

Delivering the Goods

Consultation towards Scotland's Rail Freight Strategy

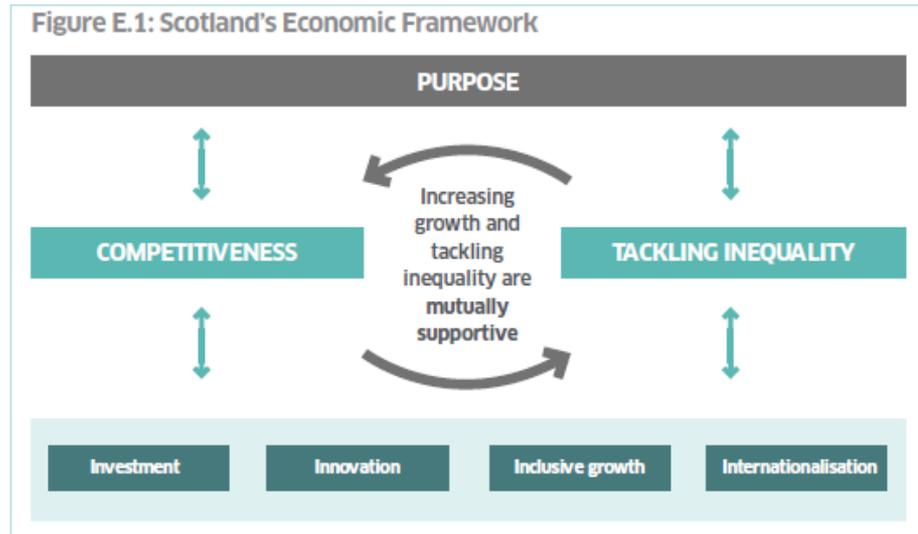
HITRANS
Rail Stakeholder Conference
11 December 2015



Scottish Government's Purpose



Figure E.1: Scotland's Economic Framework



Transport - Key Strategic Outcomes



- Improving journey times and connections
- Reducing emissions from transport
- Improving quality, accessibility and affordability

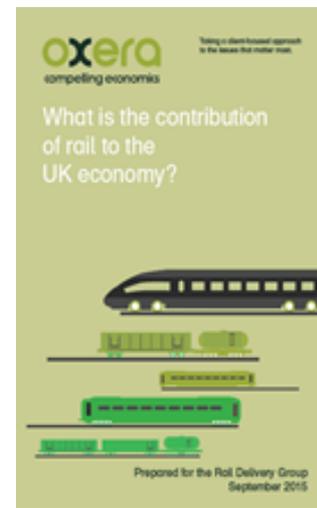
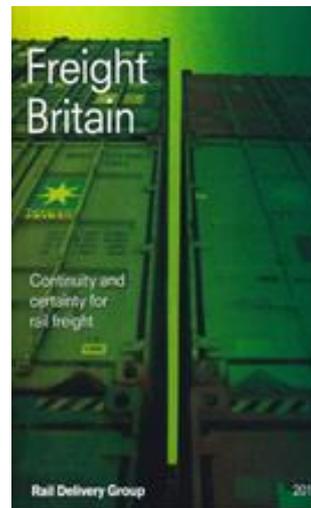
Priorities for Rail



- To ensure value for money
- To ensure high and stable levels of performance and reliability
- To exploit utility and capacity of the rail network
- To improve journey times and connectivity
- To improve passenger satisfaction
- To improve sustainability and environmental performance
- To improve accessibility to services and stations
- To manage change effectively
- To strengthen who industry alignment, increasing the effectiveness of operations and service delivery and reduce costs

Contribution of Rail Freight

- Strategically important to Scotland



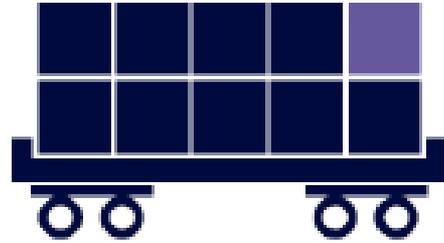
Scotland's Rail Freight Industry At A Glance

GB-WIDE INDUSTRY
CARRIES GOODS WORTH OVER
£30 BILLION
PER ANNUM:
RANGING FROM HIGH END WHISKY
TO GOODS FOR OUR
SUPERMARKET SHELVES



AROUND
14 MILLION
TONNES 
OF FREIGHT WAS TRANSPORTED
BY 5 FREIGHT OPERATING
COMPANIES 2013/14

RAIL'S **OF THE**
SHARE **SCOTTISH**
FREIGHT
MARKET
IS 10%
— SAME AS THE EUROPEAN AVERAGE



Scotland's Rail Freight Industry At A Glance

EACH FREIGHT TRAIN
REMOVES UP TO
76 
HEAVY GOODS VEHICLES
FROM THE ROAD

£30 MILLION
SCOTTISH STRATEGIC RAIL
FREIGHT INVESTMENT FUND
RING-FENCED AND
GOVERNED BY THE
INDUSTRY 

PER TONNE OF CARGO
RAIL FREIGHT PRODUCES
76% 
LESS CARBON DIOXIDE
THAN ROAD FREIGHT

CURRENT INVESTMENT
PROGRAMME IN RAIL OF
£5 BILLION + 
FOR 2014 - 2019

Current key routes and markets



Key markets

- Coal, deep sea and domestic intermodal, petroleum, chemicals, cement, timber, metals, mail, waste
- Coal still biggest market, intermodal fastest growing market

Key routes

- Crewe/Daentry to Central Scotland (Mossend, Grangemouth, Coatbridge)
- Hunterston to Longannet
- South Yorkshire Power Stations to Hunterston/Ayrshire
- Newcastle to Edinburgh & Central Scotland
- Grangemouth/Mossend to Inverness
- Grangemouth/Mossend to Aberdeen

Key market challenges



Changing economics of coal and steel production negatively affecting volumes



“This is undoubtedly a critical time for the rail freight industry in Scotland with decline in traditional markets. Our consultation recognises this and I want to support the industry as it seeks out new opportunities and to help it grow existing markets.”

Minister for Transport and Islands, October 2015

- Rail freight in Scotland faces major challenge to replace its base load business
- Underlying decline for number of years but power plant closures in 2016 will have major impact
- Exacerbated by recent closures announced in steel industry, which will negatively impact freight volumes

Key market opportunities



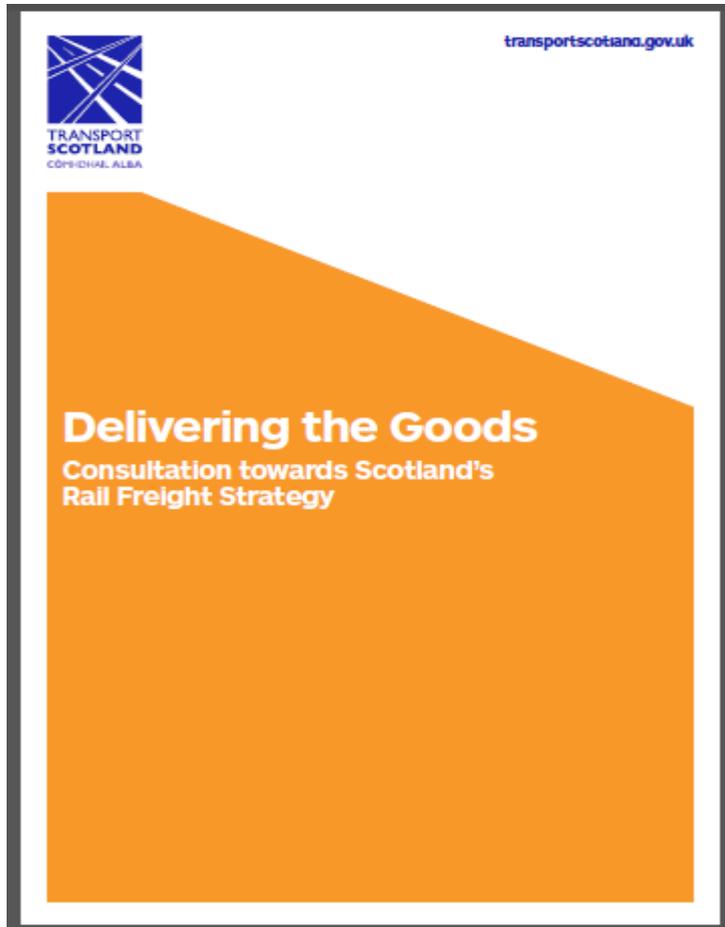
Growing existing markets and developing new ones

- Intermodal traffic a success story, with major flows from Midlands to rail hubs at Coatbridge, Grangemouth and Mossend
- Strong partnership arrangements between freight operators and logistics companies
- Competitiveness key to future growth and increased freight market share
- Forestry products and whisky other key market opportunities



Why are we consulting?

Securing a sustainable future for rail freight in Scotland – A Generational Opportunity



"I see a positive, sustainable future for Scottish rail freight where it plays a significant role in Scotland's economic growth through providing safer, greener, and more efficient ways of transporting products and materials, opening up routes through which Scotland can do business with the world."

What are we seeking to achieve? A vision for rail freight in Scotland

A competitive, sustainable rail freight sector playing an increasing role in Scotland's economic growth by providing a safer, greener, and more efficient way of transporting products and materials

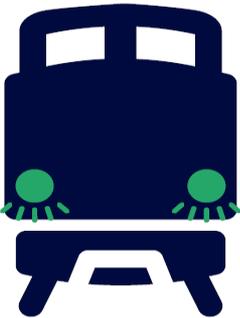
The Role of Government



INNOVATION
EXPLORING NEW, MORE
EFFICIENT WAYS
OF TRANSPORTING GOODS ACROSS
SCOTLAND AND THE UK
AND TO THE CONTINENT



FACILITATION
**BUILDING THE
SUSTAINABLE
PARTNERSHIPS**
WHICH WILL BRING BENEFITS
TO CUSTOMERS AND HELP TO GROW
EXISTING, NEW AND EMERGING MARKETS



PROMOTION
SHINING A LIGHT
ON THE ECONOMIC,
SOCIAL & ENVIRONMENTAL
BENEFITS OF
MOVING GOODS BY RAIL



INVESTMENT
MAXIMISING THE IMPACT
OF PUBLIC AND PRIVATE INVESTMENT
WITH A FOCUS ON ALIGNED
INCENTIVES AND COLLABORATION
TO DRIVE EFFICIENCY AND
VALUE FOR MONEY

What we have done:



- Engaged with industry and stakeholders earlier this year to improve our understanding and constructively inform our approach
- Scottish Parliament's Infrastructure & Capital Investment Committee Inquiry into Freight Transport in Scotland reported on 29 June – timely and set the scene for overall goods distribution in Scotland
- Delivering The Goods - Consultation paper published on 22 October 2015
- Held four stakeholder workshops (Nov/Dec): London, Inverness, Grangemouth and Coatbridge

What we have been told:



- **Role of Government:** enabling framework, supporting rhetoric, development of a Strategic Freight Network for Scotland.
- **Investment & Funding:** purpose of rail network, freight market expectations, clearer articulation of freight outputs within major schemes (HLOS ones). Stronger mechanisms to safeguard capacity for freight and to ensure that freight-funded investment deliver proper freight paths. Targeted funding for innovation/incentives.
- **Incentives:** creation of a level playing field, stability and predictability in the regulatory framework particularly around charging. Simplicity.
- **Strategy & Planning:** better understanding of key freight corridors across all modes, holistic approach to planning, development and delivery of strategic transport projects and industrial/economic development projects. In-depth analysis of the sector.
- **Behaviours:** More opportunities for effective collaboration to exploit market opportunities.

What we are proposing:



A suite of related actions to take forward in collaboration with the industry and partners in a number of key areas such as:

- **Strengthening** existing markets and **Identifying** areas of potential growth
- Exploring **new and more efficient ways** of moving goods which places the customer at the forefront of thinking
- Building **strong partnerships** within the industry, communities and stakeholders
- Making clear the link between use **of rail freight and broader outcomes** such economic growth and tackling climate change
- The right approach to **maximising public and private investment** in rail freight
- List of **detailed actions** are in the consultation paper

What happens next?

Oct

- **Consultation document published**

Nov

- **Industry and stakeholder engagement**

Dec

- **Network Rail's draft Scotland Route Study published for Consultation**

Jan

- **Refreshed National Transport Strategy Published**
- **Consultation period closes – 22 January 2016**

Mar

- **Rail Freight Strategy published**



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