A railway fit for Britain's future

LOGISTICS UK

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Summary

- The proposal to downgrade the ORR to an appeals body is concerning. Logistics UK calls for a proactive role for the ORR in setting access principles and monitoring GBR's adherence to them, rather than only a reactive role in settling disputes, to ensure fairness from the outset.
- Excessive Secretary of State influence in GBR licensing and strategy poses risks. The rail freight sector, including private infrastructure providers, needs assurance that network access will be based on objective criteria, not shifting political priorities. A balanced approach with independent regulation is crucial for the sector's commercial viability.
- While a statutory duty on GBR to ensure freight continues to deliver benefits is welcomed, the details of its enforcement are unclear. Guaranteed pathways and protection for strategic freight corridors are essential to maintain the economic and environmental advantages of rail freight.
- The rail freight sector requires stable, long-term planning conditions to support its significant investments and contributions to economic growth. Political interference and prioritisation of passenger services could undermine the sector's ability to deliver these benefits.
- A specific safeguard we propose be included in the legislation is that GBR be mandated to produce an annual report, for Parliamentary scrutiny and the scrutiny of the regulator, setting out its measures to protect fair access to the rail network and deliver rail freight growth.

About Logistics UK

Logistics UK is one of the country's largest business groups, and the only trade association which represents all of logistics. Our mission is to support, shape and stand up for a safe, sustainable and efficient logistics sector. Our membership of more than 20,000 includes global, national and regional businesses and SMEs spanning road, rail, inland waterways, sea and air as well as the customers of freight services, such as retailers and manufacturers. We deliver services, representation and thought leadership, helping members and policymakers to seize new opportunities for the sector and the economy as a whole.

The logistics sector

Logistics underpins our economy and is fundamental to our way of life. It supplies our hospitals, schools, factories, construction sites, shops and homes with everything they need, everywhere, every day – nothing moves without it.

The efficiency of logistics and the productivity of the economy are completely intertwined. Due to this relationship, Oxford Economics found in 2023 that getting the policy and infrastructure environment right for logistics would unlock up to £8 billion a year in productivity-led growth.

However, we are not currently going in the right direction. The UK fell from 4th to 19th place in the World Bank Logistics Performance Index over the past decade, largely as a result of border friction and underinvestment in transport corridors.

Logistics is a major sector in its own right. It contributes £185 billion to the economy each year (12% of UK non-financial GVA), is one of the UK's largest employers, providing good jobs with strong career progression – 2.7 million people (8% of the UK workforce) are employed in logistics roles, and its key hubs provide a catalyst for further growth and investment, helping places to thrive[1].

Q. 1 – Do you agree that GBR should be empowered to deliver through reformed incentives and a simplified and streamlined regulatory framework?

[1] Logistics Report 2024, Logistics UK

The consultation suggests that GBR will have "genuine autonomy and freedom" to make decisions. This has the potential to lead to faster, more efficient decision-making processes, which could benefit freight operators if it results in quicker responses to the sector's operational needs and market changes. The concept of GBR as a "single directing mind" could lead to more coherent network-wide planning. This might help address some of the fragmentation issues that have historically challenged the rail sector, potentially leading to better integration of freight needs into the overall network strategy.

However, the consultation positions GBR as responsible for both infrastructure management and passenger service operation. This dual role creates an inherent conflict of interest that could disadvantage freight operators. Without robust safeguards, coupled with the proposed downgrading of the ORR to an appeals body, GBR might prioritise its passenger operations over freight when allocating network capacity or resources. Also, while the consultation mentions "a statutory duty on GBR will ensure freight continues to deliver its many benefits", it doesn't provide specific details on how this duty will be enforced or how freight interests will be protected in GBR's decision-making processes.

The current proposal lacks sufficient detail and safeguards to gain unqualified support from the rail freight sector. Operators need assurances that this empowerment will not come at the expense of fair treatment for freight and that the unique needs and contributions of the rail freight sector will be fully recognised and protected in the new framework.

Without these assurances, there is a risk that empowering GBR could lead to a system that prioritises political and passenger-focused objectives at the expense of the vital economic and environmental benefits provided by rail freight. Therefore, while the rail freight sector is open to reform, it cannot fully agree with the proposal as currently presented without further clarification and specific protections for freight interests.

Alongside such assurances, a specific safeguard we propose be included in the legislation is that GBR be mandated to produce an annual report, for Parliamentary scrutiny and the scrutiny of the regulator, setting out its measures to protect fair access to the rail network and deliver rail freight growth.

Q. 2 – Do you agree that the Secretary of State should be responsible for issuing and modifying a simplified GBR licence enforced by the ORR, and that the ORR's duties with respect to GBR should be streamlined to reflect the new sector model?

The consultation clarifies that GBR will be held to account for its performance by its Chair and Board who will report to the Secretary of State (SofS). This, in turn, creates a direct accountability relationship between GBR and political leadership.

While the consultation does not explicitly detail the licensing framework for GBR, it does provide enough information to identify potential concerns about excessive SofS influence that could harm the rail freight sector.

The rail freight sector requires consistent, stable operational parameters to function effectively. Excessive SofS involvement in GBR licensing could introduce political considerations that override technical and operational decision-making. The freight sector, including private infrastructure providers, operates on commercial principles and needs assurance that access to the network will be granted based on transparent, objective criteria rather than shifting political priorities.

The consultation mentions "a reformed role for the ORR in access and charging decisions" but doesn't specify how this will balance with SofS powers. If the SofS has broad powers to modify GBR's license without sufficient checks and balances, this could create regulatory uncertainty that would discourage investment in rail freight.

The consultation emphasises passenger services throughout, with freight mentioned primarily in the context of "a statutory duty on GBR will ensure freight continues to deliver its many benefits for business, the economy, and the environment; in line with an overall growth target set by the Secretary of State". This phrasing suggests that freight considerations may be secondary to passenger services, which typically generate more political attention. SofS control over GBR licensing could further reinforce this imbalance.

Rail freight operators and their customers make significant long-term investments based on network access assumptions. However, political considerations often operate on shorter timescales aligned with electoral cycles. SofS interference could disrupt the long-term planning stability needed for freight sector investment and growth.

The rail freight sector has legitimate concerns about potential SofS interference in GBR licensing. While political oversight is necessary, excessive direct control could harm the rail freight sector by introducing political considerations into what should be objective operational and commercial decisions. A more balanced approach with appropriate safeguards and an enhanced role for independent regulation would better support the freight sector while still maintaining democratic accountability. The consultations stated objective for a "railway that offers a genuine alternative to road travel, combined with a thriving rail freight sector" would be better served by ensuring GBR has sufficient operational independence from political interference, particularly in matters affecting the freight sector's commercial viability.

Q. 3 – Do you agree that the Secretary of State should be responsible for setting a long-term strategy for GBR to align with government priorities?

While strategic alignment with government priorities has merits, there are several substantial concerns about SofS interference that could particularly harm the rail freight sector.

The rail freight sector operates on commercial principles with long-term investment cycles. Rolling stock and infrastructure investments typically span decades, requiring stable operating conditions. Political priorities, however, often shift with electoral cycles and ministerial changes. This misalignment creates significant risk for freight operators making long-term investment decisions.

The consultation consistently emphasises passenger services, with freight appearing as a secondary consideration. Given this clear passenger focus, SofS interference might further marginalise freight interests when allocating network capacity or resources.

Rail freight operators and private rail infrastructure providers, such as developers of terminals, depend on reliable network access to meet customer and commercial commitments. With the SofS setting GBR's strategic direction and potentially being heavily focused on politically visible passenger services, there's a significant risk that freight operators and infrastructure owners could face deteriorating access conditions or be deprioritised during capacity allocation decisions.

While some level of government direction is appropriate, excessive SofS control over GBR's strategy poses significant risks to the rail freight sector. The freight rail industry operates in a competitive commercial environment requiring stable, long-term planning horizons and market-responsive decision-making. Political interference through direct strategy setting by the SofS could undermine these commercial imperatives, potentially stifling investment and hampering the sector's ability to deliver the economic and environmental benefits acknowledged in the consultation. A more balanced approach with appropriate safeguards would better serve both public and commercial interests while still maintaining necessary democratic accountability.

Q. 7 – Does the proposed new access framework enable GBR to be an effective directing mind that can ensure best use of network capacity?

The statutory duty on GRB to ensure "freight continues to deliver its many benefits for business, the economy and the environment" provides some assurance that freight will maintain a protected position in the new framework, though the details of how this duty will be implemented in practice remain unclear. The current regime has constrained the ability of key stakeholders to collaborate effectively, limiting the development of rail-connected logistics facilities. Historically, since the 1990s, the system has only permitted partnerships between Network Rail and freight operators, excluding private developers from negotiating long-term arrangements. This structural limitation has stifled innovative deals that could have unlocked the full potential of rail-connected logistics developments, as freight operators are not the primary decision-makers regarding the establishment and expansion of private logistics sites.

The consultation mentions "capacity allocation processes" without providing specific details on how these will function. Freight operators require guaranteed pathways across the network that often cross multiple regions and operate outside peak passenger hours. To address these shortcomings, the proposed setup should empower GBR and private logistics developers to negotiate long-term agreements directly. Such deals would secure guaranteed access to the rail network for logistics sites and ensure a predetermined frequency of rail freight services. This kind of stability and predictability is essential not only for bolstering the commercial case for each site but also for supporting an environment where rail freight can thrive. When private developers and railway authorities collaborate, the integrated planning can lead to more efficient, scalable and strategically located logistics hubs, all of which are vital for the sustained growth of rail freight services.

There is a lack of clarity on whether the new allocation processes will adequately protect these crucial freight paths or if passenger services will receive priority. Noted is the reformed role of the ORR in access and charging decisions, however, there is little to no specificity as to how this change might affect the protection of freight operators' rights. By recalibrating the regime to include private developers as active partners in the decision-making process, it becomes possible to better align infrastructure investment with market needs. Long-term, mutually beneficial agreements would enable the rail network to be more responsive to the demands of modern logistics, thereby accelerating freight movement efficiency and reliability.

Currently, the ORR serves as an independent arbiter for track access disputes, and any diminishment of this role could leave freight operators vulnerable in conflicts with passenger services. Alongside this, numerous promises are made to "strip away the layers of bureaucracy" but it is unclear whether this streamlining will benefit freight operators or potentially remove important safeguards. The emphasis on GBR having "genuine autonomy and freedom" could be positive if it allows for faster decision-making on freight matters, but concerning if it reduces transparency or accountability in access decisions.

It is important to note the mention of "a new charging framework" with little to no elaboration on what this means for freight operators. Rail freight operates on thin margins and competes directly with alternative modes; any significant

changes to access charges could dramatically impact commercial viability. Without specific details, it is impossible to assess whether this new framework will support or hinder freight growth.

For GBR to truly be an effective directing mind that ensures optimal use of network capacity, the framework must balance passenger needs with the vital economic and environmental benefits that rail freight delivers.

Q. 8 – What - if any - key access rules and requirements for GBR should be updated and included in legislation?

For the government's commitment - ensuring that freight continues to deliver its many benefits - to be meaningful, several key access rules and requirements need to be updated and included in legislation to protect and enhance freight operations within the new GBR framework.

Freight operators and private infrastructure owners depend on reliable, consistent access to the rail network. Legislation must establish firm guarantees for freight access that cannot be easily overridden by passenger service priorities. Without such guarantees, there's a risk that GBR's dual role in managing infrastructure and operating passenger services could result in decisions that favour passenger operations at the expense of freight.

Legislation must establish clear principles for how network capacity will be allocated between different users, with specific provisions that recognise the unique characteristics of freight operations. These provisions should include protection for strategic freight corridors and recognition of the inflexibility of certain freight flows (particularly those serving ports, power stations and manufacturing facilities).

With GBR assuming a dominant position in both infrastructure management and passenger operations, freight operators need robust appeal mechanisms when access disputes arise. Legislation must empower the ORR to review and adjudicate access disputes in a manner that protects freight operations from being marginalised.

Undoubtedly, the transition to GBR presents both risks and opportunities for rail freight. While the sector welcomes the potential for more coordinated planning and delivery across the network, the dual role of GBR in managing infrastructure and operating passenger services creates inherent conflicts of interest that could disadvantage freight. Strong legislative protections for freight access, independent regulatory oversight and a fair charging framework are not just important for freight operators – they are essential to delivering the economic and environmental benefits that rail freight provides to Britain.

Q. 9 – Does the proposed role of the ORR acting as an appeals body to ensure fairness and non-discrimination provide sufficient reassurances to operators such as freight and open access wishing to access the GBR-managed network?

The consultation only specifies the ORR's role as an appeals body. This suggests that the ORR will only get involved after an access decision has been made by GBR that a freight operator disputes. A truly effective framework needs more than just an appeals process. It needs proactive ORR involvement in setting access principles and monitoring GBR's adherence to them.

While the ORR is presented as an independent body, the consultation outlines a vision where GBR operates "in line with a clear strategic direction set by the Secretary of State". If GBR's access decisions are heavily influenced by political priorities, the ORR may face pressure to uphold those decisions, even if they disadvantage freight operators.

The ORR acting solely as an appeals body means it will have a reactive role rather than a proactive one. This places the burden on freight operators to challenge potentially unfair access decisions, which can be a time-consuming and costly process. A more robust framework would involve the ORR actively monitoring GBR's access allocation processes to ensure fairness and non-discrimination from the outset.

However, a key and re-occurring concern of the sector is that GBR will both manage the infrastructure and operate passenger services. This creates an inherent conflict of interest when it comes to access decisions, as GBR may be incentivised to prioritise its passenger operations over freight. An appeals body role for the ORR alone may not be sufficient to address this fundamental conflict.

Q. 10 – Do you foresee any unintended consequences of the ORR retaining its existing powers with regard to other infrastructure managers which might affect the smooth passage of trains between the GBR and non-GBR network?

Differing standards for safety, access or performance could complicate the smooth passage of freight trains between the GBR and non-GBR networks. Freight operations require seamless transitions between different infrastructure managers. If non-GBR infrastructure managers face significantly higher regulatory burdens than GBR, it could disincentivise investment in those networks. This could be particularly problematic for freight operators that rely on access to these smaller networks to reach specific customers or facilities.

Efforts should be made to harmonise safety, access and performance standards between GBR and non-GBR infrastructure managers, to the extent possible, while recognising the unique characteristics of each network.

Q. 11 – The government intends to include in primary legislation a power to enable amendments to the Railways (Access, Management and Licensing of Railway Undertakings) Regulations 2016 to ensure consistency between GBR's processes and those used by other infrastructure managers. Do you agree with this approach?

Having consistency between GBR's processes and those of other infrastructure managers can be beneficial - but only if the approach is implemented transparently and with due regard for the unique operational requirements of freight services.

On the positive side, aligning the regulations can reduce complexity and administrative burdens. This consistency could lead to more predictable access decisions and charging frameworks, which is essential for planning long-term freight operations.

However, there are also concerns. Freight operators rely on a stable and fair regulatory framework to secure non-discriminatory access to network capacity. If the power to amend the AMRs is used too broadly or without robust stakeholder consultation, there is a risk that technical amendments might inadvertently favour passenger services or erode established safeguards that protect freight interests. Therefore, it is crucial that any changes include clear provisions to preserve the fairness and predictability freight operators depend on.

Q. 12 – Do you agree with the proposed legislative approach regarding a 5-year funding settlement for Great British Railways?

A 5-year funding settlement is welcome as it offers the long-term financial stability needed to plan freight operations with confidence. Stable funding helps ensure that access charges remain predictable and that the investment in network infrastructure is shared fairly. Rail freight operations often require long-term investments in rolling stock, terminals and customer facilities. Therefore, the funding settlement would provide greater certainty about the future availability and quality of rail infrastructure, enabling freight operators to make more informed investment decisions.

However, any multi-year funding settlement must ensure that freight-related infrastructure projects are adequately prioritised and funded, and not overshadowed by passenger-focused investments. The funding agreement should also include performance metrics that specifically measure the impact on rail freight, such as on-time performance, capacity availability and infrastructure quality.

Q. 15 – The government intends that GBR's statutory duty in relation to devolved leaders should strike a balance between enhancing their role whilst also ensuring that GBR has the appropriate flexibility to direct the national network. Do you agree with this approach?

The government's intention to strike a balance between enhancing the role of devolved leaders and ensuring GBR has the appropriate flexibility to direct the national network is a delicate balancing act.

Rail freight operations are often deeply intertwined with local economies and supply chains. Therefore, it is important for devolved leaders to have a voice in decisions that affect freight movements within their regions. This local input can help ensure that GBR's national strategies align with regional economic development goals. However, it's equally crucial that GBR retains the flexibility to manage the national network efficiently. Freight trains often cross multiple regional boundaries and any undue restrictions imposed by devolved authorities could disrupt these flows and undermine the overall efficiency of the freight network.

Devolved leaders may have different priorities than GBR, particularly when it comes to balancing freight and passenger services. There is a risk that devolved authorities could prioritise passenger services or local economic development initiatives at the expense of freight operations. Devolved leaders may also lack the technical expertise needed to make informed decisions about rail freight operations. It is important that GBR has the ability to make decisions based on sound operational principles, even if those decisions are not always aligned with the preferences of devolved authorities.

The key for GBR will be the establishment of clear roles and responsibilities, formal consultation mechanisms and independent oversight, to ensure that decisions are made in a fair and balanced manner. The aim of GBR must be to create a system where freight and passenger services can thrive, supporting economic growth and environmental sustainability across the country.

Q. 16 – Do you agree with the proposed approach in Scotland on enabling further collaboration between track and train while preserving the devolved settlements?

The consultation lacks specific detail on how the interface between GBR and Transport Scotland will function in practice. For the freight sector, clarity on decision-making authority for cross-border routes and services is essential for operational planning and investment decisions. The option for "further collaboration and integration between GBR and devolved operators" has the potential to address long-standing coordination issues between track and train operations. As freight operators frequently run cross-border services, a more integrated approach could reduce administrative burden and operational complexity.

However, while the principles outlined in the consultation document regarding Scotland's railway governance seem reasonable, there remains insufficient detail for freight operators to fully assess the practical implications. The successful implementation of these proposals requires continued engagement with freight operators to ensure that the benefits of a unified railway under GBR do not come at the expense of the freight sector's ability to serve businesses and communities across the UK-Scottish border.

Q. 17 – Do you agree with the proposed approach in Wales on enabling further collaboration between track and train while preserving the devolved settlements?

Following on from the previous answer (Q. 16), the consultation also lacks specific detail on how the interface between GBR and the Welsh Government will function in practice. This creates uncertainty for freight operators who require clarity on decision-making processes for cross-border routes and services between Wales and England.

Q. 18 - Do you agree with the government's approach of making targeted amendments to existing legislation to clarify the role of devolved leaders in relation to GBR?

The consultation needs to provide far greater clarity on how potential conflicts between devolved priorities and national freight objectives will be resolved. This is particularly important in the context of cross-border routes and services, where misaligned goals could disrupt seamless operations. While the statutory role of devolved leaders is repeatedly mentioned, it lacks specific details on ensuring that freight interests are effectively represented in these devolved decision-making processes. To address this gap, it is imperative that clear guidelines and accountability measures are established.

In addition, there is a pressing need for robust enforcement mechanisms to ensure that devolved entities act in accordance with national freight objectives. Without such mechanisms, there is a risk that regional priorities may diverge from the broader national strategy.

Government must ensure that the freight sector benefits from a more coordinated rail system, while still preserving the advantages of established relationships with devolved governments. Balancing national coordination with local expertise is key to supporting an efficient and unified approach to freight transportation.

Q. 19 – The government intends to create a new delegated power that would enable the Secretary of State to update, amend or revoke provisions in TDLCR and related assimilated law in Great Britain, subject to public consultation. Do you agree with this approach?

The freight sector is cautiously open to the government's proposal to create a delegated power for TDLCR amendments, provided that strong safeguards are put in place to ensure transparency, expert input and the maintenance of safety standards. The sector believes that with the right checks and balances, this approach could offer benefits in terms of efficiency and responsiveness. However, without adequate safeguards, the sector would be concerned about the potential for unintended consequences and the erosion of safety standards.

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