

Item:
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Report to Partnership Meeting 6 February 2015

RESEARCH AND STRATEGY DELIVERY

Branchliner

Purpose of Report

To provide Members with information on the timber by rail project

Summary

Hitrans has been awarded £20,000 through the Strategic Timber Transport Scheme towards the £30,000 cost a study into rail feasibility for Flow Country timber, with £4,000 to be spent this financial year and £16,000 to be spent in 2015/16.

Project Implementation

HITRANS will be coordinating a high-level workshop to establish a strong stakeholder group to inform the direction of the investigation. This will be carried out by mid-March, and will set the parameters for the work packages on timber production, harvesting and transport by rail. These will be carried out by consultants.

Project Background

The STTS funding award is for BRANCHLINER-1: The Stage 1 application for the investigative study, seeking £20k from STTS in the current year.

The outputs and research from BRANCHLINER-1 lead on to BRANCHLINER-2: The Demonstrator Project, in a future year.

Over the next 10-15 years the timber industry will spend something like £80M on transporting 4M tonnes from the wider Flow Country catchment to distant markets with consequences for the fragile public road network, the environment and communities. The Branchliner-1 Study could result in immense and far reaching local benefits, far beyond its modest £30k cost, as well as informing timber on rail development strategy across Scotland.

The full background and justification for this project is contained in the appended Highland TTG Flow Country strategy 2014-16.

Project Concept and Delivery

This project follows in the steps of two previous STTS Rail Projects, the Roundwood by Rail project in 2011 and the Strathrail project in 2012. Whilst both projects helped provide information they did not deliver their potential because of difficulty and risks of obtaining and commissioning a reliable rail service. Indeed, it is interesting to note that, amongst other things, this was a cause of failure of the raiaside loading operation which operated out of Kinbrace between 2002 and 2005. Freight trains are highly capital intensive and need a high level of usage to be cost competitive. It is difficult to expect

the private sector to take on such risks in the remote Far North, unless they can see their way to clear attractions, be they financial, operational or environmental.

In 2013 HITRANS carried out a major logistical project to encourage the whisky industry to consider rail as an alternative for long road hauls from Morayshire to the Central Belt. By commissioning the rail service from Elgin HITRANS effectively de-risked the operation, enabling key industry players to find out the advantages, costs and indeed difficulties of mode shift to rail. This "Lifting the Spirit" project has been viewed as a highly successful model of market intervention.

HITRANS are keen to see if the principles followed in "Lifting the Spirit" could be applied to timber in the Flow Country and a similar trial would comprise a future Branchliner-2. However the current Branchliner-1 project is an essential first step to gain a better understanding of the logistical, cost and infrastructure barriers to providing a viable and reliable service for timber. By adopting a partnership approach to the investigation HITRANS will draw on the significant amount of accumulated knowledge that already exists about previous rai-side loading on the Far North Line and supplement it with focussed consultancy investigation where necessary.

Following submission of the Branchliner application for SSTS funding it has become clear that the phased nature of the project has been insufficiently explained in the submitted documentation. The purpose of this supplement is to explain this aspect in greater detail in the hope that the merits of the project can be better set out and understood.

The budget submitted for the Branchliner project was not split up to reflect phasing as it was felt important to show that Stage 1 was not simply a feasibility study but an essential and logical step towards delivering a cohesive project. However concerns since have been expressed about the ability of the overall project to demonstrate value for money without substantial ongoing subsidy. This is clearly understood by the partners; indeed the key purpose of the project is to get a better understanding of the costs and logistical issues involved in providing a successful rail operation from the Flow Country. The complementarity of roads and rail also seems to require clarification. Whilst investment in the public road network is essential for any timber transport solution there is no precedent in the North for the volumes of timber predicted to come down the A897 and so the partners are keen to fully investigate integrated transport solutions which will also deliver social and environmental benefits.

Stage 1 (February 2015-October 2015): Investigative Study

The content of this study will be similar to the original Branchliner Stage 1, but more confined. Its aim will be to determine the costs and logistical barriers to delivery of Flow Country timber by rail to Inverness and beyond. A suitably experienced consultant, or consultants, will be engaged and meetings will be set up with Transport Scotland, Network Rail, participating mills and supply chain participants at senior level. The purpose of these discussions will be to build on existing knowledge and experience of timber transport by rail in the UK and to see how it can be best applied to the Far North Line.

Considerable work has already been done by both the HTTG and HITRANS at strategic level and it is understood that Forest Enterprise holds previous data of rail operations at Kinbrace which will be mined. A key challenge so far has been to tie down the exact operational requirements and costs of Network Rail. These are crucial to the success or failure of the project and will be a key output of this stage.

The study will investigate the optimum location and size of loading facilities, and the cost of upgrading or creating them. HITRANS has already done considerable work on surveying existing and potential facilities in the North. Permanent infrastructure facilitating off-line loading and more temporary on-line terminals will be considered. Rail sidings are clearly more attractive than rai-side loading as revenue costs are lower, but

they involve a higher capital cost. The study will focus on the existing sidings at Georgemas and Forsinard, and the lineside loading facility at Kinbrace, but will consider other locations. All options will be reviewed, costs updated and social and environmental impacts considered. Any capital works are likely to be outwith the current 2015/16 STTS window. A key output will be the optimised train length vs. terminal operation vs. train path metric.

The Branchliner full scale trial envisaged the use of demountable ISO flatracks, as adapted in a previous STTS project. Whilst these still appear attractive, the study will assess the availability of conventional dedicated timber wagons. It will also review previous work done to trial the use of Freight Multiple Units (FMU's) to carry timber rather than full scale freight trains.

The environmental benefits of mode shift to rail from the Flow Country will be calculated in an annexe to the study.

The budget cost of this Stage is £30,000 for which STTS support of 60% is sought. The remaining £10,000 funding will be split between HITRANS and FC(S) Highland and Islands Conservancy. This budget does not include the "in-kind" staff time costs of participating partners, which if included, would be likely to reduce the STTS intervention well below 50%.

If the output of this Stage is that the costs and difficulties are such that proceeding further does not represent good value for money or that a Stage 2 project would not offer a realistic prospect of success, the overall project will terminate at this break point.

Whilst it will always be a commercial challenge to bridge the difference in cost between road and rail a key determinant in the evolution of a Flow Country rail solution will be the attitude of the Roads Authority and the public and the social and environmental costs and benefits. There is no precedent in the North for the volumes of timber predicted to come down the A897 and if the industry fails to cooperate fully it is entirely possible that the Council will have to restrict volumes to a manageable level. If this were to happen, the groundwork done by this study will prove invaluable, quite apart from its potential to inform timber/rail issues elsewhere. This study will inform the Highland Timber Transport Group Flow Country Strategy and the Highland Council strategy to agreed routes.

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.

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Designation: Partnership Manager
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