2. Policy Context

NORTHAMPTON GATEWAY
STRATEGIC RAIL FREIGHT INTERCHANGE

The National Policy Statement (NPS) for National Networks of December 2014 sets the Government's national vision and policy for the future development of nationally significant infrastructure projects on the national road and rail networks. It is explicitly intended to provide guidance for promoters of nationally significant infrastructure projects (NSIPs), and forms the basis for the examination of NSIP projects and decisions by the Secretary of State.

The NPS explains the important and significant role national road and rail networks play in supporting economic growth and productivity across the country, and summarises the need for investment in the national networks as:

"Well-connected and high-performing networks with sufficient capacity are vital to meet the country's long-term needs and support a prosperous economy" (page 9, 'Summary of need').

Specifically the NPS recognises the strategic importance of the rail network for freight movements and economic development, and it makes explicit references to Strategic Rail Freight Interchanges (SRFIs) and their role in facilitating the movement of freight from road to rail. This is seen as central to Government's vision for transport which is described as:

"Government's vision for transport is for a low carbon sustainable transport system that is an engine for economic growth, but is also safer and improves the quality of life in our communities. The Government therefore believes it is important to facilitate the development of the intermodal rail freight industry. The transfer of freight from road to rail has a part to play in a low carbon economy and help to address climate change." (para 2.53)

The environmental benefits of increased use of rail forms part of the justification for the policy of encouraging a shift from road and air freight to rail and water. The NPS says:

"Rail transport has a crucial role to play in delivering significant reductions in pollution and congestion. Tonne for tonne, rail freight produces 70% less CO2 than road freight, up to fifteen times lower NOX emissions and nearly 90% lower PM10 emissions." (para 2.35)

To deliver the Government's vision of transport networks which deliver economic and environmental benefits, the NPS is clear that:

"A network of SRFIs is a key element in aiding the transfer of freight from road to rail, supporting sustainable distribution and rail freight growth and meeting the changing needs of the logistics industry" (para 2.47).

The continuing growth of the number of containers coming into the country and improvements to port capacity are drivers of the increased need for SRFI development to reduce reliance on road haulage. The NPS refers to forecasts of freight traffic which **"confirm the need for an expanded network of large SRFIs across the regions to accommodate the long-term growth in rail freight." (para 2.50).**

Since the NPS was published further national vision and strategy documents have been published by Government which further elaborate and clarify the priorities and objectives for development of rail freight in the UK. The updated information recently published includes revised forecasts of freight growth and trends commissioned by the Department for Transport (DfT) which help to provide a context for further investment in rail freight infrastructure, including the need for additional SRFIs.

Rail Freight Strategy (2016)

The Rail Freight Strategy was published by Department for Transport (DfT) in September 2016. It sets a vision for how rail freight can continue to grow, and for the broader logistics sector and rail industry to innovate to relieve congestion on the road network.

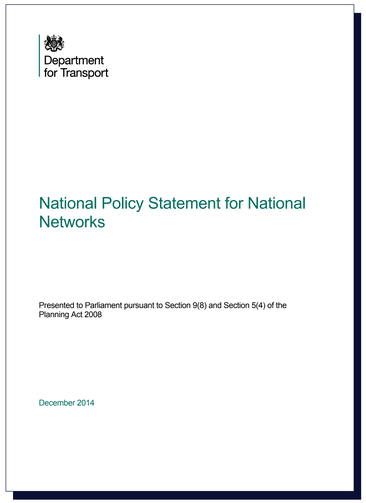
The strategy is clear that the full economic and carbon benefits of rail freight can only be realised if the industry is able to grow in key sectors, and respond to a number of trends and opportunities. These include a number of challenges, such as the reduced volumes of coal now being transported, as well as opportunities through the emergence of new markets and sectors.

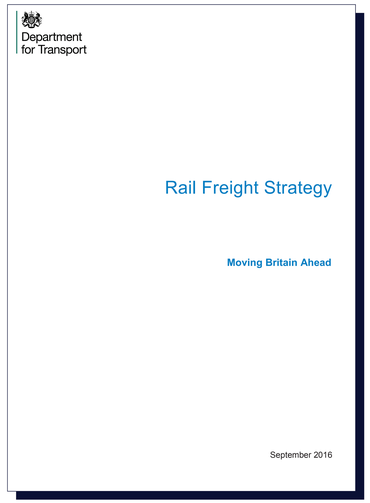
Opportunities include innovation to respond to demand for reliable, flexible, and rapid delivery services, and the Rail Frieght Strategy refers to the potential for rapid parcel delivery services, driven by retailer and consumer demand. In addition it includes continued transportation of construction materials, as well as 'intermodal' ports traffic and containerised freight which are all expected to form part of the continued growth of demand for increased use of rail freight. DfT expects the volume of containers moved by rail to double over the next 15 years.

Alongside the Rail Freight Strategy, a report was published entitled 'Future Potential for Modal Shift in the UK Rail Freight Market' prepared by AECOM and Arup for the DfT. The report gives details of the changes seen over recent years in key sectors of the rail freight market, as well as identifying the prospects for further growth. In the context of intermodal (port and domestic) traffic a key to unlocking the expected growth is "the creation and linking of a network of rail-connected distribution concentrations" which are SRFIs or regional terminals.

The report states that the current relative lack of SRFIs results in longer trunk haul distances by road, and recognises that demand from the retail and logistics sectors exists which is stimulating the development of additional SRFIs with delivery to be led by the private sector.

Container traffic in the UK will double over the next 15 years according to the DfT's Rail Freight Strategy, 2016.





Sub-regional and local Policy

The Local Enterprise Partnership (SEMLEP) and the local planning authorities recognise the strength and importance of the logistics and distribution sector to the local economy. This is reflected in a number of sub-regional economic and planning strategies and policies which seek to manage and secure the benefits and opportunities which this strength brings.

SEMLEP includes the sector as a priority in its Strategic Economic Plan, and has also produced a 'Logistics Report' focused on a number of issues, including skills and employment related priorities. The SEMLEP report states that the area is:

"a key location for logistics activities……a perfect location for logistics organisations to grow and flourish" (page 7, SEMLEP Logistics Report, December 2013).

The report identifies the particular potential and opportunities in "Milton Keynes, Northampton, and Bedford" for further warehouse and distribution development and employment.

Similarly, South Northamptonshire District Council produced an Economic Development Strategy in July 2016, and a Logistics Study in 2017.

The Economic Development strategy sets out the economic development priorities for the District and identifies Logistics as a key local economic sector. A number of actions are identified across a range of economic and skills agendas to support and enable continued growth of the sector, including issues relating to skills and training, working with providers of training and education, and matching local job-seekers with employers.

Other priorities for action identified in the Council's Strategy include recognition of the need to build on the locational advantage of the area by enabling growth in appropriate locations around the M1. Notwithstanding the relatively low unemployment in the District overall, this strategy helps underpin the role of the District in the wider sub-regional economy, and the need to respond to the opportunities and challenges facing the area.

In March 2017 South Northamptonshire District Council published a Logistics Study to help it understand the needs of the sector both now and in the future and to identify why, where and how the Council can support and accommodate growth. The report's conclusions are clear that

"South Northamptonshire is well positioned to take full advantage of forecast logistics growth." (South Northamptonshire Logistics Study, March 2017, GVA for SNDC, paragraph 10.3)

And

"there are significant opportunities to accommodate greater levels of activity within South Northants, however if this potential is to be realised it will require proactive support and promotion." (South Northamptonshire Logistics Study, March 2017, GVA for SNDC, paragraph 10.10)

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3. Site Location and Economy

NORTHAMPTON GATEWAY
STRATEGIC RAIL FREIGHT INTERCHANGE

Locational Attributes

The site is in a highly attractive and strategically significant location for distribution and logistics activity, and forms part of what is often referred to as the national 'golden triangle'. There is a concentration of existing logistics activity and floorspace in the area, and this is expected to grow. This space includes a high proportion of National Distribution Centres which are more likely to use rail in their logistics operations. As a result there is a large pool of potential customers for the rail freight terminal and strong demand for on-site rail served warehousing. The site is located immediately adjacent to both the strategic road and rail networks, but also has a population of 45.8 million people within a 4.5 hour drive.

As a result of this strategic connectivity Northampton and Northamptonshire have been a focal point for the distribution sector for a number of years, and the sector is well represented in the local economy with significantly higher than average levels of employment in distribution related activity.

The site is also far enough from key ports to make rail freight a viable and appropriate option for distribution supply chains and networks. While the economics of rail freight include market responses to other costs facing distribution and logistics operations, such as fuel costs, environmental and other policy costs or taxes, and the costs of delays from road congestion, a minimum distance from Ports is also important, and costs decrease with distance.

It is estimated that around 11% of all workers (91,700) are employed in the logistics sector in the South-East Midlands area. With employment of over 16,000 people in the sector (in 2012), Northampton is 2nd only to Milton Keynes, and considerably higher than other locations such as Daventry with 7,700 employed. South Northamptonshire has around 2,800 people employed in the logistics sector.

The presence of an already well-established distribution and logistics sector, including a large skills and employee base, is another key attribute of this location. The site is close to and accessible from a number of communities and urban areas for employment purposes – this includes not only Northampton, but also Towcester and Milton Keynes nearby. The adjacent plan shows the strategic context for the site, highlighting the opportunities provided by accessibility and proximity to the strategic road and rail networks.

The Local Enterprise Partnership and the local planning authorities recognise the strength and importance of the logistics and distribution sector to the local economy. This is reflected in a number of sub-regional economic and planning strategies and policies which seek to manage and secure the benefits and opportunities which this strength brings. In 2017 South Northamptonshire District Council commissioned a Logistics Study to help it understand the needs of the sector both now and in the future and to identify why, where and how the Council can support and accommodate growth. The report's conclusions are clear that

"South Northamptonshire is well positioned to take full advantage of forecast logistics growth."
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And
"there are significant opportunities to accommodate greater levels of activity within South Northants, however if this potential is to be realised it will require proactive support and promotion." (South Northamptonshire Logistics Study, March 2017, GVA for SNDC, paragraph 10.10)

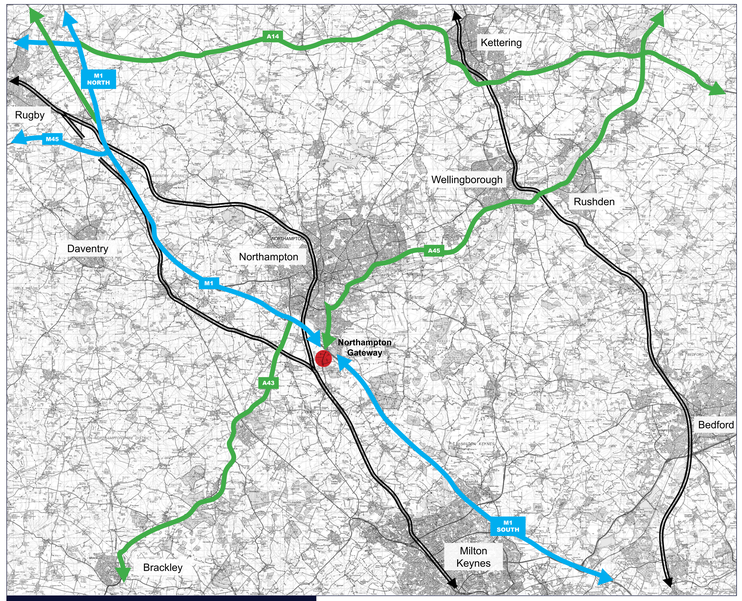
Attributes of the Northampton Gateway location:

Access to strategic road and rail networks:

- Adjacent to M1 motorway.
- Directly linked to West Coast Main Line, the UKs main rail freight corridor.

Access to key urban centres and markets:

- Close to Northampton, Milton Keynes, Towcester and Wellingborough, which are likely sources of labour supply.
- Northampton is a prime location for national distribution and logistics activity and expertise.
- Within 4.5 hours drive of 45.8 million people.



Northampton Gateway in strategic context

Economic Benefits

Using standard employment densities, and experiences of similar schemes elsewhere, the site is expected to accommodate in the region of 7500 jobs once fully operational. This estimate is generated using national standard job density data published by the Homes & Communities Agency (HCA) which suggests the site will deliver an average of one job per 77 sq.m.

A range of new job types will be created, covering a wide range of skills and qualifications, and using experience and data from other similar operational sites it is possible to estimate an approximate mix of job types. While around half of the jobs (approx. 3700 jobs) would typically be warehouse operatives, large numbers of other types of employment will also be created including as a guide:

- Approx. 13% in admin and associated support (office) roles (approx. 970 jobs);
- Approx. 8% driving roles (approx. 600 jobs);
- Approx. 21% in other supporting roles (approx. 1550 jobs) including Information Technology, customer service, sales, and engineering support;
- Approx. 8% in managerial roles (approx. 600 jobs).

Typically around 90% of all jobs would be full-time, with the remaining 10% part-time, and there would be a mixture of shift based as well as standard hours jobs.

The assessment of economic benefits is based on an area derived from existing (2011 Census) data regarding travel to work patterns. This study area covers a number of administrative areas within Northamptonshire, including South Northamptonshire, Northampton, Wellingborough, Kettering and Daventry (as well as Milton Keynes outside of the County), and the employment and economic impacts of the scheme will be focused on this area.

Economic Benefits - Headlines

- 7500 jobs in a wide range of roles, plus approx. 120 construction jobs;
- Capital Investment of around £400 million.
- Added value of £348 million per annum to the local economy primarily focused on Northamptonshire.

Gross Value Added (GVA) as a measure of economic value from the proposals is estimated to be around £348 million per annum. That represents a significant investment in the local economy and is in addition to the capital costs of development which are likely to be around £400 million. The construction process would also generate a mixture of temporary and permanent employment, estimated to be 120 permanent construction related jobs based on a five year construction period.

The Economic assessment undertaken shows that 60% of the employees required by the site will be from the Northampton area, with around 90% of the workforce from the study area defined above. The demand for new employees will arise several years from now, assumed to begin from 2021. Anticipated impacts of the Proposed Development are reduced out-commuting from South Northamptonshire into Northampton, and also reduced commuting from Northampton to Milton Keynes.

Scheme Design and Evolution - what's changed since December 2016?

The proposals respond directly to the local context through a layout and masterplan which seeks to maximise the benefits offered by the site's specific characteristics and opportunities. The SRFI design proposals reflect site specific constraints and opportunities which have directly informed the approach to both built and landscape components of the scheme. Many key components of the proposed development have not changed since the December 2016 consultation exercise.

A key consideration has been to ensure the development responds to the topography and characteristics of the site and surroundings. A particular focus has been on eliminating or minimising visual and other impacts on the residential areas at Milton Malsor and Blisworth beyond the West Coast Main Line (WCML) railway to the west, and Collingtree on the north/eastern side of the M1. This informed the landscape led approach which underpins the masterplanning and earthworks strategy proposed.

Work to progress and refine the scheme design has continued since the initial consultation held in late 2016. Although there were many positive responses to the overall landscaping strategy a number of issues were raised during consultation, particularly regarding the visual potential for impacts on Collingtree. As a result, and as part of the ongoing work to prepare the earthworks strategy, the bund heights along the eastern part of the site have been increased by several metres adjacent to the boundary with the M1. Further details are provided on Board 6 and 7.

In addition to this improved landscaping and visual screening, other changes have also been made to the proposed design and layout of the site, and other aspects of the scheme:

- Changes to the site access to prevent right-turns for HGVs leaving the site – this restriction will be enforced by cameras and a system of fines (to prevent U-turns around Junction 15), and helps to reduce impacts on communities along the A508 to the south;
- Development of the drainage strategy with a clearer set of proposals regarding the volume and approximate location of drainage features on the SRFI site to help ensure reduced flood-risk in existing communities downstream;
- Further refinement of the Junction 15 improvements, and a detailed alignment of the proposed Roade Bypass, informed in part by the transport modelling;
- Additional highways works proposed to help mitigate anticipated impacts in the local area – including works at Junction 15A, on the A45, and at various local junctions on or close to the A508.

These issues and other recent or ongoing work is also described in further detail on later boards.

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4. Proposed Rail Terminal

NORTHAMPTON GATEWAY
STRATEGIC RAIL FREIGHT INTERCHANGE

Connectivity and 'markets'

The Northampton area is a strategic and highly attractive area for logistics and distribution development. It is part of the 'logistics golden triangle', where retailers and distribution companies prefer to focus their national warehousing because the area has very good access to markets across England.

The proposed site has excellent access to the trunk road network, and is directly linked to the West Coast Main Line (WCML), which is the UK's main freight corridor. The SRFI would be directly connected to the WCML Northampton Loop, with connections to both the north and south (towards Bletchley and Rugby), allowing occupiers to run trains to other rail terminals round the country, shifting freight from road to rail.

Container traffic in the UK will double over the next 15 years according to the DfT's Rail Freight Strategy, 2016.

Our proposals are a response to an explicit recognition of the need for more SRFIs to help deliver the economic and environmental benefits and other outcomes from a continued shift from road to rail freight. Government forecasts are for significant growth in freight traffic, including a doubling of the container traffic that the SRFI will handle by 2030. The proposals would contribute to the growth in demand for SRFIs expected in the 2016 DfT Freight Strategy and 2016 Network Rail Freight Study.

"rail-connected National Distribution Centres are fundamental to creating this virtuous circle of growth" - (AECOM & ARUP for DfT, Sept 2016)

A new SRFI in this location can effectively serve areas such as Northampton, Wellingborough, Bicester, and Milton Keynes, diverting more containers and other forms of freight from road to rail. Analysis of the operation of existing rail freight terminals shows that the majority of business is related to warehouse facilities located either on-site or in relatively close proximity to the terminal. Distance between a terminal and potential users is therefore important and the Northampton Gateway SRFI will be well located to serve the extensive logistics space already located in the area as well as the new warehouse space proposed on-site. Without provision of a new, easily accessible terminal, these logistics operations which will continue to be dominated by road based transport.

'Future-proofing'

In addition to the bulk freight rail terminal which will meet current and long-term growth, the proposals also make provision for a Rapid Rail Freight Terminal. This is an important part of measures to look ahead at anticipated and growing market trends in the distribution sector, and to 'future-proof' the Northampton Gateway site.

Through inclusion of the Rapid Rail Freight terminal this SRFI would offer the ability to move relatively fast moving, lower bulk goods to major conurbations such as London, Birmingham and Manchester in fast electric freight trains, where they will be transhipped to small vehicles (probably electric vehicles in due course) for final delivery. The Rapid Rail Freight facility delivers this capability by providing dedicated terminal facilities on-site.

There are already signs of growing market interest in rail as part of 'express' and consumer driven distribution and supply chains, and it is considered likely to grow in response to a range of economic and environmental factors and trends. These include potential public policy initiatives such as proposals to limit or prevent HGVs from entering City Centres in response to concerns about air quality as well as congestion. Given the relatively long time-scale over which the SRFI is expected to mature, it is considered vital that this area of distribution activity is provided for.

Rail network capacity

The Northampton Gateway site will be connected directly to the Network Rail Northampton Loop. This is the electrified route used by all freight trains on the West Coast Main Line (WCML).

The West Coast Main Line already carries 43% of all UK rail freight traffic, and the largest proportion of all of the UK's intermodal container trains. The Fast Lines via Blisworth have too many high speed passenger services to be used by freight traffic during the day, and all daytime freight therefore runs via the Northampton Loop, which passes the Northampton Gateway site. The existing Network Rail timetable provides paths for up to 4 daytime freight trains every hour. At night (22.00 – 06.00) analysis for Roxhill suggests there are paths for additional freight trains per hour in each direction, as very few passenger trains run. Even if all the freight trains currently planned run every day, there would still be spare capacity to add more freight trains per day onto the route.

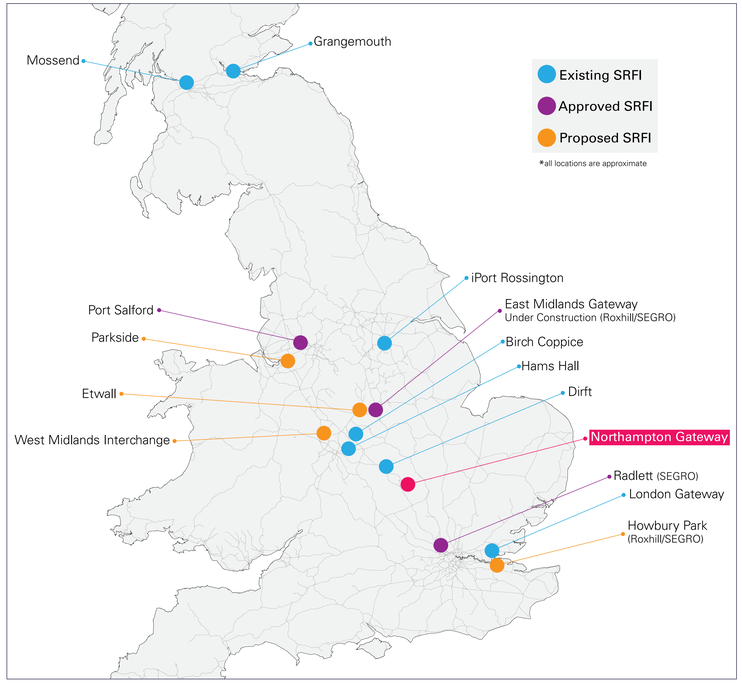
However, in practice a high proportion of the existing booked or allocated freight paths are not currently used. Taking account of the existing but unused freight paths there is capacity for at least another 50 freight trains per day on the West Coast Main Line between London and Rugby. This is considerably more than the maximum of 16 trains per day that would run into Northampton Gateway in the long term. In the first few years after opening (assumed to be in 2021), the site is expected to see between 3 - 4 trains per day.

In addition, once Phase 1 of HS2 is opened in 2026, DfT and Network Rail plan to reallocate WCML route capacity freed up by the diversion of long distance passenger services onto the new high-speed line. DfT and HS2 predict that this will generate additional WCML capacity for between 20 and 40 new freight train paths per day.

Network Rail published its draft Freight Route Study in August 2016. This forecasts that intermodal traffic will grow by between 4.5% and 10% per annum. It also considers whether the trunk rail corridors have capacity to support this level of growth up to 2043, and recommends specific upgrades in areas where capacity might be constrained.

Network Rail does not foresee any specific freight capacity issues on the WCML south of Crewe, save for a need to remove speed restrictions through Northampton station. This only has a limited impact on freight trains running to and from Northampton Gateway, which lies south of the station. We are therefore confident that there is sufficient WCML capacity to accommodate the additional freight trains that will serve the Northampton Gateway site.

Intermodal rail terminals



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