

Ports Development Conference

Conference Report

Wednesday, 1st May 2019

Kensington Town Hall, London

#PDC19

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Foreword



Keith Griffiths,
Managing Director,
Built Environment
Networking

Built Environment Networking is gaining a nationwide reputation for creating events that give sector lead insight in traditionally hard to reach industries. Beginning with the pioneering Blue Light Estates conference last November our team are developing a series of new ideas which will hopefully be of benefit to our clientele. The Ports Development conference is the latest example of giving the wider built environment supply chain access to decision makers in vastly important UK industry.

We were honoured with the presence of 16 property and development experts from across the UK Ports industry who took to the stage to present their Port's growth plans and inform the audience about how they can get involved.

It would be remiss to open this report without mentioning the heavy cloud of Brexit which seems to hang over this industry more than most. Our conference revealed the extent of the strategic importance of each UK Port to their region's economy leaving our audience aware- on no uncertain terms- the problems ahead if we opt for a hard Brexit.

We were delighted to hear from two of the Port industries leading voices Tim Morris of the UK Major Ports Group and Richard Ballantyne the Chief Executive of the British Ports Association who provided context and points of reference for our audience, many of whom admitted to not having much knowledge about the sector. With an annual net worth of £7bn to UK PLC the opportunities for collaboration and to support each Port's development plans are endless- we have already heard stories from delegates about the positive engagement in the weeks following this event.

Twenty exhibitors took part in the conference with the sole purpose of promoting their services to over 300 attendees and our speakers. This is a good opportunity for me to remind you all that there can be great value for your organisation in exhibiting at our events which are regularly attended by over 350 delegates from across the built environment supply chain and indeed to our expert contributors. Thank you to those who signed up for the exhibition aspect of the day and we hope to see you again at Ports Development Conference on the 29th April, 2020.

Best wishes,
Keith

keith.griffiths@built-environment-networking.com



Conference Overview

Keynote Speaker



Tim Morris

Chief Executive Officer, UK Major Ports Group
@UKMajorPorts

The Importance of Ports to the UK Economy



Richard Ballantyne

Chief Executive, British Ports Association
@britishports



Nick Orbell

Estates Manager, DP World London
@DP_World



Julie Tankard

Chief Finance Officer, Port of London Authority
@LondonPortAuth



Bob Sanguinetti

Chief Executive Officer, UK Chamber of Shipping
@ukshipping

Ports in the North



Chair: Phil Laycock

Director, Built Environment Networking
@BENetworking



Stuart Wallace

Chief Operations Officer, Forth Ports
@forthports



Michelle Handforth

Chief Executive, Aberdeen Harbour



Steven Clapperton

Director of Health and Safety, Environment & Marine Harbour Master, Port of Tyne
@Port_of_Tyne



Matthew Hunt

Port Director, Port of Sunderland
@PortSunderland

Future Development and innovation in Ports & Harbours



Chair: Tim Morris

Chief Executive Officer, UK Major Ports Group
@UKMajorPorts



Justin Atkin

Port Representative UK & Ireland, Antwerp Port
@PortofAntwerp



Andrew Clarke

Head of Master Planning, Associated British Ports
@abports21



Nicola Clay

Director Smart Ports & Business Development, Royal HaskoningDHV
@RHDHV



Lorna Spencer

Director of Harbours, Caledonian Maritime Assets
@CMAAssets

Ports in the South

Chair:

Phil Laycock, Director, Built Environment Networking
@BENetworking



John Chaplin

Director of External Affairs, The Bristol Port Company
@bristolport



Mike Sellers

Port Director, Portsmouth International Port
@PortsmouthPort



Beth Evans-Gay

Commercial & Operations Director, Shoreham Port
@shoreham_port



Dave Herrod

Programme Director, Port of Dover
@Port_of_Dover

Improved infrastructure to UK Ports is essential



Another brake on the development of UK ports is inadequate infrastructure, the conference heard.

Poor transport access to the south of England's ports could result in freight being diverted to less congested part of the country. Ports in the north of England aspire to secure a bigger slice of the market, said British Port Association's (BPA) Ballantyne: "If congestion in the south gets even worse, operators will start looking at other options."

Research by the UKMPG estimates £14bn of constrained value exists in the core freight network, said Morris:

THERE'S A LOT OF VALUE TO BE UNLOCKED BY BETTER OPTIMISATION.

Much could be improved by relatively minor investments such as relieving bottlenecks on key road routes, said BPA's Ballantyne:

IF YOU LOOK AT ROAD TRANSPORT INVESTMENT WE LAG BEHIND OUR COMPETITORS. WE HAVE A GOOD ROAD NETWORK AT 3AM BUT AT 3PM IT'S SIGNIFICANTLY DIFFERENT.

However, DP World's Orbell warned that building new roads is not the answer to relieving congestion on the existing network. He said that improving the efficiency of the rail freight network would have knock on benefits in terms of reduced congestion on the roads.

Average freight speeds of 35 mph, which understandably will be frustrating for the passenger services that they get caught behind, could be improved: "The rail industry could undertake significant improvements with digital signalling that would speed up the whole network. Digital signalling could improve speeds to 50 to 60 mph. The network gets that much faster and you can get more on the system."

An example of this interplay can be seen around Bristol where the push to boost local passenger rail services could have knock on impacts on the network's ability to service the port, said Chaplin:

THE PRIORITY ON USING RAIL FOR PASSENGERS WILL HAVE AN IMPACT. IF FREIGHT GETS DISPLACED ONTO ROADS THAT WILL COMPOUND CONGESTION.

Port boss warns Brexit may spark South East traffic chaos

The road network in the south east of England could become choked due to congestion at Dover if there is a hard Brexit, the Chief Executive of the UK Major Ports Group (UKMPG) has said.

Speaking at the Ports Development Conference Tim Morris, Chief Executive UKMPG which represents nine of the largest ports across the UK, pointed out the sector is the UK's "predominant gateway for trade".

UK ports handle 95% of the country's goods trade with the rest of the world, including half of its total food needs.

Bob Sanguinetti, Chair of the UK Chamber of Shipping, told the event that the UK's impending withdrawal from the EU has brought into "sharper focus" the shipping industry's "very heavy reliance" on cross channel traffic, especially the Dover to Calais route.

Dover handles 60 ferry sailings and 10,000 lorries per day, more than all other UK ports put together, said Dave Herrod, its Programme Director. They carry goods worth £122bn per annum, equivalent to 17% of the UK total.



The sheer volume of lorries going through Dover means that vehicles must clear the port within three to four minutes of arriving.

Talks to maintain the smooth flow of traffic through the port had been "extremely successful" so far, he said: "If there is a hard Brexit that involves border controls, the expected

plan is that that controls will take the form of a pre-travel declaration. The principle is that any physical checks will be carried out off the port so the expectation in the plan is that even in the event of a hard Brexit customer contact will be managed remotely so we will be able to handle a sustainable flow."



But the risk remains that French immigration service will require checks, Herrod said: "If we have that the eastern dock has such limited buffer capacity that the road network of the south east of England will very, very quickly become choked and that will be our biggest challenge."

But Dover will cope with the UK's withdrawal from the EU, he said:

“WHATEVER BREXIT THROWS AT US WE WILL BE ABLE TO HANDLE.”

The industry and government have been looking at alternative cross-Channel options, but established shipping patterns will be hard to shift, said Sanguinetti: "At the end of the day, the market will dictate."

Julie Tankard, Chief Financial Officer at the Port of London Authority, told the conference that the uncertainties surrounding Brexit is leading haulage operators to examine making greater use of short sea routes rather than relying on ferries.

Justin Atkin, UK Representative for the Port of Antwerp, said that Brexit has prompted shipping companies to review their supply chains: "Cost is important but security and sustainability of supply chain is as important as cost at the moment. Having a secure energy source is going to be really important for shippers going forward."

And while Brexit throws up challenges for ports it also creates opportunities.

Richard Ballantyne, Chief Executive of the British Ports Association (BPA), told delegates that the upcoming years may see "subtle changes" in logistics patterns with greater use of short sea routes for freight.

John Chaplin, Director of External Affairs at the Bristol Port Company, said it views Brexit as an "opportunity not a threat".

Michelle Handforth, Chief Executive of Aberdeen Harbour, agreed: "Changes to the trading landscape after Brexit bring possibilities for all of us."

And the port sector is in good shape to cope with any fallout from Brexit, having experienced a dramatic expansion over the past two decades.

"Ships scaled up radically in 10 years and ports needed to respond to that," said Nick Orbell, estates manager of DP World London, which opened its new container port at London Gateway in 2013.

Ports remain a good bet for investors, he said: "It's



relatively predictable given that it is predicated on economic performance and opportunities for major investors are relatively limited because we been through major growth in the last ten years."

Morris said that the sector attracts around £600m of capital expenditure per annum with little to no call on government funding, and ports are popular with institutional investors like pension funds, said Ballantyne: "For the most part ports have found it fairly straightforward to raise money."

But Orbell predicted that the next ten to twenty years won't see a big new container terminal.

The conference heard that Bristol's plans for a deep-sea container port, which received consent in 2010, are still on hold.

Chaplin said:

“THERE IS OVER CAPACITY IN THE UK MARKET AND UNTIL BREXIT IS SORTED OUT, WE WILL HAVE TO WAIT AND SEE.”

However, Ballantyne expressed confidence that the ports sector's growth prospects are good. The cruise business is booming while ports have a central role in delivering big infrastructure projects, like the Hinkley Point C nuclear power station in Somerset.

Major Port Developments

Reflecting this shift demand for the sector's services, the biggest port project currently in the pipeline is the £350m extension of Aberdeen's port in, which has become the hub for the north east coast of Scotland's booming offshore wind industry.

The project, which will create Scotland's largest port facility is 70 per cent built and will be complete by the end of this year, said Handforth. By creating more than 1400m of new quays in Nigg Bay to the south of the existing harbour, the port's total berthage area will increase to 7.3ha.

The new harbour will be able to handle vessels up to 300 m long, double the length that can be accommodated in the existing harbour. And depths of up to 10.5m will enable the new harbour to operate round the clock, unconstrained by the weather or tides. The new development will create 125,000 sq m of quayside lay down area.

At the opposite end of the UK, the conference heard how Dover is undertaking its own £200m major expansion. The UK's busiest port is redeveloping its Western Docks, where the cross-Channel hovercraft docked until it ceased operations in 2005.

The footprint of the hovercraft port is being reclaimed to create two new berths, 300m and 250m long respectively.

When complete the western docks revival project will create more than 30 acres of new operational land, which is



designed to act as a "catalyst" for future public realm development and landscaping around the marina, said Dover's Herrod. The first two stages of the project should be complete by June, he said.

The redevelopment of the western docks also provides opportunity to replace and improve the eastern docks on the other side of the port.

DP World's Orbell said that Tilbury, historically the Thames Estuary's major port, had failed to get its act together during the recent container development boom.

However, Stuart Wallace, Chief Operating Officer of its owner Forth Ports, said the company is putting this right with a project to extend the port with a new Ro-Ro (roll on roll off) facility, construction and aggregate materials terminal and deep-water jetty.

Construction on the project commenced in March 2019 and is scheduled to be operating in the second quarter of next year.

The cruise business is one of the key drivers behind the expansion of the Port of Tyne, which was outlined by its Marine Harbour Master Steven Clapperton. The 60 cruise vessels, which called into the port in 2019, added £55m of GVA to the north east economy, supporting 1,800 jobs.

And the port is keen to accommodate the increasingly large ships being operated by the industry, he said:

VESSEL SIZE IS ONLY GOING IN ONE DIRECTION, SO WE HAVE TO EXPAND OUR OFFERING.

To accommodate the extra passengers that it will be able to handle following its expansion, the port is bringing forward a new international passenger terminal. This will offer an airport style experience where passengers will be able to drop off their bags, Clapperton said: "We need more space so that passenger flows are controlled more smoothly."

The port is also expanding its Northumbrian Quay to accommodate anticipated growth in container traffic, he said:

THE PRESENT CONTAINER TERMINAL IS GETTING CONGESTED. A RELATIVELY MODEST INVESTMENT WILL PROVIDE US WITH ABOUT A 40 PER CENT INCREASE IN STORAGE.

The port also boasts two enterprise zones. One covers the seven-ha former McNulty site close to the harbour. The site immediately adjacent to the deep-water channel, with wharves up to 13 m deep that can support the new generation of offshore renewable energy vessels.



Both will include new cargo terminals, including a refrigerated food storage facility. In addition, a new navigation channel is being cut into the walls of the listed Wellington dock, enabling it to be opened up to become a marina.

Quicker planning process needed for UK Port growth

However, port growth is often held back by a planning system that moves too slowly for the fast-changing needs of the sector, the conference heard.

DP World's Orbell said: "Ports don't like lag time. If a response is needed, it needs to be quick."

Clapperton agreed: "By the time a customer comes to the realisation that they have a requirement, if your land is ready for use within two of three years you are going to be up against it."

Matt Hunt, Port Director at the Port of Sunderland, said that masterplans can fetter the development of ports by making it harder to capitalise on opportunities. He said:

THE DIFFICULTY WITH MASTERPLANS IS THAT OUR ROLE CHANGES QUITE SIGNIFICANTLY AND QUITE REGULARLY. COMMERCIAL OPPORTUNITIES ARE HERE TODAY AND GONE TOMORROW, THE FACTORS DRIVING INVESTMENT DECISIONS ARE OUT WITH OUR CONTROL.

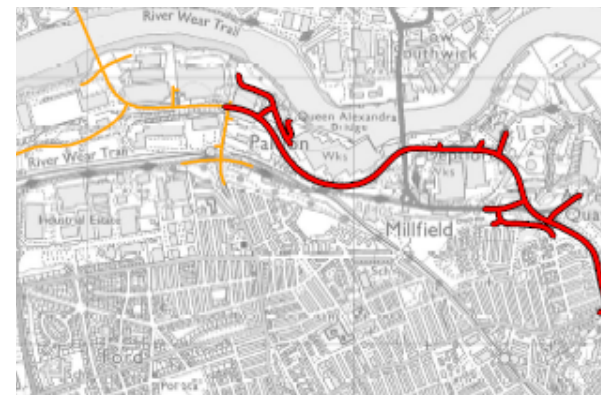
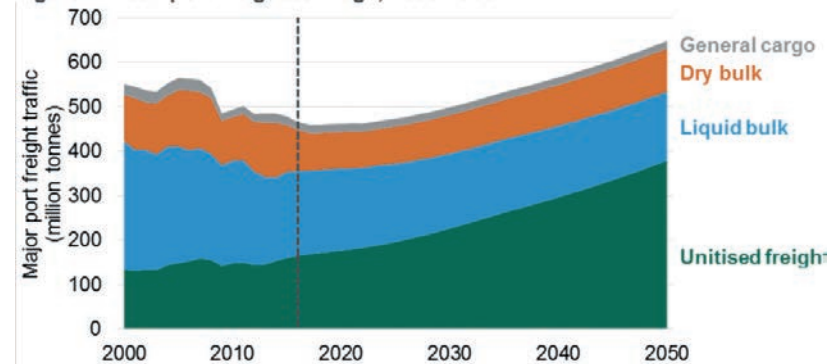
Andrew Clarke, Head of Masterplanning at Associated British Ports (ABP), said that when bringing forward facilities it is a good idea to provide extra space in order to be able to respond to future demands.

He said: "If you build a couple of metres higher, you get a lot more choice about what you do. It costs you more and it's more than you require to service the trade you are currently looking to service but that extra increment of expense brings you a different range of options. It is buying choice for the future which will be valuable. When making

choices between different investments you are trying not what is most efficient in current circumstances but for future options."



Figure 1 Total port freight tonnage, 2000-2050



Innovation being rolled out across Ports

At Rotterdam meanwhile, drones have been equipped with sensors to measure the strain which vessels place on moorings, Clay said:

ports hadn't traditionally been at the forefront of using technological innovation. But this picture is changing, said Morris:

IN THE UK, WE HAVE A LOT OF AGING INFRASTRUCTURE. TECHNOLOGY WILL ENABLE US TO UNDERSTAND HOW THAT INFRASTRUCTURE OPERATES AND TO EXTEND ITS LIFE.

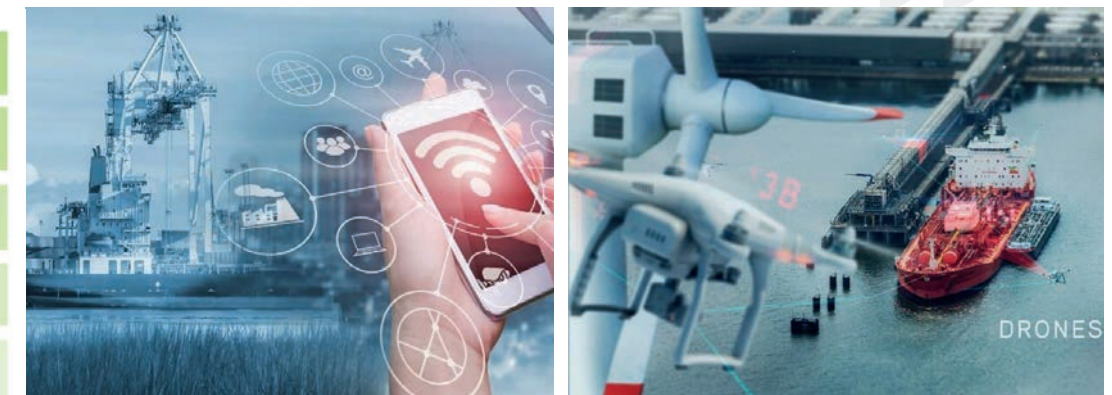
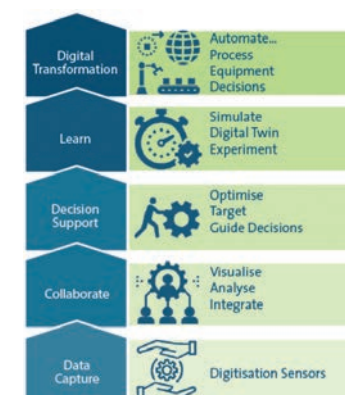
An example is ageing lock gates, she said: "By using sensors with real time data, you can understand how they are responding."

And at London Gateway, new fully automated facilities can operate regardless of weather conditions, Orbell said: "We have an operating mechanism that can operate in weather conditions that you wouldn't let people work in. We have a stacking area with no people and a completely mechanised operation."

The speakers at the conference acknowledged that



PORTS WILL BE SIGNIFICANTLY MORE DIGITISED, EQUALLY AS MUCH GATEWAYS OF DIGITAL TRADE AS PHYSICAL TRADE.



Protecting the environment, the key challenge facing UK Ports

Beyond Brexit, the UK Chamber's Sanguinetti highlighted the environment as the key long-term challenge facing shipping.

AS FAR AS PROTECTING THE ENVIRONMENT, GONE ARE THE DAYS WHEN SHIPPING WAS PERCEIVED AS A DIRTY INDUSTRY: SHIPPING HAS OPPORTUNITY TO SHOW ITS TRUE COLOURS

he said, highlighting curbs on the use of heavily sulphur emitting bunker fuel that are due to come into force at the end of this year.

"With seven months to go, our members are ready for the challenge ahead," Sanguinetti said.

And these new environmental requirements will have an impact on ports, which will have a "fundamental" role enforcing the new rules and ensuring the provision of supplies of lower emission fuels, he said:



THESE ARE IMPORTANT TARGETS FOR THE SHIPPING COMMUNITY BUT IT CAN ONLY DO IT IN CLEAR PARTNERSHIP, PARTICULARLY WITH PORTS: WE RELY HEAVILY ON PORTS FOR INFRASTRUCTURE.

And the wider push towards greater sustainability may create opportunities for ports, said the Port of London Authority's Tankard, pointing to how the introduction in April of the inner London ultra-low emission zone has sparked "real interest" in transferring freight from the capital's roads and onto barges.

Another way that shipping can clean up its act is for vessels to use electric power rather than polluting bunker fuel when tied up in port.

But Sanguinetti pointed to a "chicken and egg" problem surrounding the uptake of electric power. Installing shore side charging infrastructure costs £10m, but only one in 60 ships are currently able to plug in, he said: "The economics of that don't make sense: something has to change."

Another barrier to the roll out of dock-side charging is a lack of electricity network infrastructure, said Sanguinetti: "I'm sure it will take off at some point, but the infrastructure is not quite there."

Orbell said DP World is looking at covering its London Gateway port with PV panels, but a potential hurdle is the capability of the local grid infrastructure to export any surplus electricity which is generated.

Nicola Clay, Director of Smart Ports at Royal HaskoningDHV, told delegates insufficient electricity supplies is a worldwide problem for ports:

MANY PROJECTS CAN'T PROGRESS BECAUSE THERE ISN'T ENOUGH ENERGY TO ALLOW THEM TO DO SO. THIS IS GOING TO BECOME AN INCREASING CHALLENGE AROUND THE WORLD.

Sanguinetti said the best opportunities for fostering charging infrastructure could be in the ferry sector which involve regular visits.

Ballantyne said the government could play a role by

undertaking research and development into how to make ship to shore power more feasible.

And ports can get their own house in order by making their operations more environmentally sustainable, said Antwerp's Atkin. Belgium's biggest port is adapting some of its own vessels to liquid natural gas, while examining the use of methanol and hydrogen as bunker fuel.

The port already runs a water bus service, using Europe's first electric powered vessels, to help its own employees get around its sprawling site in a sustainable way. A fourth route has just been added to the service, which has been used by more than 400,000 passengers since it was introduced in 2017.

Antwerp is also looking a pilot project to use hydropower technology and water turbines to power its sea locks. And even docksides offer opportunities to generate power, said DP World's Orbell, who pointed out that each of London Gateway's giant cranes can generate 3MW every time it lowers a load.



Conference Photos



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Ports Development Conference

Wednesday 29th April, 2020

Kensington Town Hall,
London
08:00 – 17:00

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For further information on partnership opportunities available contact:
keith.griffiths@built-environment-networking.com

BE Ports Development Conference

www.built-environment-networking.com

Built Environment Networking Ltd




4235 Park Approach
Thorpe Park
Leeds
LS15 8GB

Call: 0113 390 4700

Email: keith.griffiths@built-environment-networking.com

www.built-environment-networking.com

BE Built
Environment
Networking

 @BENetworking
 @benetworkinguk
 Built Environment Networking
www.built-environment-networking.com