

Report to Partnership Meeting 26 April 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 February 2013 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 21 February at the SWA distribution meeting in Paisley the distillers including Diageo, Edrington and Chivas confirmed their involvement in the project, offering additional volume with the inclusion of 26000 litre tanks and also with the prospect of space available northbound for other products e.g. empty barrels. This also has a bearing on freight gauge capability and routing. Distillers stated a preference for a July start date.

This enabled HITRANS to formulate the second stage of the Freight Operator bidding process, specifying a 2-3 trains per week service Elgin-Grangemouth with options to include alternate wagon/tank configurations. Two bids are now being studied. A wagon owning company has recently suggested including some piggyback wagons in the mix which could potentially handle road semi-trailers.

The Project Manager's post has been advertised, and responses are being evaluated. It is intended to interview candidates early in May with a view to a start date in June.

Scoping work has begun on the Logistics Management Company's role which will include ISO tank procurement and deployment, communication with captive hauliers, terminal management, and compliance with HMRC and warehousing regulations.

Yard works at Elgin, to de-vegetate and fettle sufficient siding space and headshunts will be required. There will be no overnight storage of product at the yard which reduces security concerns that had previously been discussed with industry representatives.

Formal acknowledgement from the North Sea Region Secretariat of HITRANS' inclusion in the project, and the additional funding, is currently being signed off. The Secretariat has responded to an urgent enquiry from the Food Port Project Manager that the delays in signing off HITRANS inclusion in the project are due to an administrative backlog that is being cleared but that the project extension (to include our participation) should be processed very soon.

Early discussion has taken place with Food Port partners Hull University who are investigating a data tracking system to optimise tank usage and ensure that the load history of each tank is recorded in order to inform the cleansing regime.

An indicative train loading plan appears below:

Lifting the Spirit DRAFT TRAIN LOADING PLAN							
Based on 2/3 trains per week							
Distiller	Source	Loads/wk	N miles	CB miles	Dest	Terminal	Alternate
Diageo	Roseisle	8	5	15	Cambus	Grange	Moss
Diageo	Dufftown	6	15	15	Cambus	Grange	Moss
Diageo	Elgin	2	3	15	Cambus	Grange	Moss
Diageo	Dufftown	2	15	15	Cambus	Grange	Moss
G Moray	Elgin	2	2	15	Bathgate	Grange	Moss
26000							
Edrington	lit Macallan	1	15	35	Glasgow	Grange	Moss
Edrington	Glenrothes	0	10	35	Glasgow	Grange	Moss
26000							
Chivas	lit Keith Bond	4	20	40	Dalmuir	Grange	Moss
Chivas	Keith	4	20	40	Dalmuir	Grange	Moss
Chivas	Keith			50	Dumbarton	Grange	Moss
Chivas	Longmorn	4	20	40	Dalmuir	Grange	Moss
Chivas	Longmorn			50	Dumbarton	Grange	Moss
G Morangie	Tain	2	70	15	Bathgate	Grange	Moss
Diageo	Aberlour	6	20	15	Cambus	Grange	Moss
Diageo	Muir of Ord	4	45	15	Cambus	Grange	Moss
Total		45					

Recommendation

- Members are asked to note the report.

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
 Date: 16 April 2013