

Title of meeting:	Cabinet/Council
Date of meeting:	14 February and 15 February 2022
Subject:	Portsmouth International Port 20-Year Development Master Plan
Report by:	Mike Sellers, Port Director
Wards affected:	All
Key decision:	Yes
Full Council decision:	No

1. Purpose of report

- 1.1.** The Department for Transport (DfT) has long encouraged major UK transport facilities to produce a master plan. In relation to ports, DfT guidance suggests that the purpose of such plans should be to;
- Clarify the port's own strategic planning for the medium to long term;
 - Assist regional and local planning bodies, and transport network providers, in preparing and revising their own development strategies; and
 - Informing port users, employees and local communities as to how they can expect to see the port develop over the coming years.
- 1.2.** Portsmouth International Port (**PIP**) is a publicly owned port and so whilst it must ensure that it's decision making and planning is transparent and democratically accountable, it must also do so sensitive to its position operating in a commercially competitive environment .
- 1.3.** Portsmouth International Port's (PIP) current master plan was published in 2006 and due to a number of significant national changes (such as Brexit and the Covid Pandemic) and the city vision, this no longer meets PIPs objectives.
- 1.4.** Since 2020, PIP has undertaken a significant amount of work in preparation for the publication of its new Port Master Plan.
- 1.5.** This report seeks to outline the framework (which will be referred to as "the Development Master Plan") from which the final Port Master Plan will be based.

2. Recommendations

- 2.1.** That Cabinet;
- 2.1.1. Approve the principles outlined in the Development Master Plan; and
- 2.1.2. Recommends that the report is presented to Full Council for endorsement; and,



2.1.3. Delegate authority to the Port Director, in consultation with the Leader, s151 officer and City Solicitor to finalise and publish the Port Master Plan in line with the principles outlined in the Development Master Plan

3. Background

3.1. PIP is now close to finalising a long-term port master plan which will set out a 20-year development road map for the UK's largest and most successful municipal port. The Port handles significant volumes of cargo and passengers every year, and in 2019 PIP handled 3.4 million tonnes of cargo and 4.6 million passengers both within the UK and globally. PIP is also a major contributor towards both the local and national economy delivering £189 million to the Portsmouth City Council area and supporting 2,420 local jobs in the 2017/2018 financial year. PIP also supports indirect jobs and businesses in the shipping supply chain and therefore has a far-reaching influence, contributing an estimated £390million to the wider UK economy and a supporting a further 5,590 jobs nationwide. As an example, the diverse range of jobs that are related to the Port operations include hauliers, pilots, engineers, mechanics, fitters, stevedores, border officials, port admin staff, retail staff, customs agents, and IT technicians.

3.2. UK and global trade relies on PIP to handle a significant share of the market. Four million tonnes of cargo are handled annually. £300 million worth of bananas handled each year with a total value of non-EU trade valued at £450 million.

3.3. Over the past two years PIP has commissioned Royal Haskoning DHV to carry out an independent market forecast study and an extensive stakeholder and customer consultation campaign. The following objectives were set:

- Produce a clear 20-year port development road map
- Promote green ports initiatives.
- Make improvements to cruise and ferry facilities.
- Make improvements to load-on/load-off cargo facilities.
- Enhance port integration with the City of Portsmouth.
- Post Brexit transition preparedness.
- Improve port resilience against market fluctuations and trends.
- Promotion of technology and innovation.

3.4. Key development projects have been identified for the Masterplan which accommodates the future cargo and business growth potential forecast. As a summary, the core developments proposed in each of the key categories are as follows:

3.5. Green port targets

PIP intends to be a net carbon neutral port by 2030 and the UK's first zero emission port by 2050. The Masterplan has identified the following to support this:

- Increased electrification of cargo handling equipment and vehicles.

- Utilisation of more efficient operations through alternate technology and logistic models such as truck pre-gates, automation and vehicle booking systems etc.
- Support customers to transition to green shipping using cleaner fuels and shore power.
- Encourage to work with clean operations and businesses.
- Maintain PIP's momentum on green and sustainable energy utilisation by looking at other alternatives such as LNG and battery technology.
- Capitalise on carbon offset opportunities such as carbon capture, integrated park and ride schemes and green tenant initiatives etc.

3.6. Ferry and Roll on-Roll off (RoRo) terminal development

- As a result of the new trade deal with the EU and changes in freight from driver accompanied to unaccompanied trailers and containers, one of the most pressing and urgent problems for PIP to resolve in the master plan is the future accommodation of additional Ro-Ro traffic volumes within the current footprint of the port. Therefore, plans have been drawn up for the creation of additional unaccompanied trailer storage capacity through generation of more space both adjacent to the Port and through external truck parking and pre-gate facilities further outside of the Port.
- Provision of automated freight gates to increase efficiency and reduction of emissions from trucks.
- Critical road junction upgrades for the entry and exit points of the Port.





3.7. Cruise ship services upgrade

- Cruise ship service upgrades including optimised berthing and passenger terminal service facilities for larger cruise ships which are now calling at the Port with call frequency forecasted to increase.
- Terminal upgrades to accommodate new low carbon passenger transport services within the terminal.
- Development support for cruise parking at the Park and Ride.

3.8. Portico Load on-Load off terminal developments

- Berth strengthening, deepening to provide greater flexibility and capacity to accept larger vessels.
- Optimise and rationalise the land side terminal space to provide greater flexibility of cargo storage and operational efficiency.
- Additional terminal space is required by acquiring adjacent land to the Portico Terminal to accommodate existing customer's needs and maintaining cargo volume throughput. The current lack of space in the terminal is a major hurdle in realising the potential for handling more lucrative and varied cargo types that are eager to utilise the Portico Terminal in the future.
- The new Border Control Post warehousing requirements as a result of Brexit means that valuable operational space at the Portico Terminal has been lost and this space needs to be replaced.

3.9. Solent Freeport approval

- PIP plays a vital part of the Solent Freeport project and has potential to attract major benefits to the region as it provides opportunities for job creation through encouraging businesses to develop and grow.
- PIP has been identified as a customs site, with one of the tax sites also located at the nearby Dunsbury Park, a large business park off the A3 owned by Portsmouth City Council.
- Dedicated transport hub, located within access of PIP for tax free trade.
- Supply chain solution through increased capacities.
- Value added facilities for customer, drop and go and simplified customs clearance.
- Fresh produce processing (customs free) for re-exporting.
- Ambition to be fully automated transport solution between the sites.
- Enhances air quality while attracting trade to PIP.

4. Master Plan Themes

The Masterplan has four distinct categories:

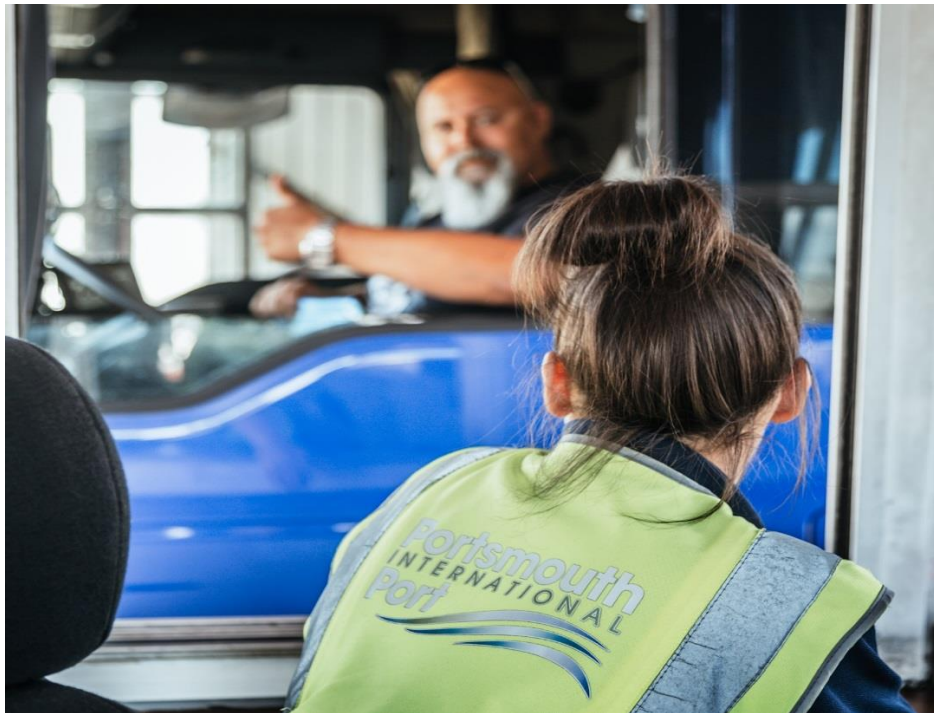
4.1. Environment and Sustainability

- 4.1.1. The environment and sustainability are our priority areas for the future development of the port. PIP intends to be net carbon neutral by 2030 and to become UK's first Zero Emissions Port by 2050.
- 4.1.2. The Port is committed to build on the achievements to date with our sustainable goals and are determined to show that the port is able to lead the way on environmental standards. PIP will continue to support and work with the city, our customers and stakeholders to pursue the same green port ambitions in the future.



4.2. Society and the Economy

- 4.2.1. PIP aims to maintain our position as the UK's most successful local authority owned port. We are proud of our role as a major contributor in the UK's marine and maritime industry and are determined to continue playing our part both in the national and local economy.
- 4.2.2. We are fully aware of the port's importance to many communities with our role as a major employer, critical freight handler and life line port to many. This is why we are committed to ensure the port can continue to thrive and evolve, looking at ways to diversify and increase opportunities through improved trade and new quality services within the marine and maritime industry.
- 4.2.3. PIP will continue to champion positive relationship improvements which include mental health, diversity and women in maritime, as well as wider improvements with port users (customers and consumers) and building strong community relationships (such as with the university, colleges, schools, Portsmouth Football Club, fishing and marine leisure community).



4.3. Resilience and Security

- 4.3.1. PIP has proven, during these unprecedented times of pandemic and economic challenges, that we were dedicated in supporting our customers and the nation to weather the challenges together. As we now work hard to adapt to the new norms of the future and to restart our sectors, we are more determined than ever to increase our resilience and upgrade our services in the cruise, ferry and traditional freight sectors so that future demands and trends in the shipping and maritime industry can be accommodated safely and efficiently. We will continuously look for opportunities to expand our port both internally and externally so we become more agile and flexible to serve our existing and future customers.

4.4. Innovation and Technology

- 4.4.1. PIP will explore opportunities for leveraging suitable cutting-edge technologies to provide world-class services to our customers with an aim to maximise operational efficiency and productivity. In addition, we are constantly looking at ways to innovate and drive technological advancements in the port with every day activities to support our future growth and collective ambitions both in sustainability and operational excellence.
- 4.4.2. We will work with our customers and the city to be integrated in technology and to bring the port community closer together digitally.
- 4.4.3. Through the upgrade of our organisation and infrastructure, we aim to mature as a Smart Port which will be in positioned to capitalise on the industry 4.0 revolution within the ports and maritime sector.



5. Infrastructure development

5.1. Roll On / Roll Off (RoRo)

- 5.1.1. The end of the EU transition period, the introduction of new ferries with larger freight capacity and the shift from driver accompanied cross channel freight to unaccompanied freight will see a greater demand on operational port land. By 2025 the port needs 4.5 hectares of land and a further 3.4 hectares of land by 2030 to maintain core businesses organic growth.
- 5.1.2. The port has written to planners during the consultation on the Local Plan to ensure that this is taken into account so that the land north of Morrison's site and land adjacent to the port boundary remain zoned as employment land for future port expansion.
- 5.1.3. Additionally, PIP is in advanced discussions with the landowner for a 6 hectare site outside of the city boundary but near the port that can be developed in two phases to meet the demands of the port. The development of the site will provide storage for unaccompanied freight, pre-gate booking and holding of driver accompanied freight to avoid congestion on the M275 and will include good quality shower, toilet and canteen facilities for drivers.
- 5.1.4. Other developments within the master plan for RoRo include
- Border Control Post.
 - The provision of power for hybrid cross channel ferries.
 - A new passenger boarding bridge.
 - Linkspan and port facilities for a possible start up electric ferry service to the Isle of Wight.
 - Automated freight gates and car booths.
 - Expansion of search facilities.
 - Transport development plans at Whale Island Way and Rudmore roundabout to improve the flow of traffic around the port.
 - Utilisation of smart technology for hauliers and carriers, including integrated port community system.

5.2. Cruise

- 5.2.1. Recently, PIP has gained a good reputation in serving luxury, boutique and expedition cruise ships. We will continue to develop good quality infrastructure that is fit for purpose for our customers. The port passenger terminal extension will be completed in time for the 2023 cruise season and will be future proofed to add a high level walkway and passenger boarding bridge to the cruise berth.
- 5.2.2. The Park and Ride development plans also take into account the demand for cruise parking as the port cruise calls continue to grow.
- 5.2.3. Other plans include an extension to the cruise berth and to provide power to the berth in order to accommodate larger cruise ships that can run on

electric power while passengers enjoy the first class tourist attractions around the city.

- 5.2.4. These plans will provide the catalyst for tourism, high quality hotels and supply chain SME growth around the city with each call providing up to £1.5 million to the Portsmouth economy.



5.3. Lift On / Lift Off (LoLo)

- 5.3.1. The Port Masterplan has taken into the account the changes in imports of fresh produce, the increase in demand for container storage and diversification of cargos at the Portico Terminal. Development plans include:

- Re-configuring terminal facilities including demolition of temperature controlled warehousing to provide capacity to handle up to 140,000 TEU (twenty foot equivalent) per annum.
- Strengthening and deepening of Albert Johnson Quay for short sea feeder container carriers.
- Development of an aggregate terminal facility behind Flat House Quay.
- Hard standing capability for project cargo and other palletised goods.
- Good quality warehousing for general cargo.
- Automation of freight gates and utilisation smart technology for freight booking to manage the flow of freight to avoid peaks.
- Electrification of quayside to transition towards electric harbour mobile cranes and the electrification of port handling equipment.

6. Reasons for recommendations and 'Do Nothing' scenario



- 6.1. Unlike private ports where profits go to shareholders, as the largest municipal port in the country, PIP's 'shareholder' is the city of Portsmouth. The port's success is the city's success. Profits from port activity go towards essential council services.
- 6.2. PIP has been successful in implementing significant land side sustainable projects such as battery storage, solar PV and electrification of equipment. The port will continue to be a living laboratory for green technology. However, the port will need to provide the infrastructure to support the transition within the shipping industry towards green fuels that improve air quality, reduce and/or remove the use of fossil fuels.
- 6.3. As an island nations, 95% of the UK's trade is carried on ships. UK ports are experiencing a 'once in a generation change' with the EU which is changing the way freight is shipped. This has resulted in short term challenges with infrastructure and documentation, however ports adapt to these changes over time. PIP has the ability to take advantage to these changes but needs to provide (and expand) infrastructure to support our existing customers.
- 6.4. PIP is a significant economic driver for International travel and tourism and anticipates an almost instant bounce back for International travel as the county enters the endgame of the pandemic. The passenger terminal extension provides facilities to accommodate multiple ferry and cruise passenger activities.
- 6.5. However, strong long term cruise growth cannot be sustained unless further development is undertaken at the port after the market normalises post pandemic.
- 6.6. The port needs to adapt to the changes in fresh produce imports from palletised to containerised cargo and provide facilities for short sea container, dry bulk and project cargo to support the Portico business plan for diversification of cargo handling.
- 6.7. If the port does not change, the 'do nothing' scenario will see a loss in custom and cargo volumes due to the inability to provide the facilities for our core business partners plans and be unable to attract strong cruise and ferry growth. The economic contributions locally and nationally will decline with a reduction in GVA of 38.5% and potential loss in employment of 39% in the next 10 years.

7. Integrated impact assessment

- 7.1. Attached.

8. Legal implications

- 8.1. There is no statutory duty upon the Council (and by extension PIP as a department of the Council) to produce a Port Master Plan, however the need for such a plan is considered good practice by the Department for Transport (DfT).
- 8.2. Any decision which is likely to affect more than one portfolio is to be taken by the cabinet as a whole and so although the responsibility for PIP is within the Leader's portfolio, the impact across portfolios (such as transport, planning etc) necessitates this decision being taken by cabinet as a collective.
- 8.3. The Development Master Plan has not been considered on behalf of the City Solicitor.

9. Director of Finance's comments

- 9.1. The key identified projects within the master plan total a capital expenditure of £92.2million over 20 years. The economic benefit to the city of Portsmouth has the capability of reaching £357 million per annum as a result of the port master plan.
- 9.2. Each individual capital project will follow the democratic process after being financially assessed in order to be recommended for council approval.

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Signed by:

Appendices:

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

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by: