

Item:
15



Report to Partnership Meeting 8 February 2013

RESEARCH AND STRATEGY DELIVERY

EUROPEAN PROJECTS

**Food Port - Lifting the Spirit
Project Update**

Purpose of Report

To inform Members on the progress made since the October Partnership Meeting on developing the Lifting the Spirit project within the Food Port INTERREG IVB ERDF project.

Background to Food Port Project

Food Port aims to develop the North Sea Region (NSR) as the best food cluster and hub in Europe for food products delivered via efficient and sustainable transport systems e.g. 'green transport corridors'. Food Port brings together partners from six North Sea countries (Belgium, Denmark, Germany, Norway, Sweden and the United Kingdom) to find practical solutions to improve the efficiency, effectiveness and sustainability of the food supply chains. The Food Port project operates under the umbrella of the INTERREG IV B - North Sea Region Programme, part of the European Regional Development Fund. The project started on September 1st, 2010 and runs until August 31st 2013. The total project budget is 4.9M€, of which the ERDF co-finances 50%. The project will investigate and develop green transport corridors for food products between regions around the North Sea. This will lead to concrete modal shift pilots along the identified green transport corridors and to the development of (new) food platforms or hubs. In order to improve the food-logistics chain, new technological solutions will be incorporated, such as a technical support platform.

Central Aims of FoodPort: Optimization and coordination of food logistic chains in the North Sea Region; improve the accessibility and transport logistic system of different food clusters in the North Sea Region; strengthen the food industry within the NSR: strategic position as FOOD HUB.

Food Port Priorities: Promote the development of multi-modal and transnational transport corridors; promote the development of efficient and effective logistic solutions.



Whisky by Rail Trial

Around 85% of all Scotch malt whisky is produced at the 77 malt distilleries which lie in the HITRANS area. Since the whisky industry currently accounts for the majority of Scottish food and drink exports, producers directly employ around 10,000 workers, with the industry supporting a total of 35,000 jobs. The industry contributes £2.7bn of 'Gross Value Added' (excluding its contribution to the Scottish tourist industry) and is expected to experience significant growth in the coming years, with investment in new production regularly announced.

Following our much heralded work on Whisky Logistics in 2011, HITRANS has submitted an INTERREG IVB bid to the Food Port project to fund trial movements of bulk spirit by rail. 50% intervention is available, with match funding anticipated from the private sector and ourselves and partners.

HITRANS is working through the Scotch Whisky Association with a number of distillers in Speyside to identify volume availability, location, distance from railhead, loading time, loading facilities etc. A plan will be devised for the efficient transfer of 16-20 containers of bulk spirit to move 2-3 times per week from Elgin to Central Scotland. Data from our Rail Freight Capability Study 2010 will be used to inform gauge, length and routing. The exercise will be cost neutral to the distillers. The first trains could run in autumn 2012 for 15-20 weeks.

HITRANS will tender for rail haulage and for container tank lease. Specialist consultancy may also be required. Initially rail freight companies will be invited to express interest and provide indicative costs before a preferred partner is selected. Road collection and delivery will be managed by distillers through existing contractual relationships.

The true costs of the rail operation will be established, and environmental benefits calculated. There will also be resilience, performance and road maintenance benefits. The environmental aspects of project will be audited by an academic partner. All data captured will be available to the whisky industry and to Food Port partners.

Project Progress Update

On 29 November 2012 the group met in Elgin to consider the role of the logistics manager and to establish volume following the results of the distillery access trials. Volume has now been reduced by Chivas' and Edrington's loading gantry restrictions.

As a result the workshop focus changed to discussing ways of attracting additional non-bulk spirit volume. Potential traffic in 9'6" containers will require routing via Aberdeen. This has meant a delay in tendering for a preferred rail freight operator and a logistics management company.

On Tuesday 18 December Moray Council Economic Development and Infrastructure approved a £20k grant to the project for work on Elgin Yard. This was confirmed at a Policy and Resources Committee Meeting on 15 January.

HIE's £30k funding offer is currently being contractualised.

At the Food Port partner meeting in Copenhagen On 22 January the project was extended by 6 months to Feb 2014, and HITRANS was granted an additional EUR 50k support, matched by our own funds. This will give us a longer timeframe to run the trials, and a total budget of EUR 297k.



SWA Distribution Group will be meeting in February to hear about the project status.

The tender for preferred bidder status for a Rail Freight Operator (FOC) will now be progressed. Once this is complete we will move towards tendering for a Logistics Manager.

HITRANS plans to engage a dedicated part-time Project Manager to oversee the project and liaise with the Logistics Manager and FOC.

Recommendation

1. Members are asked to note the report.
2. Members are asked to approve the budget increase and the appointment of a part-time, temporary Project Manager

Risk	Impact	Comment
RTS delivery	√	This project fits well with a number of RTS Horizontal themes.
Policy	√	This project has integration and environmental benefits.
Financial	√	This project is fully funded
Equality	-	No impact on equalities issues.

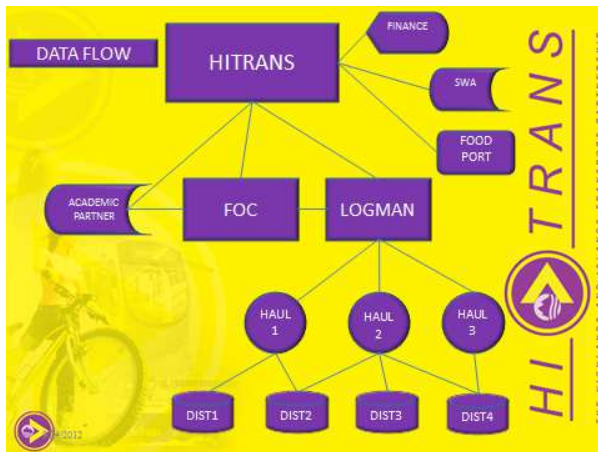
Report by: Frank Roach
Designation: Partnership Manager
Background Papers: Appendix – Budget and Relationship Charts
Date: 30 January 2013



Appendix – Budget

Food Port project: Estimated budget for HITRANS from Lead Partner					Lifting The Spirit- Budget				
		2012	2013	Total	Item	Cat	Est Cost €	Status 27/11/12	€ Actual
1	External experts & consultants	€ 10,500	€ 60,000	€ 70,500	Logistics Mgt	1	€ 45,000		
2	Temporary Staff		€ 30,000	€ 30,000	Track Survey	1	€ 1,500	Completed	1200
3	Permanent Staff				Traffic analyst	1	€ 10,000	DN	2556
4	Travel & Accommodation	€ 1,000	€ 2,500	€ 3,500	Environmental consult	1	€ 10,000		
5	Meetings, Confs, Seminars	€ 1,000	€ 3,000	€ 4,000	Site testing	1	€ 4,000	Completed	2885
6	General Costs			€ 15,000	Project Mgt	2	€ 30,000		
7	Promotion & Publications		€ 2,000	€ 2,000	Travel/accom	4	€ 3,500		
8	Material Investments	€ -	€ 165,000	€ 165,000	Mtgs 2 x gp 4 x strg	5	€ 2,000		
9	Control Costs (audit)	€ -	€ 4,000	€ 4,000	Seminars	5	€ 2,000		
10	Other			€ -	Security	6	€ 15,000		
11	Irrecoverable VAT			€ -	PR	7	€ 2,000		
12	Revenue			€ -	Yard works	8	€ 20,000		
Expend	Total eligible expenditure	€ 12,500	€ 266,500	€ 294,000	Loco/wagons net	8	€ 60,000		
	Ineligible expenditure				ISO tank hire	8	€ 60,000		
	Total expenditure	€ 12,500	€ 266,500	€ 294,000	Lifting	8	€ 25,000		
Funding	ERDF	€ 6,250	€ 133,250	€ 147,000	Audit costs	9	€ 4,000		
	Own Contribution	€ 6,250	€ 133,250	€ 147,000	Total Expenditure		€ 294,000	Total	6641
					Funding				
					HITRANS £70k		€ 86,000		
					HIE £30k		€ 37,000		
					Moray Council		€ 24,000		
					Funding total		€ 147,000		
					ERDF		€ 147,000		
					Income- Expenditure		€ 0		

Relationship Chart



The Interreg IVB
North Sea Region
Programme



HITRANS

HIE
Highlands and Islands Enterprise
Supporting the Highlands and Islands Transport Partnership

