



ANNUAL REPORT 2015 - 16

Presented at the Annual General Meeting of the Association, 12 April 2016

Chairman: *Andrew Moffat CBE, Port of Tyne*

Vice Chairman: *Rodney Lunn, Port of Shoreham*

Treasurer: *Sara Bassett, Port of Shoreham*

Director: *David Whitehead OBE*

Senior Policy Adviser: *Richard Ballantyne*

Executive Assistant: *Monica Williams*

Events & Communications Assistant: *Stuart Wealands*

1. Membership

BPA at the end of 2015 had 92 full members and 77 Associate members. Two full members joined during the year as well as 12 Associate members. The stability of the Association's membership has meant that subscriptions have remained at the same level for 5 years. The recruitment of Associate members creates a significantly wider network of expertise within the Association.

We were also delighted that the BPA Chairman, Andrew Moffat, received a CBE in the 2016 New Year Honours list for services to the North East economy and to the ports industry.

2. Representing Members

The Association's primary objectives are to represent members' interests, to provide information to members on all developments, particularly political developments, which could have an impact on their businesses, and to create networks for sharing expertise. Its policy is that all ports, whatever their size, location or ownership, should have representation available to them on an equal basis.

Following the election in May 2015, Robert Goodwill was appointed Parliamentary under Secretary and subsequently Minister of State with responsibility for maritime. A number of meetings have been held with the Minister subsequently, particularly on the Port Services Regulation and trust port issues.

An important initiative for both the government and the industry was the launch of the Maritime Growth Study in September. Partly building on the

industry/DfT Port Sector Strategy, this made a number of proposals based on bringing together in a stronger alliance the various maritime representative organisations for the maritime sector.

Through Maritime UK, and in conjunction with the UK Major Ports Group (UKMPG), the BPA has been playing a full role in the follow-up to the initiative. Although many of the recommendations are more relevant to the growth of the UK shipping industry, there are nevertheless some opportunities for joint promotion of the maritime sector.

In Scotland, representation is carried out through the Scottish Ports Committee; in Wales, through the Welsh Ports Group which is a joint BPA/UKMPG Committee and in Northern Ireland, where there is a more informal arrangement, members now group themselves within a Northern Ireland Ports Committee which has been particularly active over the past year in response to a Northern Ireland government strategic review.

Representation to the Commission and the EU institutions was largely carried out through the European Sea Ports Organisation (ESPO) and shared BPA/UKMPG representation on the ESPO Executive Committee and its various technical and policy committees. The BPA also represented ESPO's interests on the European Sustainable Shipping Forum and on a number of its sub-groups which has overseen the introduction of the Sulphur Regulations. Another important vehicle for representation is the Sea Users Developers Group, a forum comprised of all those organisations whose members apply for marine licences and with the efficiency of the planning system.

BPA continues to have three seats on the PSS Management Committee and under the new incorporated structure of PSS, BPA shares ownership of the new company with UKMPG.

The strong emphasis the Association has placed on engagement with all the devolved administrations has put it in a unique position to represent ports throughout the UK, and to facilitate links between those administrations and DfT. Devolution also applies to the English regions and the BPA has been following closely the increasingly important regional initiatives. As part of this process, the BPA organised a reception in Plymouth for regional stakeholders in the South West, working in co-operation with the South West Regional Ports Association. This was to demonstrate the economic value of the sector. It is planned to organise similar events in the other parts of England in the future.

There has been extensive co-operation with the UK Major Ports Group (UKMPG) during the year, especially through joint lobbying on the Port Services Regulation and through collaboration on the Environment, Marine Pilotage and Port Infrastructure Groups and a number of other meetings. There is also now representation on two occasions each year on each other's Council/Board.

During the year there has been a review of the BPA's communications strategy and how this could be changed and improved. In October a new Communications and Events Assistant was recruited and this led to an upgrading of the BPA website and circulation of Westminster and devolved Assembly briefings using new electronic formats.

3. Priority Issues

In March 2015 BPA Council approved a set of objectives which included briefings following the general election, the Port Services Regulation, the review of trust ports and the review of the Port Marine Safety Code. These provided a framework for priority activities.

BPA, jointly with UKMPG, produced an election briefing document for the 2015 general election and the priorities identified included fostering a single strategy for ports, creating a planning system that backed investment, investing in training and safety, better road and rail links to ports and maintaining a well-protected border which facilitates trade. Individual priority issues included the Port Services Regulation which was scrutinised by the EU Parliament Transport Committee in early 2016, responding to initiatives to develop the English regions, the review of trust ports, responding to the Maritime Growth Study and a range of devolved issues, particularly implementing the Smith Commission recommendations in Scotland and the government's intention of introducing a devolved ports policy for Wales.

Subjects covered by BPA consultation responses have included the Marine Strategy Framework Directive, Union Ballot Thresholds for some public services, recovery of marine licences, the Maritime Growth Study, the second tranche of MCZs, guidance on harbour closure Orders, the Welsh National Transport Plan and the Harbours (Scotland) Bill inquiry, the setting up of the National Infrastructure Commission, MCZs in Northern Ireland and SPAs in Scotland.

4. EU Ports Policy

BPA has worked closely with UKMPG in lobbying against the introduction of the Port Services Regulation, based on either full rejection of the Regulation or an exemption for privately funded ports. There have also been meetings with MEPs in Brussels and considerable liaison with the DfT, particularly to work on a possible competitive market exemption. Connected with the Regulation has been renewed involvement on the part of the Commission in state aids policy and the possibility of a “general block exemption” for port subsidy. This is very much in conflict with UK ports policy and representations have been made directly with officials in Brussels about the UK position.

The BPA and UKMPG share representation on ESPO's Executive Committee and there is shared representation on other committees, including Marine Affairs and Security, Sustainability Development, Intermodal and Trade Facilitation Committees.

5. Devolved Administrations

Another successful reception for MSPs was held in Holyrood in November and the Scottish Ports Committee has also increased its membership strength whereby it now represents the overwhelming majority of port traffic in Scotland. The Harbours (Scotland) Bill successfully passed through the Scottish Parliament at the end of 2015 thereby removing the compulsory privatisation powers that had been available to the Scottish government under the 1991 Ports Act. As a result discussions continue with the Treasury on the effect of this on the public corporation status of some trusts in

Scotland. The Scottish Parliament Infrastructure and Investment Committee produced a constructive report into freight transport and as a result of the BPA's evidence, the BPA is now a member of ScotFLAG (Scottish Freight and Logistics Advisory Group) which advises the government on needed infrastructure improvements. Other issues tackled by the Committee have been the future status of the Crown Estate and prosecution of harbour byelaws. Work has also been carried out with Scottish Enterprise and Highlands & Islands Enterprise on the development of a new website to be hosted by the BPA which details Scottish port infrastructure and facilities available for potential investors to support the offshore energy-related developments.

The past year has been particularly active for ports in Northern Ireland (NI) with consultation on a new strategic framework for Northern Ireland ports which has provided opportunities for the NI Ports Committee to develop a list of necessary changes and developments to improve the position of ports, partly in terms of the way in which trust port corporate governance applies. The strategic review was to connect ports fully with the NI economy and policy programme, ensuring that ports would be a key part of that programme. There has also been consultation on the introduction of Marine Conservation Zones into NI under the NI Marine Act. An election briefing has been prepared in readiness for the May 2016 NI Assembly elections setting out a ports agenda and providing background to the sector's economic contribution.

The main issue facing the Welsh Ports Group was the detail of a position on the devolution of ports policy to the Welsh Assembly. Much of this discussion could

not take place until after the Welsh elections in 2016, but in the meantime the Welsh Parliament's Enterprise Business Committee has undertaken an inquiry into the maritime economy in Wales. This produced a number of recommendations on consenting process, Enterprise Zone policy and transport links. There has also been some progress in developing a Welsh National Marine Plan and constructing a new licensing fee regime and full cost recovery.

6. Trust and Municipal Ports

A primary BPA objective is to protect and promote the three main port corporate models, trust, municipal and privatised. A trust port review in England and Wales was launched in 2014 and its recommendations have been discussed with and made known to the industry but not yet released. During the year, a number of meetings were held between the chairs of those trusts with DfT appointments and the Ports Minister, establishing a new relationship where Chairs are appointed by the DfT. Also, the programme of trust port workshops was re-launched in 2015 with sessions in Plymouth, Glasgow and Inverness. This involved a new format with a new main presenter. Municipal Ports have also been represented at these workshops.

BPA has strongly supported as one of the outcomes of trust port study the preparation of new corporate governance guidelines which would include all port types.

7. Navigational Safety

BPA has been participating in a review of the Port Marine Safety Code (PMSC) and the Guide to Good Practice, working

through the BPA/UKMPG Marine Pilotage Working Group and through the PMSC Steering Group. Also just begun is a review of the 2013 Marine Navigation Act when the opportunity will be taken to look at the scope of the power to introduce harbour direction and its applicability to leisure craft. A number of members have already taken advantage of the new Harbour Direction making powers and this has been one of the successful outcomes of the Act.

To spread the message of the PMSC and especially its implications for corporate governance, special sessions have been held with local authority ports in Scotland, England and Wales and a session on the PMSC is now a regular part of the trust port workshops. The BPA has also supported the introduction of the Harbour Masters Certification and the development of a similar certification for pilots.

8. Pilots National Pension Fund

The BPA continues to provide the secretariat for the Association of Participating Body of the PNPf. The recovery scheme continues to represent a significant burden for the industry and during the year the Association has been considering options for the future and, for example, a new benefits structure.

9. Port Skills and Safety

The PSS has undergone re-structuring during the year to convert it from an unincorporated to an incorporated organisation. BPA supplies three representatives on its Management Committee (Chairman, Vice Chairman and Director). PSS activities are a vital complement to the BPA's own activities.

10. BPA Conference

BPA 2015 Conference was hosted by Stornoway and attracted over 150 attendees as well as an extensive and much appreciated range of sponsors and exhibitors. Hosted by individual ports, the conference is the only national event of this type and our thanks go to Stornoway Port Authority for the event itself and the excellent hospitality.

11. BPA Working Groups

Access to Ports Working Group (1 meeting): Chaired by Jim Stewart (Poole Harbour)

The Group has been consulted on the National Infrastructure Commission consultation. It also continues to provide advice and information on devolution to the English regions and its effect on transport infrastructure investment.

Environment Policy Group (3 meetings): Chaired by Derek McGlashan (Forth Ports)

This is a joint BPA/UKMPG Working Group. During the year the announcement on the second tranche of MCZs in England was made and there has also been considerable activity round the proposed designations of SPAs in Scotland. The Group has also been dealing with the implementation of the Ballast Water Convention, Water Framework Directive and especially relationships with the MMO and the MMO stakeholder group. Consultations have included the recovery of marine licensing applications by the Secretary of State where there has been a call for an inquiry by the Local Authorities and/or IFCA's.

The group also supplies a representative on the ESPO Sustainable Development

Committee which monitors EU environmental legislation and policy.

Ferry Ports Working Group (2 meetings): Chaired by Emma Ward (Dover)

This group focuses on passenger and border control issues and is the main point of contact with Border Force personnel and the Joint Customs Consultative Committee. On border controls, the group carries out regular surveys on the extent of their impact on which to base discussions with Border Force. A priority has been the impacts of the introduction of exit checks. Obtaining data from Border Force on passenger throughput has been a particular objective this year as well as clarification of guidelines on Trader Provider Free facilities.

Finance Managers Working Group (2 meetings): Chaired by James Bell (Aberdeen)

This group is comprised of finance personnel from ports round the UK. It meets twice a year and invites external speakers to present on various subjects. In the last year the Group considered topics including insurance, financial reporting and accounting practices, IT systems, business rates, pensions, business and performance indicators, anti-fraud procedures, remuneration and absence cover for staff.

Fishing Ports Group (2 meetings): Chaired by Martyn Boyers (Grimsby)

Preparations for the Common Fisheries Policy's discards ban have provided much to discuss over the last 12 months. We have been actively engaged with Defra, the lead UK Government body, on implementation in the coming year and also organised a special session with Marine Scotland for Scottish ports. The Group has also follow closely the

development of the recently opened new European Maritime Fisheries Fund which invites applicants, including ports, to apply for grants to help mitigate the impacts of EU fisheries legislation and quotas. We have also been involved in discussion with the Seafish industry body to develop a new Responsible Fishing Ports Standard which ports will be able to apply for to demonstrate best practice. The Group itself continues to thrive on the hospitality of its members and visited Grimsby and Whitehaven last year.

Marine/Pilotage Working Group (2 meetings): Chaired by Mark Sansom (Falmouth)

This is a joint BPA/UKMPG group. Much of the work of the group stems from the Port Marine Safety Code (PMSC) Steering Group and updating of the Guide to Good Practice. It also takes the lead in responding to MAIB reports. The Group now invites representatives from the UK Maritime Pilots Association when appropriate to discuss issues of mutual interest. Priority issues have included a PMSC review and the implementation of new reporting requirements for shipping under the Consolidated European Reporting System and the UK's new National Single Window.

Municipal Ports Group (1 meeting): Chaired by Andy Brigden (Cornwall Council)

The Group is comprised of English and Welsh ports. The Group meets annually and at its most recent meeting looked at implications of the challenging financial climate within which local authority ports operate. The MCA were also invited to present their findings from PMSC audits specifically relevant to council owned ports. The Group has also opened discussions with the DfT on the possible

inclusion of the recommendations made in the 2006 Municipal Ports Review alongside the Trust port and general industry guidance.

Port Infrastructure Group (2 visits): Chaired by Alan Todd (Port of Blyth)

This group is run jointly with the UKMPG and is comprised of senior engineering directors/managers and meets at port locations with a strong emphasis on site visits, infrastructure and port design. Specialist speakers are also invited to every meeting to look at engineering and maintenance challenges. In the last year the Group held an away day visit to the Port of Southampton and a meeting at Cairnryan and topics included port development, infrastructure modifications, linkspans, mobile plant/equipment and satellite imagery monitoring.

Regional Ports Group (3 meetings): Chaired by Kevin Mowat (Tor Bay)

The Regional Ports Group is comprised of English and Welsh Ports with an annual throughput of less than 1 million tonnes and/or with a strong marine leisure focus. It normally meets twice a year and holds mini seminar sessions with speakers on particular topics. At this year's meetings the group has guests presenting on port governance, PMSC compliance, counter pollution measures, environmental issues, and water freight opportunities at smaller ports as well as port apprenticeship schemes.