



Rail Freight: Delivering for Britain





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Executive Summary

This document is a submission to the Williams Review on behalf of the RDG Freight Board.

The rail freight industry is vital to the economic success of Great Britain, delivering around £1.7bn of economic benefits and supplying £30bn of goods to customers across Britain each year¹. The environmental benefits from moving goods by rail rather than by other modes are substantial, with rail producing lower carbon emissions and less local air pollution. These benefits have been realised through substantial investment by freight operators and other parties in the logistics chain. The continued stability of the rail industry framework and business confidence (from freight operators and their customers) are critical to ensuring continued investment with the economic, social and environmental benefits that this will bring.

The environmental benefits from moving goods by rail rather than by other modes are substantial, with rail producing lower carbon emissions and less local air pollution

To support a sustainable and successful rail freight sector into the future, the following framework should be incorporated into whatever industry structure is developed through the review:

Government policy should be aligned across modes

A set of consistent legal, commercial and regulatory mechanisms is needed to underpin continued business confidence and private sector investment

A network and timetable that is co-ordinated on a GB-wide basis is essential

Modelling capabilities should be enhanced which better capture the value of rail freight, to help make choices about network use

The GB-wide charging regime that provides long-term clarity and is affordable should be retained

An industry structure that provides strong incentives to all parties to encourage freight growth should be prioritised

Industry processes that provide flexibility for freight to respond to changing industrial and logistics demands must be retained

This framework will not only benefit freight, but also passenger operators: delivering a better railway for all participants and therefore for all the users and customers of the railway.

1. 'Rail freight working for Britain', Rail Delivery Group (June 2018), p.1–2. Values are for 2016.



Introduction

The story of rail freight

The rail freight industry in Great Britain delivers substantial economic, environmental and social benefits². This paper outlines the contribution of rail freight and details the framework that the rail freight industry recommends is included in the Williams Rail Review. The paper has been developed through extensive input and consultation with the freight operators, Network Rail and the Rail Freight Group.

Underpinning this framework are three key principles, which are that any rail industry structure should:

- consider the interests of all passenger and freight customers;
- ensure decisions about access to the network continue to be based on transparent criteria;
- support a successful rail freight sector (consistent with government policy to support modal shift of freight to rail)³.

The rail freight sector operates very differently to most of the passenger sector:

- freight operators have no franchise agreements: they operate on an open access basis in response to customer demand based on commercial business to business contracts;

- freight operators and their customers make significant long-term investments of their own money in assets and people;
- there are five national freight operators that compete with each other and with road hauliers to supply logistics services for business;
- freight operators are national businesses: organisational and administrative boundaries are irrelevant, with approximately 80% of freight journeys crossing more than one Network Rail route boundary.

Despite these differences, most of the framework outlined in this paper would also benefit passenger services thereby contributing to an overall improvement in the GB rail industry.

A stable and transparent environment is critical for ongoing private sector investment required to enable rail freight to continue to deliver economic, social and environmental benefits.

Government through Network Rail has invested approximately £700m into improving the capacity and capability of the rail network for freight

The rail freight industry in Great Britain makes an important contribution to the economy: delivering £30bn of goods to customers across Britain and generating around £1.7bn of economic and environmental benefits.⁴

Rail freight competes with road freight – 11% of inland freight transportation is made by rail⁵. Rail freight could deliver significant additional benefits if it were to increase its market share of inland transportation – one freight train can remove up to 76 Heavy Goods Vehicles (HGV) from the road⁶, reducing congestion, delivering environmental benefits (as a tonne of rail freight emits 76% less CO₂ than a tonne of road freight) and safety benefits.⁷

Rail freight is a highly competitive sector, where five national operators compete directly for tenders and to develop new traffic to rail. This competition, both with other modes and within rail freight, has been a significant driver of the improvements and efficiency gains that rail freight has achieved since privatisation. It has

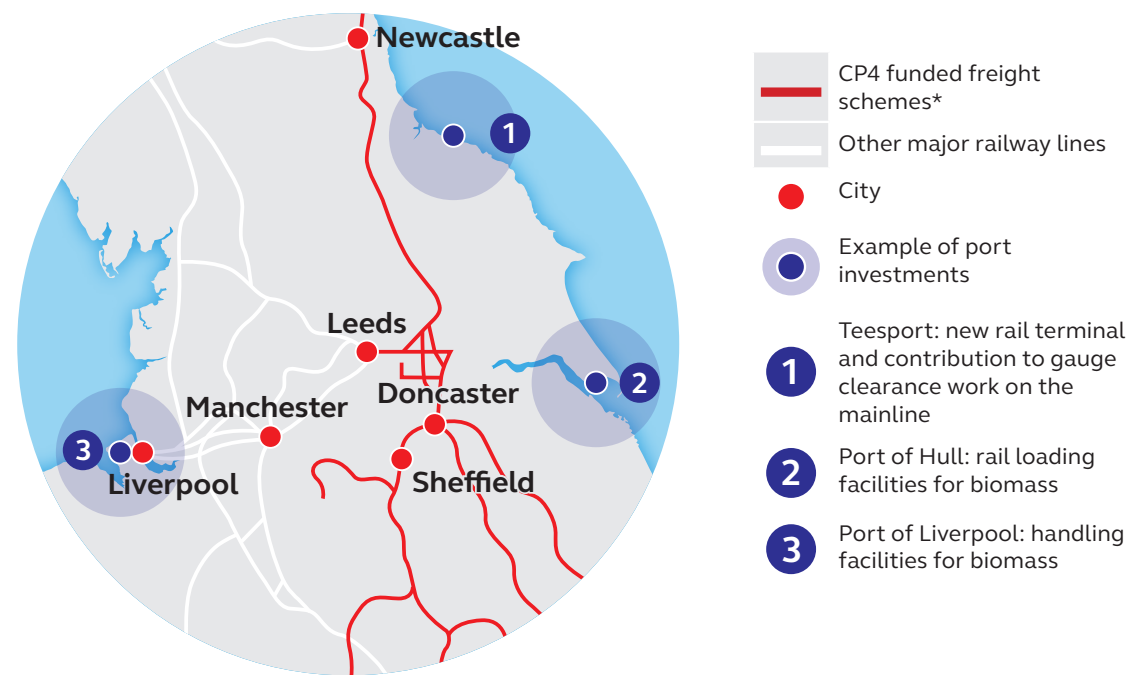
encouraged rail freight operators to invest in their operations, to innovate and deliver high-quality services to their customers, despite the uncertainty created by the charging regimes. Freight operators commit to investments that span many control periods and different charging periods.

Since privatisation, freight operators have invested more than £2.8bn.⁸ Those investments have been focussed on increasing the capacity of freight trains, enabling more goods to be moved on fewer trains, whilst improving reliability, reducing delays on the network. To date, 70% of rail freight operators' investments have been directed towards capacity enhancements and 30% towards improving reliability and performance.⁹ Investments by rail freight operators have been complemented by investments made by other stakeholders: government through Network Rail has invested approximately £700m into improving the capacity and capability of the rail network for freight operations (e.g. providing gauge clearance and enabling longer trains to operate)¹⁰ and ports have invested over £250m between 2007 and 2014 to connect their infrastructure to the rail network.¹¹ The figure below illustrates some of the investments by ports in rail freight facilities across northern England.¹²

2. 'Rail freight working for Britain', Rail Delivery Group (June 2018); and 'Value and importance of rail freight', Network Rail (April 2013). / 3. 'Rail Freight Strategy – Moving Britain Ahead', Department for Transport (September 2016), paras 54, 61–63.

4. Rail Delivery Group (2018), 'Rail Freight – Working for Britain', June. Values are for 2016. / 5. Rail Delivery Group (2014), 'Keeping the lights on and the traffic moving', May, p.5. / 6. Department for Transport (2016), 'Rail Freight Strategy – Moving Britain Ahead', September, p.6. / 7. *ibid.* / 8. Rail Delivery Group (2018), 'Rail Freight Working for Britain', p.6. / 9. *ibid.* / 10. *ibid.* / 11. *ibid.*, p.22. / 12. Rail Delivery Group (2015), 'Freight Britain – Continuity and certainty for rail freight', February, p.6–7.

Port investment in freight facilities

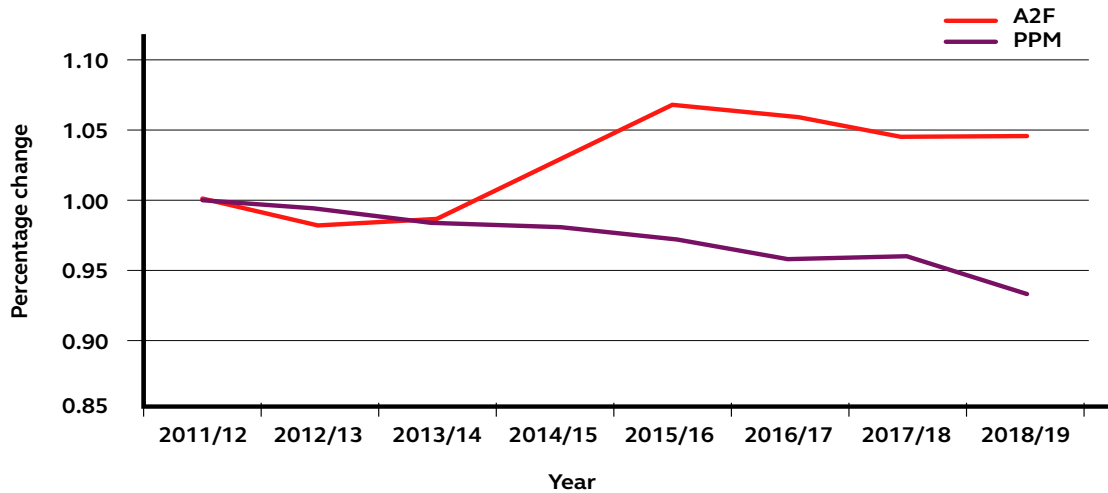


During Control Period 5, the Strategic Freight Network (SFN) fund administered £235m of investments to improve the network to support rail freight growth¹³, focusing on projects such as gauge clearance and capacity enhancement schemes on freight routes.¹⁴

These investments have supported productivity improvements: the number of tonnes lifted per train has increased by over 89% between 2003/04 and 2013/14;¹⁵ productivity has increased, with freight tonnes moved per staff member increasing by 60% over the same period.¹⁶

Reliability has also improved, with on average 85% of trains arriving at their final destination within 15 minutes of schedule (A2F) in 2017/18.¹⁷ Since 2011 A2F has improved by 5%, which is notable in the context that PPM (Public Performance Measure) for passenger operators has deteriorated by 7% over the same period – see graph below:

Port investment in freight facilities



13. Network Rail (2017), 'Freight Network Study', April, p.15. / 14. For a list of projects, see Network Rail, 'Strategic Freight Network Enhancement Schemes', <https://cdn.networkrail.co.uk/wp-content/uploads/2016/11/Strategic-freight-network-enhancement-schemes-2.pdf>, accessed 15/03/2019. / 15. Analysis based on Office of Rail and Road data. / 16. Network Rail (2017), 'Freight Network Study', April, p.19. / 17. Network Rail data. Trains arriving within 15 minutes of schedule for all reasons including customer request

In a typical year, freight operators provide 5,000 train services to worksites across Great Britain, make 14,500 trips on the network in support of Network Rail's engineering activity

Compared to the road network the rail network is over twice as reliable with 4.4 seconds per mile delay on average on the rail network compared to 9.4 seconds per mile on the strategic road network.¹⁸ Rail freight operators account for just 2.5% of total delays to passenger services: a 40% improvement since privatisation.¹⁹

To accommodate changing customer needs freight operators have had to be flexible and adapt their models and make investments to support a changing market. The product mix moved by rail freight has dramatically changed since privatisation: while rail freight used to rely heavily on coal (26% of the commodities moved by rail in 1998/99, 7% in 2017/18), it now transports mainly containers that arrive by ship and construction material (respectively 40% and 25% of commodities in 2017/18, against 20% and 12% in 1998/99).²⁰ These demand shifts have required rail freight operators to adapt: where they were previously carrying low-value, bulky goods on under-utilised railway sections, they increasingly transport fast-moving, manufactured consumer goods or construction materials on highly-used, passenger-dominated railway sections.

The rail freight industry also plays an important role in supporting Network Rail with the delivery of the passenger railway through the provision of a wide range of engineering support such as rail milling, snow clearance and rail head treatment trains; delivering material to support engineering works; operating local distribution centres; and supplying engineering materials. For

example, in a typical year, freight operators provide 5,000 train services to worksites across Great Britain, make 14,500 trips on the network in support of Network Rail's engineering activity and to support Network Rail's local distribution centres.

In turn, the focus of Network Rail's activities at the weekend means that the freight operators can use assets that would otherwise be under-utilised at these times to provide these services to Network Rail. This lowers the costs of provision to both Network Rail and the freight operators' other customers. Any move away from a national network would be likely to reduce the flexibility of freight operators to support Network Rail with assets from across the country and thus increase costs to both Network Rail and freight customers.

With the right framework, the rail freight sector can continue to grow and develop, delivering greater benefits and supporting the development of the economy and rail industry. The following section outlines the rail freight industry's proposal for a framework that would support continued success for the rail freight sector.

Many of the elements of this framework would also benefit passenger operators: this is not a 'freight only' framework.

18. Source – rail data from Network Rail and road data from Highways Agency / 19. Rail Delivery Group (2018), 'Rail Freight – Working for Britain', June, p.13. / 20. Analysis based on Office of Rail and Road data.

Framework for a successful rail freight sector





To support a sustainable and successful rail freight sector into the future, the following framework should be incorporated into whatever industry structure is developed through the review:

Government policy should be aligned across modes

A set of consistent legal, commercial and regulatory mechanisms is needed to underpin continued business confidence and private sector investment

A network and timetable that is co-ordinated on a GB-wide basis is essential

Modelling capabilities should be enhanced which better capture the value of rail freight, to help make choices about network use

The GB-wide charging regime that provides long-term clarity and is affordable should be retained

An industry structure that provides strong incentives to all parties to encourage freight growth should be prioritised

Industry processes that provide flexibility for freight to respond to changing industrial and logistics demands must be retained

The remainder of this section outlines these elements and the rationale for them in more detail.

Government policy should be aligned across modes

Government policy is organised by mode whereas the market is cross-modal and most customers using rail also use other modes. Greater alignment of government policy making would facilitate a level playing field when choosing road and rail investments. It would enable policies that optimise the different transport networks ensuring the optimum mix of investments and support the freight operators in meeting the needs of their customers.

For example, responsibility for freight is split across different modal teams within the Department for Transport (roads, rail, environment); land use planning sits with the Ministry for Housing, Communities and Local Government, which can result in disjointed priorities and policy support.

In this context, it is notable that the ongoing analysis by the National Infrastructure Commission is mode-agnostic and reflects that land-use policy is an important issue for freight: a finding that is not reflected within government policy.²¹

Greater alignment of government policy making would facilitate a level playing field when choosing road and rail investments

A set of consistent legal, commercial and regulatory mechanisms is needed to underpin continued business confidence and private sector investment

Typical assets in the sector have asset lives of 30-35 years e.g. locomotives, wagons, cranes. The freight operators invest in these long-term assets, sometimes via Rolling Stock Companies (ROSCOs)²² without any guarantees from government. This investment is undertaken on a commercial basis and often in conjunction with freight customer commitment and/or investment

For example, Colas Rail has invested over £65m since 2013 on new locomotives, wagons, training and facilities, much of this in new Class 70 locomotives and new JPA cement wagons as a joint initiative with Tarmac.

While the rail freight operators and their customers are willing and able to make these investments, the retention and stability of the legal, commercial and regulatory frameworks of the rail industry, like in any other sector, are crucial to support continued investment.

The legal, commercial and regulatory structure of the rail industry (including five-year funding settlements for Network Rail and a single, national, track access agreement for freight operators) is well understood by participants in the industry. Largely retaining these structures, with any amendments being evolutionary, would underpin a stable sector.

Of particular importance is the retention of an independent body to arbitrate on access to the network: this will become even more important if the infrastructure management and passenger operations on any part of the network are more closely integrated so that freight, open access and other (non-VI) operators are not discriminated against.

21. National Infrastructure Commission (2018), 'Future of freight: interim report', December.

22. ROSCO – rolling stock operating company

A network and timetable that is co-ordinated on a GB-wide basis is essential

As illustrated in the map, the rail freight network stretches across Great Britain.

It has been estimated that 80% of freight journeys cross current Network Rail route boundaries and enable the delivery of goods right across the country.

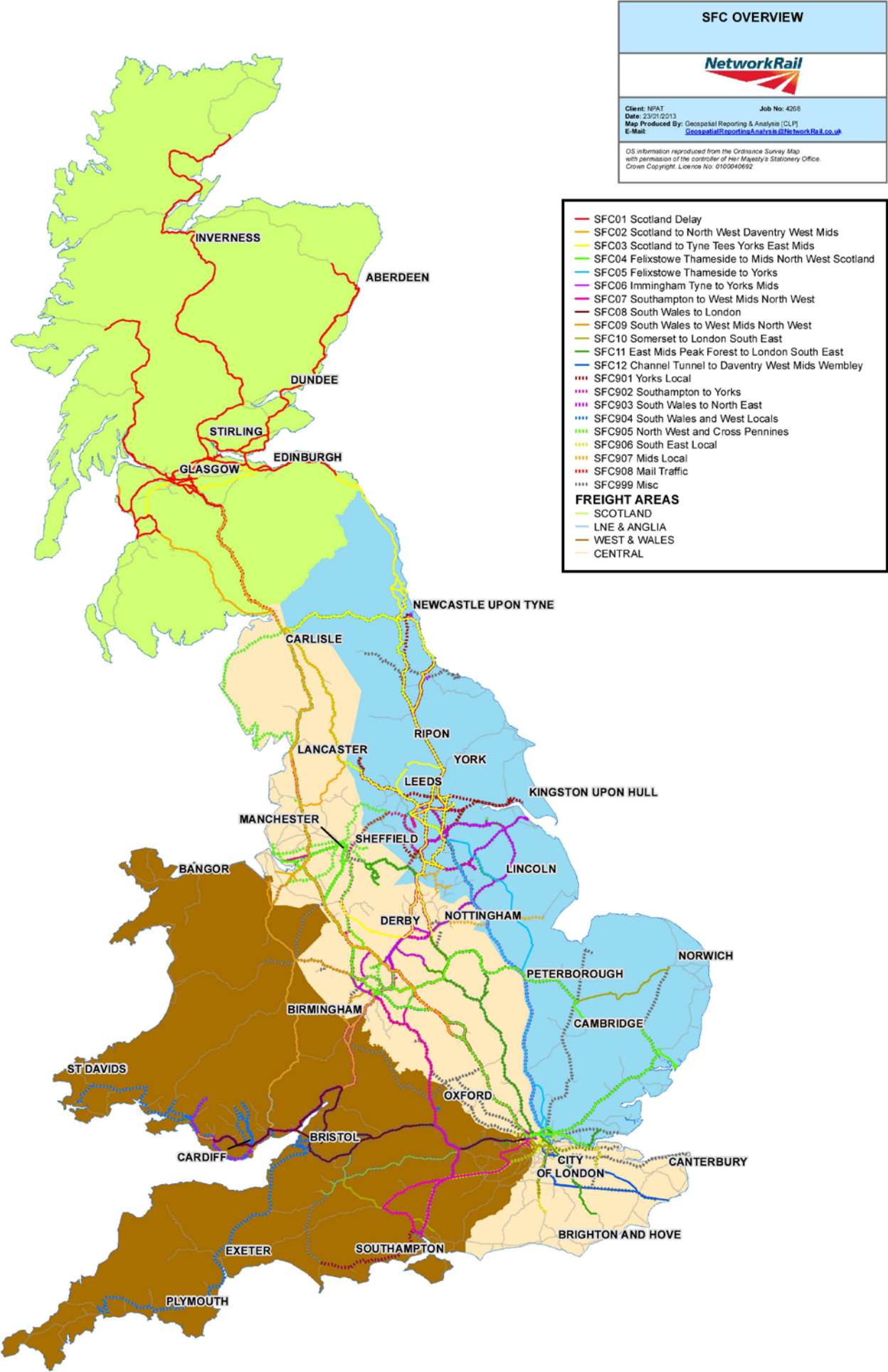
The current approach of a single, GB-wide, timetabling process, including co-ordination of engineering access, and a dedicated Network Rail freight team provides significant benefits in terms of making transactions between Network Rail and freight operators more efficient.

A national planning system enables the freight operators to provide a seamless service to their customers, competing with a national road network that is accessible without any boundaries. Any move away from a GB-wide network and timetable (e.g. to a model in which more of Network Rail's timetabling and possession de-confliction functions are devolved to Routes) could, if it is not managed carefully, increase the administrative burden on the freight operators and reduce flexibility, potentially increasing their costs and therefore costs to their customers, making it more difficult to compete with other modes. In turn, this could result in greater road freight traffic with the negative consequences that has of congestion, pollution and adverse safety impacts.

With approximately 80% of freight flows crossing boundaries between Network Rail routes, a move away from a single GB-wide timetable process could, if it is not managed carefully, pose significant operational and commercial problems for the freight operators, making them less competitive with road freight.

A national planning system enables the freight operators to provide a seamless service to their customers, competing with a national road network that is accessible without any boundaries

Strategic Freight Corridors



Modelling capabilities should be enhanced which better capture the value of rail freight, to help make choices about network use

As we look to further expand the freight market there are inevitable trade-offs to be made, given the increasingly congested network. There is also a trade off between using capacity and retaining the ability to recover the service after a period of disruption. There are limited models available that support these trade-offs.

The benefits that freight delivers are not fully captured in decision-making when assessing allocation options. To make the best use of the existing capacity on the network and to understand the relative value of different capacity trade-offs, more information about the economic value of different services would aid decision-making. Better modelling which sufficiently captures the value of rail freight will act as an incentive for operators to invest in new technologies and improve performance further.

It is recognised that there are high economic values in running passenger services into major conurbations at peak times, so it is suggested that there is a focus on optimising the balance of freight and passenger services in the off-peak to support the greatest overall benefit to the UK economy.

23. See footnote 8

The GB-wide charging regime that provides long-term clarity and is affordable should be retained

It is very important that we retain a GB-wide charging regime for freight operators given the nature of their business and markets. Freight operators compete directly with road hauliers amongst others. In contrast to the rail charging regime, road freight operators do not pay directly for the wear and tear they impose on the road network, or for the congestion and disruption that they impose on other users of the network. Many of the products that are shipped by rail could also be shipped by road.

This competitive context should be taken into account when the charges for use of the rail network are set. While it is recognised that five-year price controls are a long time for government, the assets that the rail industry invests in last far longer. A long-term perspective is essential to provide a stable framework and enable business confidence.

Freight operators have invested over £2.8 billion since 1996²³ in long-term investments in assets and staff. In order to continue this successful track record in investment the sector needs confidence in the continued development of the industry. Confidence in the market enables freight operators to not only take on temporary staff in response to particular contracts, but to continue to invest in them after that contract has ended.

For example, in response to increasing requirements to support the delivery of Crossrail, GB Railfreight recruited approximately 40 new staff. Following the completion of GB Railfreight's contract, 50% of those staff have been retained within the industry as ground staff or (with additional training) as drivers.

An industry structure that provides strong incentives to all parties to encourage freight growth should be prioritised

The rail freight industry welcomes the focus on freight in the Scottish High Level Output Specification (HLOS), with specific freight journey time and performance targets, and other requirements around gauge clearance and maintenance.²⁴ This provides a clear incentive for Network Rail in Scotland to consider the needs of the freight industry to support the growth of freight.

The rail freight industry would welcome similar commitments to be contained in future policy documents from other administrations, including DfT, the devolved administrations and sub-national transport bodies.

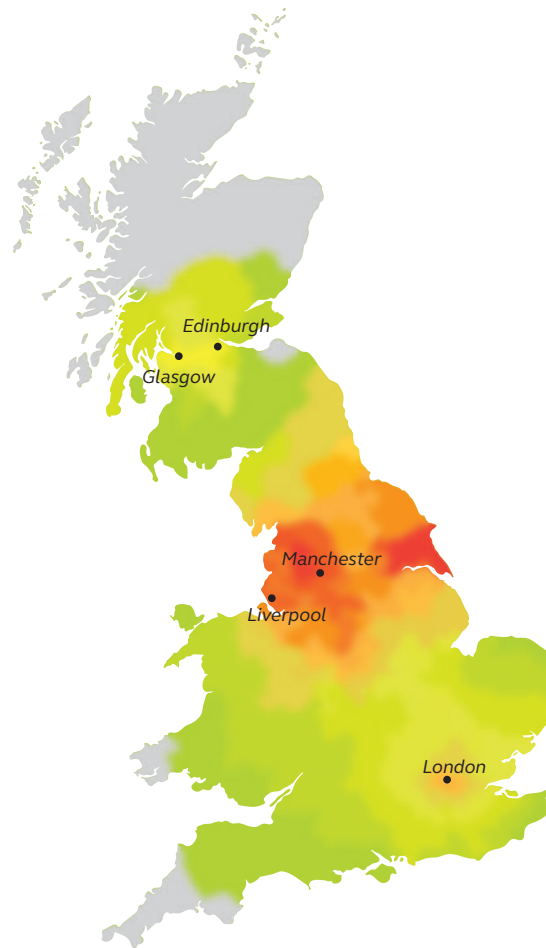
The recent RDG report²⁵ Rail Freight - Working for Britain showed that more than 60% of rail freight activity is focussed in former industrial heartlands in Yorkshire and Humber, the North West, Scotland and the Midlands and overall, more than 87% is outside of London and the South East. See heat map:

DRS have made significant investment in new modern locomotives and have in service 34 class 68 locomotives and 10 class 88 locomotives. These new locomotives use a range of approaches to reduce their environmental impacts, including: stop/start technology and regenerative braking on Class 68 and regenerative braking providing power

Source: Illustration based on KPMG data - Jan 2018 / 24. Transport Scotland (2017), 'The Scottish Ministers' High-level Output Specification for Control Period 6'. / 25. Rail Delivery Group (2018), 'Rail Freight - Working for Britain', June, p.8.

back to the network on Class 88. Further incentives would continue to underpin the willingness and ability of the freight industry to invest in improving its environmental performance.

Heat map showing regional economic benefits





In 1998/99 intermodal traffic represented 20% of all commodities moved, by 2017/18 this had increased to 40%

Industry processes that provide flexibility for freight to respond to changing industrial and logistics demands must be retained

The rail freight industry is driven by customer needs: it relies on winning contracts from its customers, who are often large national or multinational companies. Businesses are constantly evolving their logistics chains, as customer demands change and also in driving to be more efficient. In the short-term, the needs of customers can change frequently, according to the season or the phase of the project (e.g. in the case of supplying construction materials).

An effective framework of aligned incentives encourages flexibility and allows operators to react speedily to changing business requirements.

The role of a national system operator is essential in enabling this flexibility, including amending and adding new timetabled train paths. Road is intrinsically a more flexible mode with no need to book time slots to access the road network. Whilst rail can never react to change as quickly as road, industry processes that support change are vital and can increase the amount of freight moved by rail.

Over the longer-term, whole market segments can increase or decrease. For example, in 1998/99 coal represented 26% of all commodities moved by rail; by 2017/18, this had reduced to 7%. In contrast, in 1998/99 intermodal traffic (i.e. containers arriving at a port and being shipped onwards by rail, or vice versa) represented 20% of all commodities moved, by 2017/18, this had increased to 40%. The paths needed to transport these commodities across the network are very different and it is therefore important that there is flexibility within the industry processes to accommodate both short and long-term changes.

It is vital to retain the protections contained within existing processes such as Part D of the Network Code (including the Decision Criteria) and the clear written responsibilities of the different players within the industry including Network Rail. However, it is recognised that there is room for further improvement and there is an opportunity to enable greater flexibility even within these obligations and timescales.

Case Studies



Case Study 1 - Rail freight building a strong and balanced economy

In July 2017, Colas Rail began running services for Tarmac to transport cement over 400 miles from Dunbar to West Thurrock.

Since 2015, Tarmac has been investing to increase the output from the Dunbar cement facility. After an initial period providing cement to a range of projects including the Aberdeen Western Peripheral Road and a number of wind farms, Tarmac focussed on bringing the production from Dunbar to the south east of England. Tarmac's West Thurrock facility supports the construction industry in London and the south east of England.

The route from Dunbar to West Thurrock traverses three Network Rail routes: Scotland, London North Eastern and Anglia. Colas Rail worked closely with Tarmac and Network Rail System Operator to identify the paths that would enable this opportunity to be delivered. This illustrates the importance of having the timetable co-ordinated on a GB-wide basis.

Each train delivers 1,200 tonnes of cement which supports increased economic activity in Great Britain and reduced imports as there are no quarries able to supply this volume of material locally.



Tarmac are one of the country's largest rail freight customers and have significantly increased the tonnage of both cement and aggregates moved by rail over recent years, with further plans for growth. The Dunbar-West Thurrock flow has proven the notion that utilising the railway to increase the distance products are able to economically travel is directly linked to increasing our UK production following investment in our Dunbar plant

The Dunbar – West Thurrock flow has also enabled a reduction in use of imported cement thus positively impacting the UK economy in a number of ways. Were it not for the rail supply chain, this would not have been possible.

Chris Swan, Head of Rail, Tarmac

So far, the West Thurrock service has delivered over 120,000 tonnes of cement: which is equivalent to the building of 15 hospitals or 53 schools.

This service has only been possible because of the investment by Tarmac and Colas Rail in new facilities, JPA cement wagons, Class 70 locomotives, IT systems and training.



Case study 2 - Freight supporting Network Rail and the delivery of passenger services

The freight operators play an important role in supporting Network Rail and the delivery of passenger services.

Network Rail’s engineering haulage contracts with freight operators encompasses the provision of crews, locomotives and wagons to operate the midweek engineering material supply network and also possessions trains that serve individual works sites:

Possessions

- 5,000 trains per year serving worksites nationwide;
- over 8,000 instances of locomotive provision;
- 185,000 hours of duty time to, from and working on site.

Networks / Bulk Ballast / Ad-hoc

- 7,250 trains per year transporting spent materials to waste sites, fresh ballast from quarries, new rails and other inter-region material supply movements;
- 73,500 hours of duty time.

Local Distribution Centres (LDCs)

Freight operators are contracted to operate NR’s LDC’s (Bescot, Carlisle, Crewe, Doncaster, Eastleigh, Hinksey, Hoo Junction, Millerhill, Toton, Westbury, Whitemoor and Tyne).

Freight operators provide a wide range of other engineering support which are vital to keep the network running smoothly including rail milling, snow clearance and rail head treatment trains.



Passenger rolling stock support

Freight operators support the delivery of passenger services through enabling the haulage of new passenger rolling stock to test locations and providing the train crew to conduct the testing; enabling the transfer of passenger stock to work sites for refurbishment or maintenance; and supplying the train crew for charter services.

Case study 3 - Delivering benefits to businesses

The Vale Europe Limited nickel refinery based in Clydach is the largest in Europe and produces high-purity nickel and sub-products for specialist areas, such as car components, batteries, nickel plates and nonferrous allies.

High quality nickel gives your bathroom taps and shower heads their bright metallic finish and you will find it in everything from your coins, to your car, your mobile phone and rechargeable batteries that we all rely on every day.

The refinery produces around 40,000 metric tons of nickel products per year and supplies around 280 clients in over 30 countries across the world. There are over 200 permanent employees based at the refinery, which creates high quality employment opportunities, contributing to the local economy.

The refinery is supported by efficient and reliable rail container services, operated by Freightliner, a subsidiary of Genesee & Wyoming Inc. (G&W), via their Cardiff rail terminal. Each year, around 3000 containers a year of Nickel Oxide Mattes are delivered to the Vale site using rail.



The Nickel Mattes are imported via the Port of Southampton from Canada and Japan. Once the Nickel Mattes have been processed into the various high value products, up to 1500 containers per year are transited using Freightliner’s direct rail service to the Port of Southampton, from where the products can connect to their customers around the globe.



We use Freightliner multimodal services to manage our imports and exports of over 4500 TEU (twenty foot equivalent unit) per annum; the vast majority of these movements are by rail. The rail service is not only less prone to traffic hold-ups, adverse weather conditions and various other delays but also enables Vale Europe Limited to plan production more efficiently. Transporting these volumes by rail hugely contributes towards minimising each container’s carbon footprint. I would recommend rail movements wherever possible.



Phil Bowden, Senior Logistics Coordinator at Vale Europe

The major Peacocks distribution centre in South Wales employs around 600 people. It is served by containers arriving from around the globe by the efficient and reliable Freightliner container trains from Southampton via its Cardiff terminal. This daily service enables businesses like Peacocks to locate their major distribution centres near to the rail hub, knowing that the service is not only reliable, but is producing 76% less carbon than the equivalent moves by road.

When we go shopping for a new party frock or a jumper, we may not think about how those clothes got there. We certainly might not have realised that there is a high chance that those clothes would have been transported by train for part of the journey. Each year over 2,000 containers full of clothes and accessories are transported on the daily train service, operated by Freightliner, a subsidiary of Genesee & Wyoming Inc. (G&W), which runs directly from the Port of Southampton and arrives at Cardiff under four hours later.



We have been working in partnership with Freightliner for many years, utilising their rail service to Cardiff. The service offered by Freightliner is very reliable and this enables us to plan the deliveries to our distribution centre efficiently, whilst at the same time know that we are reducing the carbon footprint of our logistics chain.



Adam Foskett, Head of Sourcing, Peacocks



Case study 4 - Supporting the delivery of major infrastructure projects

GB Railfreight was contracted on the Crossrail project in 2012. Its involvement in the western tunnels excavation, between Royal Oak Portal and Farringdon, helped move several million tonnes of material to Northfleet, from where it was shipped to the natural bird reserve of Wallasea Island. This required 2–3 trains per day each with up to 2,000 tonnes of spoil.

In the next phase of support, GB Railfreight supplied heavy haul trains to take construction material (tunnel lining segments, signalling, concrete, long-welded rail, etc) into the tunnels. For 2.5 years, GB Railfreight provided 3–4 locomotives, wagons and staff.

In the final phase of support, GB Railfreight provided up to 35 shifts per day in support of ground operations in tunnels and at surface yards. This required a pool of up to 55 people to supply the 24-hour a day, 7 day a week operations required.

GB Railfreight hired approximately 40 new employees as temporary workers on the Crossrail project, including 15 who were recruited and put on a training course at a week's notice. These new employees had to be trained so that they could work safely in an operational environment.

In view of the heavy involvement of the staff in the Crossrail project, GB Railfreight accommodated many of its employees working on the construction sites in 12 apartments nearby – instead of asking them to travel on a daily basis – thereby enhancing the well-being, as well as the productivity, of the workers.

GB Railfreight therefore invested heavily in workforce hiring, training and accommodation, while being able to demonstrate flexibility in the allocation of its employees. GB Railfreight, has retained 23 of the temporary workers recruited for the Crossrail project on a permanent basis. Among those who stayed, several have moved on to different jobs within the company, gaining further skills as trainee train drivers or operations ground staff. Those who left have learnt skills making them employable by other companies in the UK, particularly within the railway industry.

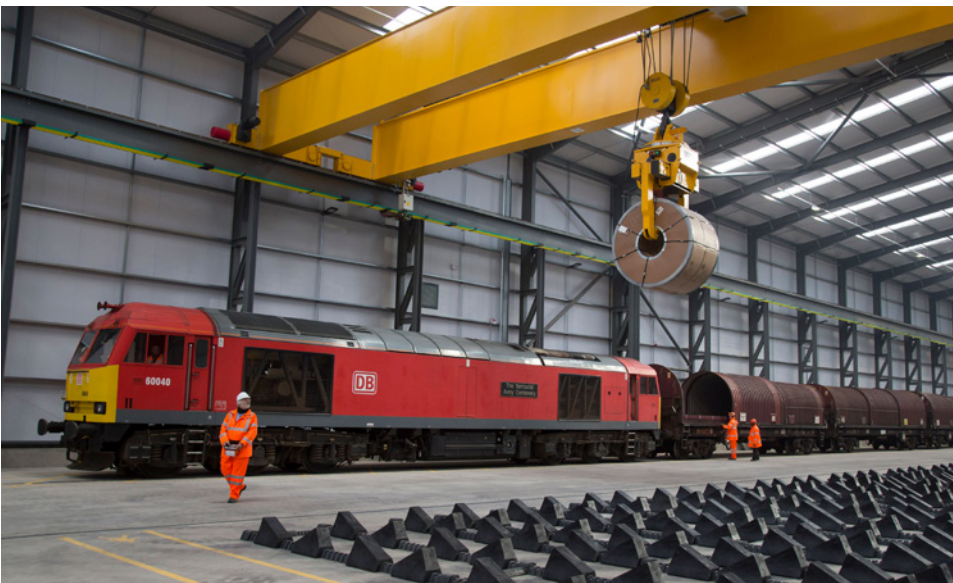


Case study 5 - Investment in environmental benefits

DRS has invested in new Class 68 and Class 88 locomotives. These locomotives include a range of features to reduce their environmental impacts as outlined below.

Class 68 Locomotives

- Modern fuel efficient and reduced emission diesel engines EUIIIA & EUIIIB.



- Stop/Start technology automatically shuts down the diesel engine after 10 minutes under set conditions reducing fuel and emissions further.
- Reduced energy consumption through highly efficient electrical traction systems utilising IGBT technology.
- Electric (rheostatic) braking to optimise energy and reduce component wear.

Class 88 Locomotives

- Electric (regenerative) braking back to the OHLE.
- Energy metered on-board the locomotive for monitored energy consumption.
- Last mile diesel engine operations or longer journeys with light loads.

Case study 6 - Discover the UK's biggest mover of metals

There is a rising demand for warehouse capacity and logistics solutions for steel in the UK. DB Cargo UK has responded to this by investing £6 million at Wolverhampton Steel Logistics Centre to more than double the size of the facility. This is one of the largest investments in the rail freight industry within the past 5 years. Construction began in November 2017 and was completed by October 2018, with the first official delivery testing on 24th October 2018.

The steel logistics centre receives imported steel from some of the world's largest steel companies including Arcelor Mittal, Tata Steel and SSAB. The newly developed centre has strategically allowed Arcelor Mittal to increase its volume in the area in excess of 40%.

The centre has the ability to store some 48,000 tonnes of steel – the equivalent of 3,324 coils.

The two warehouses provide 11,800 m² of covered space for steel products, currently serviced from the ports of Immingham, Hull and Boston.

Imported steel accounts for 61% of UK demand for steel, this is set to rise with increasing pressure on domestic manufacturing. DB Cargo UK is the largest mover of steel within the UK, aiding its customers with tailored end-to-end solutions through just-in-time delivery and rail to road loading. DB Cargo UK has a strong history in servicing the Steel Industry in the UK from its site in Wolverhampton since 1969. Nearly 50 years on, Wolverhampton Steel Logistics Centre is still of huge strategic importance to both the steel industry and rail freight.

The centre allows for direct connections from Britain's ports through to domestic manufacturers and plays a vital role in many supply chains, offering an environmentally friendly alternative to road. Every train delivery into Wolverhampton removes an estimated 76 HGVs from Britain's roads.

The steel moved from Wolverhampton warehouses is crucial to key manufacturers, it supplies several industries including car manufacturing. DB Cargo UK's involvement does not end when the steel reaches the manufacturer, indeed when the vehicle is finished they transport it from the factory door to international cargo ships ready for export.

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