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Portsmouth
CITY COUNCIL

Title of meeting: Cabinet

Subject:

Oxford Economics Study of Portsmouth International Port

Date of meeting:

9th September 2019

Report by:

Mike Sellers, Port Director, Portsmouth International Port

Wards affected:

All

1. Requested by:

1.1 Leader and Portfolio Holder.

2. Purpose

2.1 To advise the cabinet on the outcome of Oxford Economics study on the economic impact of Portsmouth International Port (PIP) to Portsmouth City Council region, national economy and Maritime UK.

3. Background

3.1 In 2018, PIP commissioned Oxford Economics to carry out a detailed study of the economic benefits of PIP in both the local and national economy.

3.2 This report was primarily commissioned to highlight to senior politicians and senior civil servants the importance of PIP, particularly regarding trading with the European Union. PIP has only recently been recognised as a major UK Port and is the second largest Cross Channel Port. Since commissioning the study PIP has been included in the border planning carried out by UK Government Departments and recognised as a potential high impact port as a result of the UK leaving the EU on the 31st October 2019.

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- 3.3 The report has taken some months to prepare due to the detailed information required by Oxford Economics from PIP's customers, suppliers and their logistics providers. The scope of the report covers all of the activities within PIP's statutory harbour limits including the Cruise and Ferry Port, Portico Shipping activities and The Camber.
- 3.4 The economic impact report written by Oxford Economics is contained in Appendix 1, and the headline details are as follows:
- PIP's estimated GDP contribution in the Portsmouth City Council area in 2017/18 was £189 million.
 - PIP's contribution to GDP supported a total of 2,410 jobs in the Portsmouth City Council area.
 - The footprint of PIP at a national level is larger, contributing £390 million to UK GDP and sustaining 5,590 jobs in 2017/18.
 - For every job PIP directly contributes to the UK economy, a further 2.9 jobs were sustained elsewhere in the UK economy.
 - 66% of PIP's cargo volumes headed to the European Union.
 - 80% of PIP's business is either European or Domestic (including the Channel Islands).
 - PIP is the second largest port on the South Coast handling almost 4 million tonnes of cargo in 2017.
 - Non-EU trade through PIP was valued at £700 million having grown by 34 percent since 2000.
 - More than 50% of the bananas imported to the UK passes through the port valued at £330 million (this will increase to 70% with the return of Geest to PIP from January 2020).
 - PIP is the third largest UK Port for international short sea passengers with the most routes (six) to France and Spain, serving 1.8 million passengers a year.
 - Additionally, within PIP's harbour authority boundaries there were 4.4 million passengers to and from the Isle of Wight and 2.7 million passengers crossing between Gosport and Portsmouth.
 - In 2017/18 there were 33 cruise calls at PIP carrying more than 16,000 passengers. It is estimated these passengers spent around £1 million within the Portsmouth area.

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- 3.5 It is thanks to PIP's customers such as Brittany Ferries, Condor Ferries, Wightlink, the Gosport Ferry, Portico Shipping, Fyffes, Saga and all of their customers, passengers and suppliers whose contributions generate the economic results identified within this report. It is these businesses that help make PIP a major port within the UK.
- 3.6 It is also important to note that PIP is the largest and most successful municipal port in the UK and therefore, unlike private ports where a large percentage of their earnings will go to shareholders, sovereign wealth funds or foreign pension funds, all of the income from PIP's activities benefits Council services. In 2017/18 this amounted to £8.4 million.
- 3.7 PIP is embarking on major developments to grow the activities and the return on investment for Portsmouth City Council with £30m of projects planned over the next few years. This will see the economic impact of PIP grow further.

4. Brexit and Beyond

- 4.1 The report has highlighted that 80% of PIP's activity is connected to Europe or Domestic (including the Channel Islands) trade. This means that a significant part of PIP's activity is "just in time" freight. For the "just in case" contingency planning of a possible no deal Brexit, the port has been part of the discussions with the Border Planning Teams made up of various Government departments. Simplified arrangements for imports from Europe are now in place for major European routes including Portsmouth to ensure that goods and subsequent checks are as seamless as possible to ensure minimal impact to PIP.
- 4.2 Additionally, PIP has worked alongside other Council departments and the Hampshire and Isle of Wight Local Resilience Forum to prepare a contingency plan for dealing with the export trade and to minimise traffic congestion on the M275 and local port network.
- 4.3 Clarity is still needed, particularly in respect of any longer term infrastructure changes at PIP's border such as future plant or animal health checks. However, PIP has invested in a terminal operating system as the first step towards digitalisation of trade for future border changes.
- 4.4 The main focus between now and the 31st October 2019 will be around trader awareness for hauliers using PIP and lobbying the relevant Government departments to ensure that Portsmouth has a fair share of the Brexit contingency fund recently announced by the Prime Minister. This includes funding for the lorry park constructed at Tipner, for which payment has yet to be received.
- 4.5 The Government also recently announced that 10 UK ports will be given "Free Port" status to stimulate trade with various incentives on raw materials and production. PIP will be working with other Council departments in order to be involved in the bid.

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This could be an opportunity for the Solent region to encourage manufacturing, imports and exports growth, free of unnecessary checks and paperwork including customs and tax benefits.

- 4.6 This report highlights the significant importance of PIP, not only to the Portsmouth City Council region but also to Maritime UK. This strengthens PIP's ability to lobby and bid for opportunities in the future.

5. Conclusion

- 5.1 The study has highlighted that PIP is a major economic driver for growth within the Portsmouth City Council area and the UK in general. More importantly, it provides substantial local employment and is a significant department of the City Council.
- 5.2 PIP reported the findings of the economic study to senior politicians, civil servants, port industry representatives and relevant trade associations at Westminster on the 04 September 2019.

6. Information Requested

- 6.1 Leader of the Council and Portfolio holder, Cllr Gerald Vernon-Jackson.

Signed by (Director)

Appendices:

Appendix 1: The Economic Impact of Portsmouth International Port, written by Oxford Economics.

Appendix 2: Portsmouth International Port Information Graphics supporting the Main Report.

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location