



## **ANNUAL REPORT 2016**

Presented at the Annual General Meeting of the Association, 25 April 2017

<i>Chairman:</i>	<i>Rodney Lunn, Shoreham Port</i>
<i>Vice Chairman:</i>	<i>Alec Don, Milford Haven Port</i>
<i>Treasurer:</i>	<i>Maurice Bullick, Belfast Harbour</i>
<i>Director &amp; Chief Executive:</i>	<i>Richard Ballantyne</i>
<i>Association Secretary &amp; Policy Manager:</i>	<i>Mark Simmonds</i>
<i>Executive Assistant:</i>	<i>Sara Walsh</i>
<i>Events &amp; Communications Assistant:</i>	<i>Stuart Wealands</i>

## REPORT OF BPA ACTIVITY IN 2016

### 1. 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. The Association represents port interests to the various tiers of government around the UK and beyond. Its policy is that all ports, whatever their size, location or ownership, should have representation available to them on an equal basis.

### 2. Brexit and the EU

The major development this year has been without doubt the referendum on the European Union and the Government's announcement that the UK will leave both the EU and the Single Market. The Association has been involved in a host of discussions and activity since the vote and this has taken up a considerable amount of the BPA's focus and activity. Discussions have ranged from the re-introduction of frontier and customs controls on European port routes, environmental policy changes, new trade opportunities, transport infrastructure investment and stimulus, and the impacts and outcomes across the fishing sector.

Following the referendum and resignation of David Cameron, the new Prime Minister Theresa May appointed her Government and this saw a return of the Rt Hon John Hayes MP as the Minister of State with responsibility for maritime. With the devolved assembly elections this year, there have been new appointments of Ministers overseeing the transport and

infrastructure portfolios in Scotland, Northern Ireland and Wales. We have met each of these Ministers at various points as well as others with responsibility for environment, planning and Brexit.

Following the launch of the Maritime Growth Study in 2015, the BPA has been an active member of the larger and restructured Maritime UK. The umbrella group, which is tasked with promoting the maritime sector at home and abroad, is recognised by government as a vehicle to help grow the sector and campaigns to promote exports. This has given us further access to Ministers via several meetings. The Association has two places on Maritime UK Board and the BPA's Chairman, Rodney Lunn, is currently one of the umbrella group's Vice Chairmen. Many of the recommendations in the original Maritime Growth Study were more relevant to the shipping industry, however a recent review of the strategy has enabled us to reinforce issues of significance to the ports sector.

Before the Brexit vote the main European issue of significance to the UK ports industry was the EU's Port Service Regulation (PSR). This Regulation will introduce a new framework for competitive port service provision across the EU and will require greater financial transparency and interaction with port users. Together with our industry partners, the UK Major Ports Group (UKMPG) and the BPA has followed and opposed the development of the PSR closely as the UK ports industry is already competitive and transparent. Throughout the process the BPA and UKMPG made strong representations to the European Commission, to members of the European Parliament and also the UK Government. The Regulation was watered down somewhat and finally passed at an

EU Council meeting in January 2017. It is expected to be implemented in 2019 and the UK Government is likely to be required to implement this despite Brexit. Alongside the Regulation, the European Commission has published guidelines on state aid for ports under the “General Block Exemption” and the BPA and UKMPG made representations about the UK’s position which supports competition and opposes subsidy distortion in port markets.

Aside from the PSR, for the most part our engagement with the EU institutions was largely carried out through the European Sea Ports Organisation (ESPO) which is based in Brussels. The BPA and UKMPG share representation on ESPO’s Executive Committee and its committees, which include Marine Affairs and Security, Sustainability Development, Intermodal, Economic Analysis and Statistics and Trade Facilitation Committees and also ESPO’s Cruise & Ferry Network.

We have also been involved in discussions at ESPO’s newly formed ESPO Brexit sub group which provides a useful network to communicate with European ports with a vested interest in the UK’s departure from the EU, particularly those with existing trade links to the UK.

### 3. The domestic agenda

While Brexit has dominated politics and taken a considerable amount of the BPA’s focus in the last year, we continue to be fully engaged with all tiers of government around the UK on the range of policy and legislative influences on the UK ports industry. From transport and connectivity to marine licencing and environmental protection, the Association has continued a full programme of activity all around the

UK. As well as the usual ports policy agenda, we have also held discussions with specialist business rates advisers to help ports understand the implications and of the Government’s business rates review in England and Wales and the likely inclusion of some conservancy incomes in port ratings assessments.

In terms of the BPA’s engagement with the devolved assemblies, we continue to hold the successful Annual Scottish Parliamentary Reception for MSPs each November and in July 2016 we organised a Summer Reception for Welsh Assembly Members in Cardiff. Profile raising events such as Parliamentary receptions have proved popular both with our members and with elected officials. This is something we continue to focus on around the UK and we are exploring options with our Northern Irish membership to explore a similar event, possibly in Stormont.

Work has also been carried out with Scottish Enterprise and Highlands & Islands Enterprise on the development of a new directory website to be hosted by the BPA which details Scottish port infrastructure ‘capabilities’ and facilities to support offshore energy-related developments.

### 4. Environment and planning

Environmental legislation and policies now form a significant undertaking for ports and consequently these issues now take up a considerable amount of the BPA’s focus and time. Following an increase in conflicts and difficulties for ports, the Association has actively developed a concept of ‘Port Zones’ which, if adopted, could safeguard port activities. Ports are vital hubs of economic activity and employment which must be encouraged to flourish. We have

suggested that developments and planning consents in port areas should be fast-tracked and exempted from marine protection designations. The BPA has written to Ministers throughout the UK outlining this concept and is using this as a key lobbying mechanism.

This year the third tranche of MCZ designations around the English Coast, as well as MCZs in Northern Ireland, and new SPAs and SACs around the UK have been followed closely by ports concerned that such designations might introduce unwelcome planning restrictions. We have also followed two regional marine plans in England and fed into the Welsh National Plan. On licensing, we have had regular discussions with the MMO, Marine Scotland, the Northern Irish Executive and the Welsh Government and have followed a Welsh licensing fees review particularly closely. We continue to highlight the value in longer term dredging & disposal licenses around the UK and also increasing the scope of exempted activities.

## 5. Port ownership and governance

An objective of the BPA is to protect and promote the three main port corporate models, namely trust, municipal and private ownership. Following a review in England and Wales the DfT published the results of its Trust Port Study in the summer of 2016 which outlined the Government's continued support of the model and also led to a refresh of the Modernising Trust Ports (2<sup>nd</sup> edition) guidelines. Following discussions with industry, the BPA and UKMPG are now engaged with the DfT in a process to expand the guidance to all statutory harbours. These new 'Port Governance Guidelines' will include a main body on

general industry principles and also specific sections relevant to trusts and local authority ports. The final document should be launched at London International Shipping Week in September 2017 and depending on results, Transport Scotland has indicated that it would look to produce similar guidelines in due course.

Separately there have also been further specific meetings with HM Treasury and the DfT on issues for the distinct group of 'reclassified' major trust ports that have annual turnovers in excess of the 'privatisation/sale' thresholds included in the Ports Act 1991. These issues have included the possible inclusion of major trusts in the UK's 'Whole of Government Accounts', something the ports and the BPA has made strong representations and arguments against. Also during the year the BPA welcomed the decision from the Office for National Statistics to remove the public corporation status from major Scottish trusts, following the removal of certain privatisation/sale provisions under the Harbours (Scotland) Act 2015.

Finally, during the year, the BPA continued the programme of trust port board member 'training' workshops on governance and accountability, which we provide free to member ports and jointly with the support of the DfT. We plan to continue this initiative with new sessions in 2017/18, following the launch of the new Port Governance Guidelines. Separately we will shortly hold a session for local authority port 'duty holders' in the South West and take soundings from members as to its applicability to hold this elsewhere in the country. This is very much in addition to the successful and popular Municipal Ports Group and Scottish Local Authority Ports seminars.

## 6. Navigational Safety

The BPA actively fed into the separate reviews of the Port Marine Safety Code (PMSC) and accompanying Guide to Good Practice, which have both been refreshed and published in the last year. The BPA follows these developments through the BPA/UKMPG Marine Pilotage Working Group and the MCA chaired PMSC Steering Group. The BPA also contributed to a post legislative review of the 2013 Marine Navigation Act and took the opportunity to encourage an expanded scope of the Harbour Direction, which are currently restricted to 'ships' and exclude some types of leisure craft. The DfT will be considering possible legislative changes in the coming year.

To spread the message of the PMSC and especially its implications for corporate governance, there has been a strong focus on compliance in the BPA's meetings 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 Certificate and supports the ongoing development of a similar certification for pilots.

## 7. Pilots National Pension Fund

The BPA continues to provide the secretariat for the Association of Participating Body of the PNPf. Following some difficult challenges created by the recovery scheme in recent years, the Association is now working with the scheme's Trustees to look at options for the future and a new benefits structure for new joiners which would move from a defined benefit to a defined contribution arrangement. A consultation of the

schemes members has been held and the outcomes will be known shortly.

## 8. Port Skills and Safety

Port Skills and Safety (PSS) provides a vital role setting industry guidance and demonstrating that the industry can take the initiative by setting its own high standards. BPA supplies three representatives on its Management Committee (Chairman, Vice Chairman and Director) and PSS complements the BPA's activities and messages.

This year PSS appointed an independent chair to set direction and strategy. The new chair, Tim Clarke, is known to many ports having previously been chairman of Harwich Haven Authority and also providing facilitation roles at the BPA's trust port board member briefing sessions.

## 9. BPA Conference

The BPA 2016 Conference was hosted by the Port of Dover and was held on board the Marco Polo Cruise Ship with great success. Hosted by individual ports, the conference is the only national event of this type and our sincere thanks go to Dover for the event itself for what was a truly memorable occasion and the port's excellent hospitality. The 2017 conference will be hosted by Poole Harbour.

## 10. BPA Working Groups

Scottish Ports Group (3 meetings):  
Chaired by Lorna Spencer (Caledonian Maritime Assets Ltd.)

The Group has continued to foster a close relationship with both Scottish Ministers and Government officials focussing on Brexit as well as familiar topics such as port governance, freight policy, licensing

issues, the devolution of the Crown Estate, marine protection designations and our 'Port Zones' policy. Our annual Scottish Parliamentary Maritime Reception we jointly host with the UK Chamber of Shipping in November was again a great success, with the new Scottish Transport Minister addressing attendees. Held alongside our main Scottish Ports and Local Authority Group meetings, the Reception has now become a staple event in the Scottish maritime calendar. Also in 2016 the Group changed its name from Scottish Ports 'Committee' to Scottish Ports 'Group' to reflect its profile. Following on from this in 2017 we will develop the Group's own distinct website and promotional materials. Also in 2017 we will continue follow the implications of Brexit on Scottish ports, expand our lobbying in respect of marine and environment issues and feed into the development of a new Scottish energy ports capability directory with Scottish Enterprise and Highlands & Islands Enterprise.

Welsh Ports Group (2 meetings): Chaired by Alex Don (Milford Haven) and more recently Callum Couper (Associated British Ports)

This is a joint group with UKMPG. With most ports policy functions being devolved from Westminster to the Welsh Government under the Wales Act 2016, the Group has been working more closely with Welsh officials from Cardiff to understand and help shape their priorities. In 2016 there was also a major marine licensing review and important initial discussions on Brexit in relation to Irish sea traffic. The Group also hosted a reception for Welsh Assembly Members in Cardiff in June and produced an electronic brochure about the sector. In 2017 we will be increasing the Group's profile further and are working on its own website. We

will also be helping members access the Welsh Government's new £2m Welsh Ports Fund, which will provide small grants for research, promotional activities and even small contributions to infrastructure projects for non-cargo related port and harbour facilities.

Northern Irish Ports Committee:

This is a newer committee and is developing its identity as a collective forum as well as feeding into Northern Irish Government strategies and consultations on transport, environmental policies and topics such as business rates. Moving forward Northern Irish ports are presented with particular issues arising from Brexit in that a possible land border with the EU could damage their competitiveness. The potential future introduction of a 'hard' customs border for freight travelling to/from the Republic of Ireland will be a major focus for the Committee and in 2017 we will be exploring how we develop the Committee's links with the Northern Irish Government and the sector's collective interests and profile.

Environment Policy & Sustainable Affairs Group (2 meetings): Chaired by Derek McGlashan (Forth Ports)

This is a joint BPA/UKMPG Working Group. During the year the announcement on the third tranche of MCZs in England was made and there continued activity round the proposed designations of SPAs in Scotland. The Group is also tasked with following the implementation of the recently ratified IMO Ballast Water Convention and changes to the port reception facilities arrangements.

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

This group focuses on passenger and border control issues and is the

Association's main point of contact with Border Force personnel and the HMRC. The impact of Brexit on the Ro-Ro sector has become a major focus of the group this year as depending upon negotiations this sector may see the most changes post Brexit. Separately, understanding UK Border Force's measurements of queues and passenger throughput has been a particular objective this year. We have also attempted to clarify the rules on Trader Provider Free facilities at ports which is something we will continue to follow, especially given the likely re-introduction of frontier controls on ferry port routes post Brexit.

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)

Brexit has inevitably been the focus of the Group's discussions this year and the Group has met with officials from Defra who will be feeding into negotiations on fishing policy. Defra requested a policy paper to help inform officials during negotiations on the industry's views and opinions and this was submitted in April. The MMO and Seafish have also attended meetings to discuss the future of the EMFF and fisheries funding and the continuing development of responsible ports and

harbours standard, which the group has been closely involved in, via the Chair.

HR & Employment Network (1 meeting): Chaired by Nicky Goldsbrough (Shoreham Port)

This is a new network group the BPA formed this year for port member HR and employment professionals. The Group's first meeting discussed a range of issues including the BPA remuneration survey and had guest presentations on the apprenticeships levy, gender pay gap reporting, and Brexit and employment law.

Marine/Pilotage Working Group (2 meetings): Chaired by Bob Baker (Port of London Authority)

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 the PMSC review and the implementation of new reporting requirements for ships under the Consolidated European Reporting System (CERS) as well as the UK's, and possible European-wide, 'Single Window' interface for ships' reports.

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

The Group is comprised of English and Welsh local authority owned ports. The Group meets annually and at its most recent meeting looked at the reports received on port management models and discussed progress on port governance guidance with DfT officials.

#### 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. It 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 meetings in Portsmouth and Blyth and topics included port development, infrastructure modifications, major capital dredging projects. During the visit to Portsmouth the Group had a site visit to the new MoD aircraft carrier port facility, whilst in Blyth members saw the port's engineering facilities and new training centre.

#### Regional Ports Group (2 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. This year the Group considered a wide range of topics including the publication of the Port Marine Safety Code and its associated guidance, the ongoing update of the DfT's port governance guidance and other issues such as cyber security.

#### 11. BPA changes

Finally we must note that this year marked the retirements of the Association's long standing Director, David Whitehead OBE and also the Executive Assistant Monica Williams. The BPA's Richard Ballantyne was appointed as David's successor and Mark Simmonds and Sara Walsh joined the Association to work alongside Richard and the BPA's Communications & Events

Assistant Stuart Wealands. The BPA is extremely grateful to David and Monica for the great contribution they have both made since the Association's formation in 1992. The other change was the appointment of the BPA's new Honorary Treasurer Maurice Bullick of Belfast Harbour Commissioners as of 1 January 2017.