

Report to Partnership Meeting 23 August 2013

EUROPEAN

Food Port – Lifting the Spirit Project

Purpose of Report

To provide Members with an update on the whisky by rail project which HITRANS are delivering with funds secured through the ERDF INTERREG IVB North Sea Area Food Port project and partnership contributions from Moray Council, HIE and HITRANS.



About Food Port

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 has been devised for the efficient transfer of 16-20 containers of bulk spirit to move 2 times per week from Elgin to Central Scotland.. The exercise will be cost neutral to the distillers. 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.

Summary of Project Status

To manage the delivery of Lifting the Spirit through the key stages of planning and implementation HITRANS appointed Douglas Norris as Project Manager in May 2013. Mr Norris can be contacted at douglas.norris@hitrans.org.uk and by mobile on 07827 411433.

After a procurement process through Public Contract Scotland DB Schenker has been awarded the rail haulage contract on both quality and price. Final detailed discussions are under way on timetabling, wagon types and commercial arrangements.

JG Russell has been contracted to act as Logistics Management Company (LogMan) who will manage the freight terminal at Elgin and support an intermodal service from Elgin to Grangemouth. Bulk spirit in 26000 litre and 33000 litre ISO tanks will form the majority of the traffic but there will also be an opportunity to handle 9ft 6 high cube containers as well as other traffic. The ISO tank hire and terminal costs will be funded by HITRANS.

Track improvements at Elgin Yard are shortly to be carried out. These works will include installing 120 new sleepers, devegetation by Network Rail, and groundworks by Moray Council.

A train length of around 17(54 foot) platforms is envisaged. Each platform is capable of carrying 2 loaded 26000 litre tanks, or one loaded 33000 litre tank. Traffic will be delivered to/from the Elgin terminal and collected from Grangemouth by the distillers' existing haulage contractors.

A frequency of two trains per week is planned with Elgin departures on Wednesday & Saturday at 1030 arriving Grangemouth around 2000. Trains will leave Grangemouth at 0500 on Tuesday & Friday arriving Elgin at 1230. A full day on Monday and Thursday is available for delivery of loaded ISO tanks in Central Scotland. Connections will be available from Central Scotland to most major UK ports and several inland terminals.

Elgin terminal container handling will be provided by a reachstacker. Weekly throughput is expected to average more than 100 containers. There is an opportunity to operate a container storage facility on the Elgin site offering reduced lead times for customers requiring containers in the Speyside area.

The Logistics Manager is experienced in handling HMRC Bonded Goods and has a secure storage site in the Elgin area. They have rail freight/intermodal experience. They will also demonstrate maximum budget flexibility in response to market conditions and identify other commercial opportunities to the advantage of all parties.

Distillers' existing hauliers will transport the tanks to the Elgin railhead, and collect them from Grangemouth. If sufficient business can be found there may be additional workings to Mossend.

Emissions and environmental data will be recorded and project website www.liftingthespirit.co.uk/rail will be updated with latest news. Where relevant news items will also be communicated through the HITRANS website and the HITRANS Twitter account.

The first trains are planned for the beginning of September. Product from Diageo, La Martiniquaise, Bacardi, Pernod-Ricard and Whyte and Mackay will be carried to Central Scotland for storage, bottling and distribution.

An event will take place in Elgin on Friday 13 September in conjunction with the HITRANS Freight Forum and the Food Port Scottish partner meeting, and includes visits to a distillery and the rail terminal. It is intended to make a media/public launch of the project a focus of this event and we are working with partners including the Moray Economic Partnership, Moray Council, HIE and SWA to manage this process.

Budget Update

Total funding for the project has been confirmed at €297k. The project will ensure cost neutrality to the distiller, with HITRANS making up the difference between the current road option, and the planned road-rail-road option.

Recommendation

1. Members are asked 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: 12th August 2013