

**Rail freight in
Scotland: a report by
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Foreword by Graham Simpson MSP



Rail freight is an important but often overlooked aspect of our transport network. This report sets out the state of play of the rail freight sector in Scotland, with the aim of suggesting some ways in which it could be developed or improved.

Rail freight is a sustainable logistics choice that reduces trunk road congestion, improves road safety and is worth approximately £2.45 billion to the UK economy.¹ Increasing the volume of freight moved along our railways would reduce road repair costs and make a significant contribution to Scotland's climate change targets. For instance, one freight train produces the equivalent carbon emissions of up to 129 HGVs.

Not only is rail freight a greener option to move goods around the country, it is also a highly efficient logistics option. However, rail freight only represents approximately seven percent of all freight moved in the UK. In fact, recent figures suggest that the volume of freight moved by rail in Scotland has fallen in the past year.

Overall, the rail freight industry needs greater policy certainty to facilitate long-term strategic planning. While setting targets is one part of this puzzle, the Scottish government needs to take more strategic action to achieve its ambitions for rail freight. This report includes some policy suggestions to that end.

Graham Simpson MSP

¹ Deloitte, *Assessing the Value of Rail Freight* (April 2021).

Current state of play

Government Targets

Recent trends for the rail freight industry in Scotland are not good. Research by Transport Investment Ltd demonstrates that the number of freight trains on Scotland's railway has **declined by 25%** in the eighteen months up to May of this year and Rail Freight Group members observed a suppressed market for port trade by the close of 2023.

Recent traffic losses have included: deep sea container traffic from Scotland to English ports, general container traffic from Daventry to Scotland, IKEA container traffic from Yorkshire, Tesco and Asda traffic to Aberdeen and China clay slurry from Scotland to Antwerp. The decline of the coal industry has also had a significant impact upon rail freight in Scotland.

The Scottish government has a rail freight growth target of at least 8.7% between 2024 and 2029 while the UK government has set an overall growth target of 75% by 2050. The Scottish growth target for 2019-2024 of 7.5% was missed but it is fair to say that new freight traffic was attracted during that period.

These targets have been accompanied by a rail freight strategy, published by Transport Scotland in 2016, and long-term policy objectives pertaining to rail freight which were set out in STPR2.² While these statements of intent are welcomed, they need to be backed up with costed and resourced plans for how they will be achieved.

The freight market is fast moving and is very much dependent on the economy. As such, customers and volume may be won or lost as individual businesses evolve. Reduced volumes or suppressed markets are therefore not necessarily reflective of a failing by the rail freight sector.

Traffic

The general freight market in Scotland is small and fragmented between customers and over large distances. According to Transport Investment Ltd., as of January 2024, there were 248 commercial freight trains operating weekly in Scotland. This is the equivalent of 40 trains per day.³

Intermodal container freight dominates rail freight in Scotland. This is largely comprised of cross-border freight flowing from ports and inland intermodal terminals to the major intermodal terminals based in central Scotland. This traffic meets the needs of general freight, retail consumer goods and industrial manufacturing.

Key intermodal container flows include:

² [ts-rail-freight-strategy-a4-aw3.pdf \(transport.gov.scot\)](#); [STPR2 Summary Report \(transport.gov.scot\)](#).

³ [\(4\) The Scottish rail freight market is shrinking, when it should be growing | LinkedIn](#)

- Intermodal services to and from the English midlands to the central belt and beyond
- Deep sea container & tanktainer traffic from English ports
- Bottled water from the Highland Spring facility at Blackford
- Tesco services from Daventry to Mossend

The following regular services comprise non-intermodal flows in Scotland:

- Bulk cement from the production facility at Dunbar
- Flows of calcium carbonate slurry through Aberdeen
- Crushed rock and rail ballast quarried from Lanark
- Unleaded and diesel fuel from Grangemouth to Carlisle
- Aviation fuel from Grangemouth to Prestwick Airport and Rolls Royce at Sinfen
- Royal Mail post which flows between London, The Midlands and Glasgow
- Ford Car trains from Dagenham
- Cement from Clitheroe to Mossend
- Alumina trains to Fort William

Scotland's rail freight services are serviced by freight operating companies such as DB Cargo, Great British Railfreight (GBRf), Freightliner, Colas, DRS and Varamis. Many services are contracted by major logistics operators who use rail freight as part of their wider supply chain operations. These include: WH Malcolm, Russell Group, Culina and Maritime Transport.

Case study: Varamis

Express rail logistics company, Varamis have operated a daily parcel carrier service from Birmingham to Mossend since January 2024. This involves the conversion of multiple unit passenger trains to carry small freight. They aspire to create a circular network of high-speed freight trains, offering an entirely net zero logistics solution.

Services like this one present a real opportunity for the UK parcel market. However, lack of facilities is a problem. There is currently only one loading bay at Mossend capable of dealing with this traffic, meaning that there is nowhere to unload a van or lorry directly onto a Varamis train.

Terminals

Most rail freight terminals in Scotland are clustered around the central belt at Mossend, Coatbridge and Elderslie. These are managed by privately owned, independent terminal operators who attract different traffics. For Coatbridge this is the Russell Group and at Elderslie this is WH Malcolm. At Mossend there are three terminals, including the

Maritime Transport EuroTerminal, DB Cargo down yard and PD Stirling multifunction site.⁴

Grangemouth is a secondary cluster, with two terminals, one of which is co-located on the port. Other available terminals are based at the following locations:

- Port of Aberdeen: Raiths farm, Craiginches and Waterloo yards
- Inverness: Georgemas junction, JG Russell,
- Blackford, the recently opened new intermodal terminal for Highland Spring.

In the non-intermodal sector (dealing with aggregates, minerals, metals, and petroleum), terminals tend to be dedicated to single end customers who are either the generators or recipients of rail freight.

Challenges

Infrastructure

Infrastructure for rail freight in Scotland is insufficient, especially beyond the central belt. Any market interest to establish new freight services to Aberdeen or Inverness is frustrated by limitations on the length and volume of freight services that can be introduced into the current rail timetable. There are also restrictions on the network's capacity to accommodate containers on standard rail wagons through tunnels and under bridges. While STPR2 includes long-term plans to improve capacity, these are as yet unfunded.

Scotland is also dependent upon rail freight capacity and capability across the wider UK rail network. Achieving cross-border growth requires available paths and track capacity on the West and East Coast Main Line. The latter is constrained by insufficient overhead line electrification north of Newcastle, frustrating industry desires to increase the use of electric freight traction. This would deliver better performance and lower delivery costs while supporting national decarbonisation objectives.

Funding

Rail freight is a high fixed cost business that requires commitments to volume and service use. Mode Shift Revenue Support is a national grant funded by the Scottish government. The Scottish government **withdrew its £700,000 budget** line in 2024/25. This is currently being covered by the UK government but only applies to cross-border flows. This means that revenue support for rail freight in Scotland has been reduced and rates charged to end customers have become more expensive. Other costs such as track access charges and the price of electric traction make rail freight prohibitively expensive for some businesses.

⁴ This site is being developed under the Mossend International Railfreight Park. See <https://mirp.co.uk>.

This makes it very challenging for rail freight operators to price their services competitively against road freight. By comparison, the latter is a highly dynamic and competitive market with low barriers to entry.

Peripherality

In Scotland, freight traffic is concentrated on the central belt and in the corridors linking this area with North-West England and beyond into the UK distribution heartlands of the Midlands. One of the main challenges and opportunities for rail freight in Scotland is to secure modal shift to rail for goods travelling beyond this part of the country. At the moment, this is challenging to achieve for operators due to infrastructure-lined inefficiencies and small, fragmented markets.

Policy Asks

UK Government

- 1) The UK government should set out how its growth target of 75% net tonne km by 2050 will be achieved.
- 2) The Department for Transport is presently conducting a review of the Mode Shift Revenue Support grant, which will expire in 2025. The UK government should either **extend or expand the existing grant**, as well as modifying rules to allow traffic that only travels within Scotland to qualify.
- 3) The UK government should work with the Scottish Government and Network Rail to ensure that there are **available paths and track capacity** for rail freight on the West and East Coast Main Line. Cross border traffic is a high potential growth area as the origin and destination distances are better suited for rail freight than the intra Scottish flows, which tend to focus on shorter central belt distances. Interventions in the rail network can be costly and time-consuming. All bodies should collaborate to mitigate against this.

Scottish Government

- 1) **Funding:** The Scottish government should fund and preserve the Mode Shift Revenue Support grant. Funding and delivery of aspirations within STPR2 should be accelerated to improve opportunities for rail freight across Scotland. The Scottish government should support new services with the revenue and capital costs of equipment.⁵
- 2) **Infrastructure:** The Scottish government should invest in improved facilities such as curtain side containers and mobile assets like wagon equipment. Further capacity planning on key routes like the Highland Main Line is required to facilitate increased flow, especially with regards to passing loops. The government should also make better use of existing infrastructure, including under-utilised

⁵ The Scottish Government allocated just £4 million of revenue spend to the rail freight sector in the last eight years.

terminals.⁶ The government must electrify key fill in sections of the railway network to facilitate the decarbonisation of existing and future rail freight flows.

3) **Governance:** The Scottish government must take a more **proactive role** to support and co-ordinate joint working within the rail freight sector. This should include:

- Engaging with logistics companies and operators who have the strategic perspective to build new rail markets, map out traffics and develop effective operating practices.
- The government should also approach potential customers such as major retailers, Tillicoultry Quarries, and the aviation fuel sector to discuss the potential for rail freight growth.
- The government should demonstrate leadership by putting more public sector goods onto rail. This could include generating its own freight flows via the NHS or Ministry of Defence, which would create the base line load for new services.
- The frame of reference of the Scottish Freight Joint Board should be expanded to offer information to industry, in addition to monitoring progress against control period targets. This body should examine possible rail freight projects and markets such as the multiple unit parcel opportunity.

⁶ In total around the central belt, Aberdeen and Inverness, there are 11 terminals capable of handling intermodal traffic, 9 of which are underutilised. These include Inverness Needlefield yard, Aberdeen Raiths farm, Aberdeen Craiginches, Aberdeen Waterloo, Glasgow Elderslie, Glasgow Deanside and Grangemouth docks.