FTA would like to take this opportunity to feed into the work of the Committee in scrutinising the draft Budget and Spending Review, which was announced in September 2011.

As you may recall from our discussion at your Aberdeen office over the summer, the Freight Transport Association is one of Britain’s largest trade associations, and uniquely provides a voice for the whole of the UK’s logistics sector. Its role, on behalf of over 14,000 members (of which over 1,000 are based in Scotland), is to enhance the safety, efficiency and sustainability of freight movement across the supply chain, regardless of transport mode. FTA members operate over 200,000 goods vehicles - almost half the UK fleet - and some 1,000,000 liveried vans. In addition, they consign over 90 per cent of the freight moved by rail and over 70 per cent of sea and air freight. FTA works with its members to influence transport policy and decisions taken at local, national, European and global level to ensure they recognise the needs of industry’s supply chains.

Looking particularly at the third major line of the Committee’s inquiry, the “ability of the budget to support other long term strategic aspirations”, we believe that there is a grave error about to be committed; which will make modal shift for commercial transport increasingly difficult to achieve; namely the all but elimination of support for modal shift through the various Freight Facilities Grants.

Governmental ‘support for the freight industry’ (the term used in Scottish Budgets) had dropped from £10.3m in 2010 to £2.9m following the revised Scottish Budget earlier in the 2011. These grants are used for small-scale improvements such as new cranes and longer loading bays which improve rail freight efficiency. This was afforded a partial temporary reprieve as the Budget was consulted on in the spring. However, the spending review announced in September has effectively introduced a real terms cut in ‘support for freight industry’ to an annual allocation of just £1.1m every year until 2015. This will be insufficient for the majority of intended schemes and will have the effect of making Scottish railways instantly less attractive for those who could consider taking goods off the road.

Scotland has some tough environmental targets, which will require emissions reductions from every facet of Scottish life. Transport is no exception to this. Freight modal shift is an important part of Scotland achieving a sustainable supply chain. Quite how Scotland’s tough carbon reduction targets will be achieved when only a little more than one per cent of the funding towards a ‘low carbon future’ has been allocated to freight modal shift, is a very serious concern.

The availability of modal shift capital (and revenue) grants has been fundamental to encouraging private investment in improving access to the network, and Scotland has in some senses led the rest of the UK in getting goods on to rail, but the current uncertainty created by the Spending Review is a grave threat to planning for a bigger role for rail freight.

Together with colleagues in RHA, the Rail Freight Group and Transform Scotland, FTA has made representations to the Cabinet Secretary for Infrastructure and Capital Investment to warn of the impact that this short-sighted cut would bring; and we are of course delighted to set it out in further detail for the Committee if required.