

Report to Partnership Meeting 6 February 2015

CONSULTATION

Infrastructure and Capital Investment Committee Inquiry into Freight Transport in Scotland

Purpose of Report

To provide Members with details of the HITRANS response to the Scottish Parliament's Infrastructure and Capital Investment Committee inquiry into freight transport in Scotland.

HITRANS response

Freight in the Highlands and Islands use all four modes- road, rail, sea and air- to enable even the remotest island communities to participate in the economic life of the country. Because of the geography, transport links have a lifeline nature. Infrastructure resilience in the face of climate change is key to ensuring that networks operate around the clock. Weakness in infrastructure provision leads to: road closures with detours of a hundred miles, island supermarket shelves becoming empty due to adverse sea conditions, fresh fish failing to get to market, livestock suffering, timber remaining icebound in forests and bottling halls in Central Scotland idly awaiting the supply of whisky.

Can you identify the main infrastructure and policy obstacles to the free flow of freight in Scotland, whether carried by rail, road, air or sea?

Rail

Unlike roads, the railway is not open 7 days, nor 24 hours per day. Access to the track is limited by maintenance access requirements, and signaller shifts. A new freight flow, for example, may require signal boxes on trunk routes to be opened up specially, incurring substantial costs borne by the logistics supplier(although one advantage of the RETB signalled network north of Helensburgh and Inverness is round the clock staffing to for level crossing and maintenance access). Overnight freight gets the goods to the customer when it is required, and more quickly as there are few or no passenger trains competing for paths. The largely single track nature of the network in the Highlands also limits capacity in terms of the number of train paths. A much-discussed, commercially viable early arrival in Inverness of a retail goods train is simply impossible.

The Highland Rail Network has a restricted loading gauge which reduces the railway's ability to compete effectively against road. Container clearance on the Highland Main Line is restricted, while on Inverness-Aberdeen improved gauge is available from Elgin east only. The restricted loading gauge on all Highland routes reduces the railway's ability to compete effectively against road. Electrification will of course bring about a significant improvement in gauge. On the Far North and West Highland Lines a number of structures are weight restricted, and track geometry suboptimal which limits access by certain types of freight locomotive, and reduces the speed of all locomotives.

Terminals in the North are limited in number and capacity, particularly for multimodal traffic. Fort William has only dedicated terminals for oil and alumina, Inverness handles bulk cement and supermarket goods, Lairg has oil discharge facilities and Georgemas receives nuclear and pipe trains, although traffic to regrettably Orkney ceased some years ago. While access is regulated by ORR it would be perhaps helpful if Network Rail took a more proactive role in terminal development and management, possibly for timber which may have an otherwise detrimental effect on fragile roads.

Road

The HITRANS Regional Transport Strategy identifies a hierarchy for the region's multi-modal transport network including the strategic links connecting the area to Edinburgh, Glasgow and Aberdeen, and the regional links which connect people and freight to their main regional centres. For many areas these are the only links to the wider economy which a community has hence the term 'lifeline roads'. With no feasible alternative the economic viability of an area is fundamentally linked to the resilience of the road network.

The significant investment planned for the A9 and A96 is welcomed and will transform access to these areas but the investment on these routes needs to be complemented by upgrades to other trunk roads such as the A95 on which huge volumes of whisky and other freight is transported, and the A9 to Caithness and Orkney via Berriedale. Similarly, the A82 and A83 which serve the West Highlands and Islands and which have suffered from long delays and diversions as a result of frequent landslips and essential maintenance in recent years. Significant impacts are not restricted to the trunk road network and the cost of providing resilience on lifeline local roads is often beyond the means of a Local Authority. This is the case on the A890 Stromeferry bypass where major landslips have closed the road for extended periods and a created a detour in excess of 100 miles. The Western Isles Spinal Route has been included within the HITRANS RTS as a "Regionally Significant Road" and its improvement has been assisted considerably with ERDF funding over the last 15-20 years. However, with a significant reduction in such funding for infrastructure projects, there is a real risk that the recognition of its importance at a regional level and the continuing need for improvement will "fall off the radar". The move away from the previous traditional ERDF funding areas will undoubtedly negatively impact on the ability of local authorities to enhance and sustain road freight capacity.

The road network performs many functions which are unique to the HTRANS area including acting as the equivalent of a pipeline in that gas is supplied to places like Wick, Oban and Campbeltown by road and while the supply for Stornoway is imported generally by sea freighter it is often moved by road tanker, a situation that could be replicated in Orkney. The transport of other products such as timber or the lands potential for development is often compromised by the weakness or physical constraints of the fragile road network.

Furthermore, HITRANS completed a lorry parking study three years ago which highlighted the need for freight to be properly managed with planned lorry parking particularly in times of disruption and severe weather.

Sea

Ferry capacity is a constraint. There can be a conflict between passenger traffic desires (including private vehicles) and freight requirements in terms of ferry timetabling, pre-and block booking of haulage. This becomes particularly evident in peak periods and at weekends.

For freight movement commercial vehicle fares have an impact on sustainable economic growth in our island and peninsular communities. These costs will be added to goods and commodities imported to and exported from the islands. The recent work by Transport Scotland to establish a clear and transparent system for freight fares across the Scottish Government funded ferry contracts is welcome as there is little logic or fairness to the existing charging system. However it would be desirable for the new system to achieve consistency and transparency without

increasing costs on any part of the network as an increase will inevitably have an impact on the fragile economies of our islands.

Infrastructure at ports can have an impact on freight movement. For example there are constraints such as limited marshalling areas that prevent the layover of vehicles or the opportunity to develop a drop trailer system that would allow trailers to travel on ferries without a tractor unit. The introduction of a drop trailer system would have environmental benefits and would free up deckspace for other vehicles. The poor condition of ports and harbours across our ferry networks is also a limiting factor; this is particularly evident with the continued use of crane loading at some ports in the Orkney internal ferry network.

Air

Reinstating and securing Regional access – including for Inverness – to the UK's principal hub airport is an essential policy intervention if the Highlands and Islands economy is to thrive. This should be a minimum requirement of any move to increase Airport capacity in the South East of England and wherever a new runway is built be it London Heathrow, London Gatwick or elsewhere there should be a planning condition on the need for secure access to UK regions particularly those remote regions where rail and road do not offer viable alternatives to air. The fact is that Heathrow continues to dominate airfreight exports from the UK, making access to this form of distribution system sub-optimal for Highland based firms in the absence of a service to the UK's primary air cargo hub. This is particularly significant for the high value seafood export markets that local firms would like to access, because in 2011 Heathrow accounted for 95% of UK long haul seafood exports by air, although the ageing fleet may not provide the necessary reliability for time sensitive cargo.

How can Scotland's rail, road, air and sea freight routes to the rest of the UK, to Europe and worldwide be improved?

Rail

Our area requires good cross border rail links to East Coast ports via the East Coast Main Line and to the Midlands/South East via the West Coast Main Line. High Speed 2 will release capacity for freight on the classic lines, and growing electrification in Scotland will allow fast, all-electric freight to the south. Timely access to Central Scotland terminals at the right time to connect with trunk flows is very important.

Air

The following improvements to Air Freight to, from and within the Highlands and Islands would assist the region's export capacity and access to markets:

- Scottish Regional Access to air freight opportunities through London Heathrow including for Inverness where no linking service with bellyhold capacity is available
- The development of air freight facilities and routes such as Inverness to a Midlands Airport
- The availability of air freight facilities for island-based exporters to use the internal Scottish air service network for the transport high value goods quickly to the Central Belt for onward transit to London Heathrow, Dubai, EU etc.
- Investment support to ensure aircraft reliability
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Road

Significant volumes of high value exports rely on the fragile road network which serves the Highlands and Islands. Any disruption in these essential arteries can have a major impact on the cost and reliability of getting freight to the rest of the UK and beyond. The planned investment on the A9 and A96 needs to be complemented by investment in the other key trunk road routes, in particular the A82, A83 and A95.

Sea

Appropriate investment in the connecting ferry services from the outer isles to those ferry services linking to the Scottish Mainland. These connecting services have not benefitted from Scottish Government support and are in danger of becoming a major constraint on the economic health of those islands locations not linked directly to the Scottish Mainland.

How can the Scottish Government structure its freight grant schemes to support the switch of freight to more sustainable modes of transport?

We acknowledge the state aid issues with supporting rail freight but serious mode shift will only occur when there is parity of cost, opportunity and reliability for new entrants on road and rail networks. The barriers to new entrants to rail can be lowered if Government can simplify the application process, allow non-commercial applicants and set realistic targets and budgets.

Are there any European Union initiatives which could provide further opportunities for Scottish freight transport?

EU funding does offer an opportunity to support and develop sustainable freight projects. This includes specific funds such as the TEN-T Networks that are very well focussed towards freight flows.

HITRANS have also enjoyed success in other EU funding sources including the INTERREG funding stream where HITRANS participation in the Food Port North Sea Area project enabled the innovative trial of modal shift from road to rail for the transport of Whisky product from Elgin / Speyside to central Scotland distribution and bottling plants. This "Lifting the Spirit" project was a HITRANS led initiative delivered in partnership with Scotch Whisky Association (SWA) HIE, Moray Council and our Food Port partners which enabled a wide range of distillers the opportunity to move bulk spirit and other food products by rail to/from Elgin during autumn 2013. The objective was to offer this on a cost neutral basis as many of the potential customers had not used rail transport from the north of Scotland in the last 20 years, although most had recent experience of intermodal transport for cased goods and bulk spirit from Central Scotland. In majoring on an iconic product we were able to demonstrate the availability of alternative transport infrastructure and thus enhance or at least retail the area's competitive position at a time of growing transport costs and increasing demand for transport. The spirit was moved in demountable container tanks on rail wagons. Lifting equipment was procured at Elgin to facilitate transfer from local hauliers, and the tanks were sent to an intermodal terminal in Central Belt for onward delivery. Key outputs included:

- modal shift to rail
- maximising the use of rail's capability, demonstrating resilience and performance
- assisting with the development of the Moray economy
- encouraging collaboration among producers
- making the case for further infrastructure investment

The Lifting the Spirit project highlights the opportunity that EU funding can offer and was a useful way of proving demand and costs ahead of developing a longer term project through commercial business case and/or freight facilities grant.

While EU funds can attract a favourable intervention rate (Food Port secured 60% of costs met by EU sources for Lifting the Spirit) the need for the Scottish partner to provide match funding is a barrier to participation in these projects. Indeed at the time HITRANS was working on Food Port (and another two INTERREG projects) the opportunity to participate in the EFFIPLAT INTERREG Atlantic Area project had to be turned down due to the lack of available staff and match funding resources. If a fund was established to support Scottish public bodies in their participation in EU projects there would be a real opportunity for Scotland's return from EU funding to increase significantly.

How can the freight industry make a contribution to greenhouse gas emissions reduction?

The EU has set a target of 30% of all >300km freight movements to be by sustainable mode by 2030, 50% by 2050. This needs to be reinforced, by promoting load sharing, break bulk, rail electrification and low emissions shipping. However, we accept that many movements will be by truck, and are keen to see road continue to demonstrate a willingness to move forwards with lower emissions engines, and advanced telematics involving load and driver management. For sea freight, investment support for environmentally less damaging marine propulsion systems, such as LNG, hydrogen fuel cells or electric power on shorter routes, would achieve significant improvements on most routes.

Which policy changes, or infrastructure improvements, are required to increase the flow of goods through Scotland's major sea ports?

The sulphur directive will impact on Scotland's East Coast ports and the Northern Isles, while the poor uptake of the Rosyth ferry demonstrates hauliers still find it convenient to use English East Coast ports despite the service being available. Government's commitment to the Rosyth ferry is commendable and there might need to be consideration of ways of incentivising its use. In terms of the ports throughout the Highlands and Islands infrastructure needs to be fit for purpose and fares need to be proportionate to support the continued flow of goods through these ports. The delivery of the Scottish Ferries Plan proposals will support this end very well. To really achieve growth the focus must be on economic development throughout the Highlands and Islands and the growth in the whisky, food and fish farming sectors are all acting as catalysts for the increased flow of goods on our ferry networks.

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Background

FREIGHT TRANSPORT IN SCOTLAND

The Scottish Parliament's Infrastructure and Capital Investment Committee has announced that it will undertake an inquiry into freight transport in Scotland. The remit of the Inquiry will be:

"To identify and understand some of the challenges facing the freight transport industry in Scotland, including domestic and international links as well as the interconnectivity of rail, road, air and sea freight services and to identify key areas for development, improvement and change."

The Committee has written to Regional Transport Partnerships seeking views on all aspects of freight transport infrastructure, including rail, road, air and sea freight. Views are particularly sought around the following key questions:

- Can you identify the main infrastructure and policy obstacles to the free flow of freight in Scotland, whether carried by rail, road, air or sea?
- How can Scotland's rail, road, air and sea freight routes to the rest of the UK, to Europe and worldwide be improved?
- How can the Scottish Government structure its freight grant schemes to support the switch of freight to more sustainable modes of transport?

- Are there any European Union initiatives which could provide further opportunities for Scottish freight transport?
- How can the freight industry make a contribution to greenhouse gas emissions reduction?
- Which policy changes, or infrastructure improvements, are required to increase the flow of goods through Scotland's major sea ports?

The Committee may focus on and scrutinise in more detail any challenges or areas for improvements in freight transport infrastructure in Scotland identified by stakeholders in the course of its inquiry. In providing your views, you therefore may wish to consider structuring responses around the key questions.

Submitting your views to the Committee

The Committee invites views that are relevant to the remit of the inquiry and that will assist the Committee in understanding some of the main themes outlined above.

To allow the Committee to take account of any views received, submissions should be sent to the address below, no later than Friday 16 January 2015.

Written submissions should be submitted electronically (preferably in plain text Word format and without graphical borders or headers) to—

ici.committee@scottish.parliament.uk

- See <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/84194.aspx#sthash.fM7VV38T.dpuf> more at:

Recommendation

1. 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: 27 January 2015

