-rail) (<https://www.gov.uk/government/publications/great-british-railways-williams-shapps-plan-for-rail>), we outlined the government's firm commitment to increasing the amount of freight transported on the rail network by committing to set a rail freight growth target. The purpose of this target is to strengthen the place of freight on the rail network, to create new opportunities for growth and investment, and to give confidence to the sector's customers and investors – enabling this successful private sector market to further unleash its full potential.

Following this commitment, the Department for Transport (DfT) commissioned the Great British Railways Transition Team (GBRTT) in November 2021 to develop a range of options for the rail network. GBRTT established its Strategic Freight Unit to provide strategic leadership to unlock opportunities for growth in the sector and develop these options. This piece of work was delivered through a call for evidence with logistics businesses and the supply chain to develop an understanding of demand and secondly, to provide multiple realistic and evidence-based growth target options that outline dependencies, trade-offs and the costs and benefits of each.

The rail freight growth target will benefit all of Great Britain. It will reflect the short-term rail freight growth target set for England and Wales by the Office of Rail and Road (ORR) in its final determination, following the high-level output specification (HLOS) for England and Wales. It will also reflect and complement the rail freight growth target in Scotland. Together all these targets will magnify the impact of rail freight growth. [\[footnote 1\]](#)

The rail freight growth target

Establishing a rail freight growth target

In 2022, as mentioned above, [GBRTT launched a call for evidence to inform the design and development of the rail freight growth target](#)

[\(https://gbrtt.co.uk/what-we-do/rail-freight-growth-target/\)](https://gbrtt.co.uk/what-we-do/rail-freight-growth-target/). It aimed to further understand market demand, opportunities for rail freight growth, challenges to delivering growth, drivers of customers' logistics decisions and, finally, views on the design of a growth target. It received a strong response with 88 replies received from across the country. The respondents were from a wide range of backgrounds including freight operating companies, rail industry bodies, current rail freight customers, potential customers who have never used rail freight and transport authorities.

The responses confirmed that there is significant scope to increase rail's share of the freight market, with many considering rail freight growth and the rail industry's role in meeting net zero targets important – there was a willingness to use rail if barriers can be overcome. Most respondents saw greater use of rail freight as a viable solution for reducing carbon emissions and many wanted to transfer at least part of their supply chain to rail. The barriers that both potential customers and current customers who wanted to increase their use of rail freight perceived included network capacity and capability, journey time and cost. There was good support for the effectiveness of a long-term growth target for growing rail freight.

The [call for evidence summary report \(https://gbrtt.co.uk/what-we-do/rail-freight-growth-target/\)](https://gbrtt.co.uk/what-we-do/rail-freight-growth-target/) was published to accompany the rail freight growth target announcement.

Following the call for evidence, GBRTT designed a programme of work to develop a credible, yet stretching, rail freight growth target – including detailed forecasts and careful analysis. A summary of this work is detailed in [Developing options for a rail freight growth target to 2050 \(https://gbrtt.co.uk/what-we-do/rail-freight-growth-target/\)](https://gbrtt.co.uk/what-we-do/rail-freight-growth-target/), which was published to accompany the rail freight growth target announcement. It concluded that an option that provided for growth of around 65% to 85%, by prioritising rail freight and ensuring a strong role for the industry in driving growth, was optimal – delivering significant benefits, while also delivering significant value for money

The government considers that this analysis provides a strong basis for the setting of an ambitious yet realistic target.

Developing long-term rail freight options

The government, after consideration of the GBRTT analysis, has established a rail freight growth target of at least 75% in freight moved. This represents a mid-point in the range of GBRTT's preferred option. It reflects that certain facilitators of the target of 85% are still being progressed, rather than being fully in place – in particular, the bill to establish Great British Railways (GBR) is about to undergo pre-legislative scrutiny.

However, we are clear that this is a highly ambitious target. Rail freight in recent years has experienced limited growth. Achieving growth of 75% would be a sea change – supporting compound annual growth of around 2.3% – and ensuring a robust, sustainable and growing sector into the future. The target is also not a ceiling and the industry should be ambitious for growth beyond the target.

We do not consider a higher target to be realistically credible, given the likely significant demands on public expenditure. In any event, we note that the option selected was identified by GBRTT as providing a strong balance between meeting the objectives set by government for the railway, while securing value for money.

Delivering the target

Introduction

The government considers that the rail freight growth target is a critical signal of our support for and confidence in rail freight. However, we are clear that a statement alone is not enough. It must be followed by concrete actions to deliver from across the whole rail sector.

We do not consider that setting out an action-by-action delivery plan up to 2050, however, is credible. Nor is it the responsibility of one party to do so. Rail freight and linked businesses such as terminals are an outstanding example of a vibrant private sector industry that has a long record of investing to support its growth and development. It is critical that the full industry, as well as Network Rail (and the future GBR), plays its role, collaborating where appropriate and taking the necessary steps to deliver rail freight growth. By setting the target, the government is providing confidence for industry to take ambitious steps and to further invest.

Our commitments

The UK government is clear about our role. That is why we have supported rail freight – and will continue to do so. We have focused on the actions we are taking now, and in the short term, to support rail freight growth. Inevitably the actions taken up until 2050 will develop over time to reflect the changing circumstances and nature of freight transport. The Scottish Government continues its ambitious programme of supporting rail freight growth – as

reflected in the [Scottish Ministers' recent HLOS for control period 7 \(CP7\)](https://www.transport.gov.scot/media/52916/scottish-ministers-high-level-output-specification-hlos-control-period-7-2024-2029.pdf) (<https://www.transport.gov.scot/media/52916/scottish-ministers-high-level-output-specification-hlos-control-period-7-2024-2029.pdf>) (which includes reference to Scotland's Industry Rail Freight Growth Plan) – using its powers. We will continue to work closely with the Scottish Government on growing rail freight, using our respective legal powers.

Throughout the remainder of this section, we focus on the role of the UK government in supporting rail freight.

Government's strong support for rail freight as part of a vibrant freight transport network has been sustained – and we are confident it will be sustained in the future. In June 2022, the government published a first-of-its-kind long-term and cross-modal plan for freight and logistics – the Future of Freight – which sets out how government and industry will work together towards a sector that is cost-efficient, reliable, resilient, environmentally sustainable and valued by society.

Efforts are focused on the priority areas of planning, people and skills, transition to net zero, a national freight network, and technology and innovation. The programme of work underway against each of these priorities showcases the vital role freight and logistics plays in the UK and in delivering the government's ambitions to grow and level up the economy.

Turning to rail freight specifically, we are committed to the growth and development of this critical industry – including through support, investment and regulation. Our focus includes the following ambitious programme:

Placing rail freight at the heart of a reformed railway

This is part of our programme of reform, as set out in the [Plan for Rail](https://www.gov.uk/government/publications/great-british-railways-williams-shapps-plan-for-rail) (<https://www.gov.uk/government/publications/great-british-railways-williams-shapps-plan-for-rail>), which we are delivering now to tackle the challenges facing the railway today. GBR will bring together operations and infrastructure and will have an integral role in setting the right commercial conditions across the sector.

Given the scale and complexity of the changes being made to the sector, it is right that the draft bill to establish GBR undergoes pre-legislative scrutiny to provide Parliamentarians and experts across industry (including rail freight) the opportunity to review and test the legislation in draft. This should allow for a swifter passage through Parliament when the legislation is brought forward. As we set out in the Plan for Rail, we continue to support a strong and effective system of independent regulation overseen by the independent ORR – including on key issues such as access to the network and providing companies with the confidence and certainty they need to support continued investment.

Requiring the setting of a rail freight growth target in England and Wales by Network Rail for 2024 to 2029

Through our HLOS in December 2022, we required ORR to “set a stretching yet realistic target for Network Rail to facilitate rail freight growth over the Control Period”. We welcome the growth target for England and Wales of 7.5% set by ORR, as we do the strong focus they have placed in the final determination on ensuring that there is a plan to deliver this (through the CP7 delivery plan), working closely with rail freight stakeholders.

We have been clear with Network Rail on the importance of a credible plan. The Scottish Government pioneered the use of rail freight growth targets and has set a rail freight growth target of 8.7% for 2024 to 2029, demonstrating the joint focus of both governments on delivery of rail freight growth.

Continuing to invest in a network to support more reliable rail freight

Through our HLOS for England and Wales, we were clear about the importance of ensuring punctuality and reliability for freight operators. We expect that future HLOSs will continue to make commitments in relation to rail freight to support growth, providing an effective means to continue to deliver on the rail freight growth target. Additionally, as part of the periodic review final determination, freight growth will be supported by £72 million of investment in high-priority structures for heavy axle weights and £17 million for the freight safety improvement portfolio.

Continuing to invest in rail freight capacity

Government has and will continue to invest in rail freight. The £161 million major programme of works to improve physical and timetabling constraints at Oxford station and along the rail corridor through Oxfordshire will help support the operation of additional freight services heading to and from the Midlands in the coming years. The recent Network North announcement confirmed government support for the Ely Area Capacity Enhancement, facilitating a further 6 daily freight paths to and from the Port of Felixstowe.

Rail freight continues to be a feature in our plans to upgrade the rail network, subject to normal considerations of business case and affordability. However, it has been assumed that the primary facilitator of growth in the option selected will be through identifying network efficiencies and terminal development, with additional services on the key mainlines primarily accommodated within existing freight paths/opportunities.

Supporting modal shift

The highly successful [Modal Shift Revenue Grant Scheme \(MSRS\)](https://www.find-government-grants.service.gov.uk/grants/waterborne-freight-grant-1) (<https://www.find-government-grants.service.gov.uk/grants/waterborne-freight-grant-1>) has played a critical role in supporting modal shift. It currently has a budget of £20 million a year. In 2022 to 2023, MSRS helped remove 900,000 lorry journeys from Britain’s roads, saving almost 40,000 tonnes of carbon dioxide

(CO₂) emissions. DfT is undertaking a comprehensive review of the MSRS scheme, and a [call for evidence \(https://www.gov.uk/government/calls-for-evidence/mode-shift-grants-review\)](https://www.gov.uk/government/calls-for-evidence/mode-shift-grants-review) was launched on 4 December 2023.

Continuing to support international rail freight through the Channel Tunnel

We recognise that there is additional capacity available to accommodate more rail freight internationally. The government continues to engage regularly with the international rail sector to discuss freight traffic flows and proposals to operate more international freight services. The government is also actively participating in discussions through multilateral organisations regarding the promotion and development of international rail freight to support modal shift.

The government remains committed to engaging with industry-led proposals to support opportunities for rail freight and potential new operators where there is a commercial proposition.

Continuing to recognise the importance of rail freight in the planning regime

The joint DfT and Department for Levelling Up, Housing and Communities (DLUHC) [call for evidence on freight and the planning system \(https://www.gov.uk/government/calls-for-evidence/freight-and-logistics-and-the-planning-system-call-for-evidence\)](https://www.gov.uk/government/calls-for-evidence/freight-and-logistics-and-the-planning-system-call-for-evidence) closed on 6 October 2023. It sought evidence so that the planning needs of the freight and logistics sector can be properly and effectively considered. The two departments will continue to collaborate so that the enhanced evidence base can help to underpin any new or amended planning policies and guidance to ensure sufficient land is allocated to service the needs of freight and logistics.

Furthermore, the government is currently reviewing the national networks national policy statement (NNNPS). The [draft revised NNNPS \(which we consulted on in March 2023\) \(https://www.gov.uk/government/consultations/draft-revised-national-networks-national-policy-statement\)](https://www.gov.uk/government/consultations/draft-revised-national-networks-national-policy-statement) recognises the importance of rail freight and provides an updated needs case for the development of strategic rail freight interchanges. We are committed to completing the review by March 2024.

Continuing to ensure that capacity no longer needed for passenger services is released, providing opportunities for rail freight

With passenger services operators overall operating fewer services than in 2019 and demand showing signs of having stabilised, DfT has already taken steps to ensure that its operators free up capacity on the network by releasing unused access rights that are no longer required for passenger services. Government is also working with ORR and Network Rail to improve the sale of access process, making it more transparent and responsive for all operators,

including freight operators, to identify spare capacity and secure additional paths.

Supporting innovation in rail freight

Supporting freight has been one of the key elements of DfT's investment in rail research, development and innovation. Since 2021, the industry-wide research programme delivered by the Rail Safety and Standards Board has included a specific workstream on freight to provide easier access to the network and increase speeds and load limits. In particular, research on coupler strength and tractive effort is enabling extra wagons to be safely added to trains, reducing costs and emissions. We have also supported the trialling of a range of new rail freight technologies to encourage industry investment through our [First of a Kind innovation programme \(https://apply-for-innovation-funding.service.gov.uk/competition/1629/overview/30f06e9d-ce61-49a7-bf29-fdcf5a35f3e4\)](https://apply-for-innovation-funding.service.gov.uk/competition/1629/overview/30f06e9d-ce61-49a7-bf29-fdcf5a35f3e4). This has included a dedicated competition in 2022 which funded 6 freight-specific projects, aimed at a range of objectives from creating a new market for parcel delivery, to more efficient path planning and reducing auxiliary power requirements.

But we would like to go further. The government will review how governments in key partner countries support rail freight and what the results have been. This will help us to learn the lessons from international best practice, so we can consider how they may be applicable in Great Britain.

Monitoring, review and engagement

As we say above, we are clear that for us to achieve rail freight growth, this is not solely a government project. It involves every part of the rail freight industry to ensure that customers wish to use freight to transport products. As a vibrant private sector industry, the continued leadership of the industry is vital. However, to support continued collaboration and engagement, we will facilitate a future Rail Freight Growth working group to monitor progress, ensure coordination and develop further actions on how we can support sustainable rail freight growth. The Rail Minister will also continue to discuss the issues and opportunities with the industry, including the opportunities for growth, at his regular roundtables with rail freight representatives.

We are clear that transparent reporting of progress is essential. ORR provides detailed figures on the performance of the rail freight sector on a quarterly basis and will be actively monitoring progress against the CP7 targets.

More generally, the rail freight growth target will be kept under close review. Circumstances will change and the market will develop over the next 25 years. The target is, therefore, likely to require updating from time to time – we will use our engagement and monitoring of the market to consider any updates needed.

In doing so, we will work closely with the rail freight industry and with customers.

1. The target will, in no sense, provide any limitations at all for future growth targets set by Scottish Ministers, who are, consistent with Schedule 4A of the Railways Act 1993, able to set objectives for Scottish railway activities – including for rail freight – during a Periodic Review.

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