

# Strategic Timber Transport Scheme Update Report

**August 2009**

## Introduction

The purpose of this paper is to give an update on the current position of the Strategic Timber Transport Scheme (STTS)

## Background

The original Strategic Timber Transport Fund (STTF) of £13m was introduced in 2005 and closed in March 2008. Subsequently the Environment Minister agreed to extend the period of the fund for three years to March 2011 with an annual budget of £5m. This annual budget includes a maximum of £1M allocation to the TimberLINK public service contract. Therefore, there is £4M per annum to finance carry over commitment and future business.

Although the scheme has been updated and the application process streamlined, the aims and objectives of the Fund remain the same.

*'To facilitate the sustainable transport of timber in rural areas of Scotland for the benefit of local communities and the environment, maximising the value of monies available through innovative projects and partnerships'*

## Summary of Applications to Date

Since the launch of the STTS in 2005 there have been ten rounds of applications. A summary of the applications received can be found in appendix I, II and III.

Headline statistics are, a total of **fifty two** applications received to date, of which **twenty one** have active contracts, a further **four** have been approved for grant aid and are awaiting contracts. A total of **nine** have been completed and **three** are delayed for various operational reasons. In all **fifteen** projects either did not meet the STTS criteria or have been withdrawn by the applicant.

## Environmental and Community Benefits

The following is a summary of the project applications received since the last Scheme update in April 2008. The majority of these projects are either new in-forest haul routes or upgrades to strategic public roads. All aim to deliver environmental and community benefits as per the Scheme criteria.

### Sea

No new applications have been received since the April 2008 report.

### Rail

No new applications have been received since the April 2008 report.

### Project/study

The Scheme received two further applications for projects with the aim to improve understanding and knowledge of timber transport:

- South of Scotland Agreed Route Maps (ARM) data, this application was put forward to update the ARM data for South Scotland. This application was not approved because it was felt that it offered low value for money, but the concept did show potential for a project of this type covering Scotland.
- Victa Intermodal Rail Freight was a proposed short study into the potential for a modified rail freight wagon to enhance the movement of sawn timber from South England to Scotland. This application was not approved as it did not relate specifically to rural areas and had limited applicability for transporting roundwood.

### Support officers

The Scheme received three further applications. These were all for continued funding for dedicated Project Officers for the Regional Timber Transport Groups. All three applications were approved and have been granted awards of 50% co-finance to help develop strategic planning for timber transport including supporting STTS applications.

### In-forest roads

A total of seven additional applications involving the creation / upgrading of in-forest haul routes have been received. These projects range in value from £46K to £1.1 million. Some of the applications include the partial upgrading of public roads as part of the project, these including both the Craik and Annandale Estates applications. It is estimated these projects enable 2.4million tonnes of timber to bypass fragile rural communities over the next ten years.

## Public Roads

Since the last update of the STTS in April 2008 one application has been received, this was for improvements to the public road network in order to mitigate the impact of lorries hauling 800 thousand tonnes of timber over the next 10 years on the island of Arran. This application has been approved and £1m was awarded.

## Update on Financial Expenditure and Commitment since Last Report

1. The STTF budget is currently £15M based on £5M per annum for the three-year period April 2008 to March 2011.
2. The actual spend for 2008/09 for the STTS met the budgeted commitment (including £0.7M in subsidies for TimberLINK) the future challenge is to meet the targets for 2009/10 and 2010/11.
3. The total commitment for the STTS to 31<sup>st</sup> March 2011, including the TimberLINK subsidy (projected at £850k per annum from historic figures), is £14.82m with an overall project value of £29.4m. As the budget for the Scheme to 31<sup>st</sup> March 2011 is £15m, this will give a small contingency of £182k to accommodate any project overspend.
4. A breakdown of these figures including details of all the projects for the STTS is outlined in Appendix I.

## Timber Haulage

It is projected that over the next ten years a total of over 12.6 million tonnes of timber haulage will be facilitated through the projects that have been awarded funding since the launch of the STTS in 2005.

## Future calls for Applications

Following the latest round of the STTS, which was run in March 2009 the Scheme is effectively fully committed. Several projects are still awaiting contracts to be finalised, but it is envisaged that all projects currently approved will move to contract stage within the next few weeks. Three of the projects that were agreed under the old scheme have been delayed due to operational issues, but all three should be completed before 31<sup>st</sup> March 2011. Monies made available from projects not going forward will be made available for new

projects that can be completed by March 2011 through a further round of the STTS.

At present, Forestry Commission Scotland has received pre applications for several million pounds worth of new projects and should the STTS be continued beyond 2011 then a further application round will be held.<sup>1</sup>

## Audit

The STTS has been subject to a two-phase audit from the Forestry Commission's audit team for which the Scheme was given a full compliance rating.

## Conclusion

Lessons have been learned throughout the life of the Scheme and it has become clear that there can be significant lead-in times to the development of the finished application and project management can be extremely onerous. During this time the Scheme was independently reviewed and consequently some revisions to the guidance have been made.

To date, the STTS can be considered a success in that it has met it's aim by:

- Supporting innovative projects including sea, rail, in-forest road and the local public road network.
- Encouraging partnership approaches that have achieved significant financial leverage and reduced the impact of timber transport on many fragile rural roads and local communities.
- Attracting significant projects that have fully committed available funds 18 months before the deadline of March 2011.
- Galvanising local authorities and the forest industry to find agreed solutions to minimising the impact of timber transport on local communities and prioritising scarce financial resources to maintaining strategically important rural road networks.

One of the main hurdles in managing the Fund is the constraint of Scheme in-year budgeting. Many of these projects are multi-million pound operations consisting of multiple owners. The time scale for gaining complex agreements can vary greatly, and a degree of budget flexibility over financial years would have a positive impact on the management of the Scheme budget.

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<sup>1</sup> Further guidance, when available, will be given through the Forestry Commission web-site and the Regional Timber Transport Groups.

The next step is to determine if there is a requirement to continue the Scheme beyond March 2011, should funds be made available. This process will be facilitated through discussions between FCS and a number of stakeholders, including the Regional Timber Transport Groups and the Timber Transport Forum over the next few months.

More detailed information on the STTS and associated projects can be found at [www.forestry.gov.uk/forestry/inf-d-6w2f7a](http://www.forestry.gov.uk/forestry/inf-d-6w2f7a) or contact:

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## Appendix I Detail of applications received from STTS inception to date

Project Title	Amount Awarded	Current Position	Total Project Value
South of Scotland Timber Logistics Programme	£68,900	Active	£457,645
Eskdalemuir	£2,918,448	Active	£4,468,448
North Kintyre Link Road	£250,463	Active	£500,926
Arran	£1,000,000	Active	£2,072,000
SOS Project Officer Continuation Funding	£23,250	Active	£46,500
Dunoon Timber Haul Route	£324,034	Active	£586,200
Barrhill Railhead Catchment	£1,832,337	Active	£3,462,337
Rathad-Mara (Sea Road)	£220,053	Active	£308,982
South of Scotland Timber Transport Officer	£85,000	Active	£135,000
B836 phase 2	£655,000	Active	£1,230,000
Peaton Hill Link Road	£45,850	Active	£94,900
A897 Partnership Project	£400,000	Active	£500,000
Marr Area	£82,900	Active	£165,800
Tomdoun Link Road	£118,110	Active	£295,276
North West Mull Community Woodlands	£726,930	Active	£1,817,325
Lorg Glen B729 Moniaive	£630,074	Active	£1,306,296
Forrest Estate Dundegh Link Road	£109,480	Active	£437,921
Programme Manager/Co-ordinator (Argyll) Continued Funding	£50,480	Active	£100,960
Highland Strategy RTTG PO Continued Funding	£64,500	Active	£129,000
Stirling & Tayside RTTG PO Continued Funding	£32,000	Active	£64,000
Craik	£1,150,000	Active	£2,155,380
Carron Valley	£30,100	Approved	£66,879
Annandale Estate & Ae FD Project	£720,000	Approved	£1,440,045
South West Glendaruel Timber Haul Route	£259,935	Approved	£838,500
West Loch Awe Timber Haul Route	£1,000,000	Approved	£3,980,000
Timber Transport Officer- Stirling and Tayside	£24,800	Completed	£34,000
Programme Manager/Co-ordinator (Argyll)	£94,000	Completed	£152,000

Study of the performance of Forest and Public Roads under construction	£232,500	Completed	£336,500
Developing & Promoting a Timber Transport Strategy for the Highlands	£43,333	Completed	£65,000
Glen Massan - B836 link	£44,085	Completed	£92,771
Driver Training Programme	£17,725	Completed	£34,445
Ardfern Bypass	£39,990	Completed	£99,975
Moray Strategic Timber Transport Road Infrastructure Project	£65,000	Completed	£131,000
Upper Loch Fyne Pier, Technical and Financial Feasibility Study	£6,000	Completed	£12,000
Rannoch Rail Head	£65,820	Delayed	£165,670
Fersit Road, Lochaber	£100,000	Delayed	£850,000
B8024 Tarbert Bypass	£600,000	Delayed	£802,000
<b>TOTAL VALUE FOR PROJECTS</b>	<b>£14,131,097</b>		<b>£29,435,681</b>
Rosneath		Did not Meet Criteria	
Project Co-ordinator, Highland and Grampian		Did not Meet Criteria	
Floating Pier		Did not Meet Criteria	
Aberdeenshire Forestry Haul Route		Did not Meet Criteria	
NW Glendaruel Forest Road Link		Did not Meet Criteria	
South Scotland ARM Data Project		Did not Meet Criteria	
Glenkinglas		Did not Meet Criteria	
Inter-Modal Rail Trial (VICTA)		Did not Meet Criteria	
Argyll Central Tyre Inflation		Did not Meet Criteria	
Glen Striven Timber Haul Route		Did not Meet Criteria	
Facilitating Change In Forestry Industry Supply Chains		Did not Meet Criteria	
Arran Link Road		Withdrawn	
Hareshawmuir Road Project		Withdrawn	
Stroans Bridge Glentrool		Withdrawn	
Kingsbury Forest Trust (Glenhinnisdal)		Withdrawn	

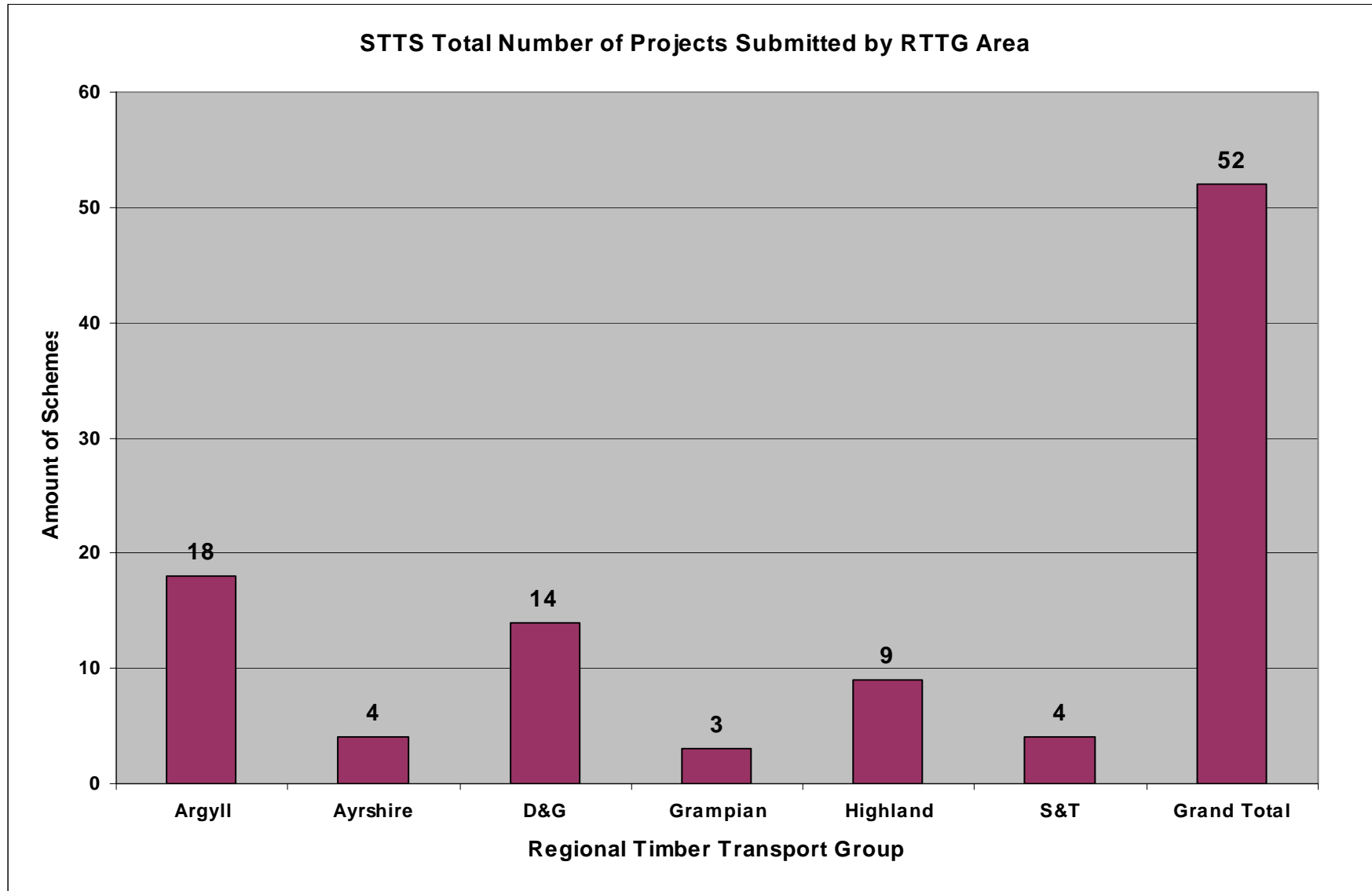
## Appendix II Summary of completed STTS projects to date

Project Title	Amount Claimed	Current Position	Overall Project Value	RTTG Area
Stirling & Tayside TTPO	£24,800	Completed	£34,000	S&T
Argyll Timber Transport PO	£87,026	Completed	£152,000	Argyll
Developing & Promoting a Timber Transport Strategy & Solutions for the Highlands	£43,333	Completed	£65,000	D&G
Driver Training Programme	£17,604	Completed	£34,445	D&G
Moray Road Infrastructure Project	£48,625	Completed	£131,000	Grampian
Study of the performance of Forest and Public Roads under construction	£207,346	Completed	£336,500	D&G
Glen Massan - B836 link	£43,525	Completed	£92,771	Argyll
Ardfern Bypass	£40,435	Completed	£99,975	Argyll
Upper Loch Fyne Pier, Technical and Financial Feasibility Study	£6,000	Completed	£12,000	Argyll
<b>TOTAL OF ALL PROJECTS</b>	<b>£526,500</b>	<b>9</b>	<b>£957,691</b>	

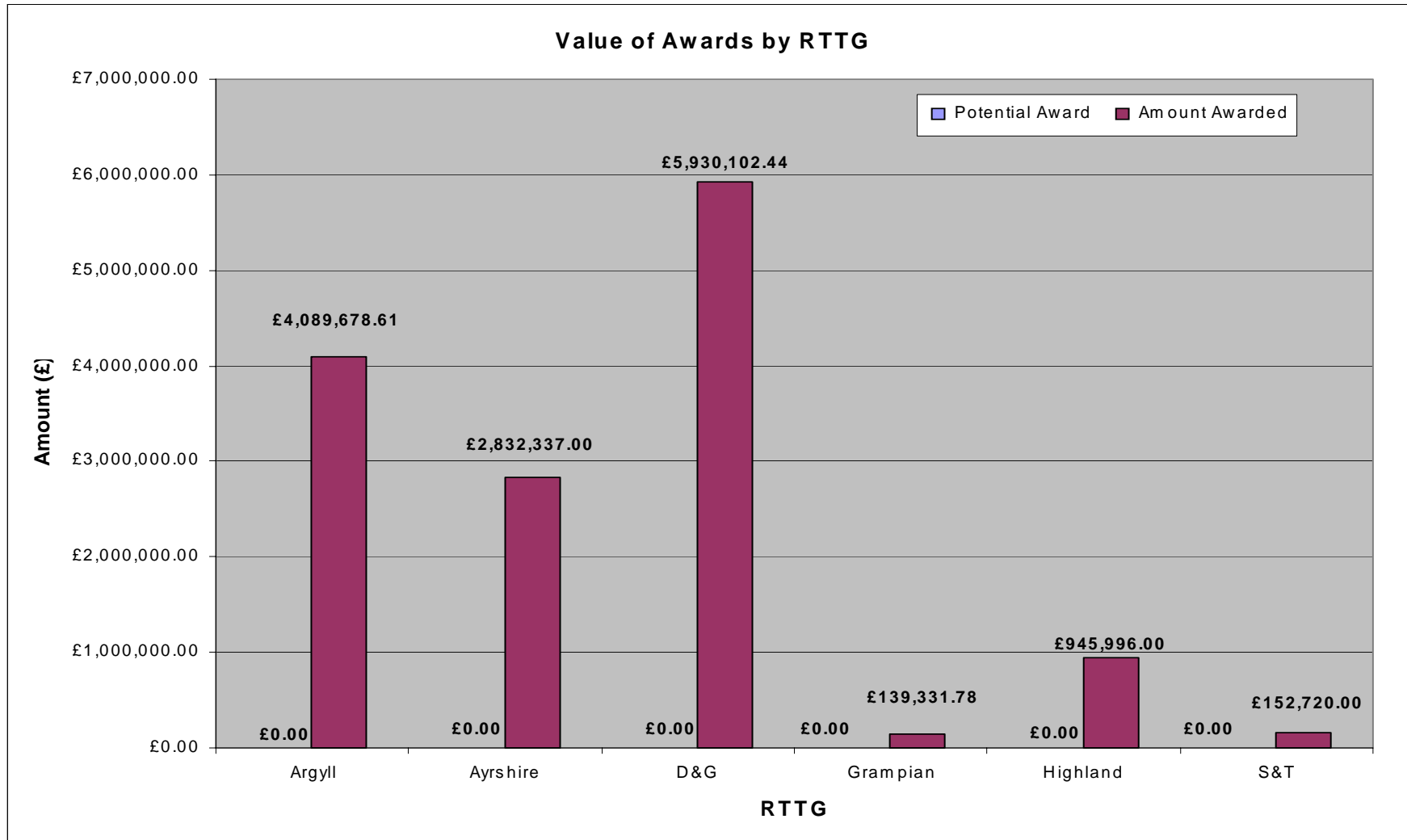
## Appendix III Summary of all applications received and projects awarded to date

Scheme Current Position	Total Amount Awarded to Date	Number of Projects	Total Overall Project Value
Completed	£526,500	9	£957,691
Active	£10,787,809	21	£20,334,896
Delayed	£765,820	3	£1,817,670
Approved	£2,010,035	4	£6,325,424
Rejected / Withdrawn	N/A	15	N/A
<b>TOTAL OF ALL PROJECTS</b>	<b>£14,090,164</b>	<b>52</b>	<b>£29,435,681</b>

**Appendix III** Summary of applications submitted by Regional Timber Transport Group



**Appendix III** Summary of value of applications submitted by Regional Timber Transport Group



## Appendix III Summary of applications awarded by project type

