Written evidence submitted by the British Ports Association (MTP0027)

The British Ports Association (BPA) is the national association for UK ports, terminal and harbour operators. We represent a wide range of ports and terminals, who between them operate over 400 ports, terminals and port facilities around the UK. Our membership covers 43 out of the 50 major port locations in the UK, accounts for 86% of all tonnage and 100% of the 60 million passenger journeys through UK ports each year.

As gateways to the global market, ports facilitate 95% of UK international trade, unlocking growth and partnerships with other nations. They are the underlying mechanism of a connected Britain and their efficiency is fundamental to the health of our economy. They contribute £9.7bn Gross Value Added to the UK, with a further £11bn supplied through the supply chain and £7.7bn in induced spending. However, if the end-to-end freight journey is not able to function as efficiently as possible, the UK's economic competitiveness will suffer – a consideration that holds even more salience as the UK faces a period of economic hardship and must seek to unlock growth in the economy.

UK ports are independently owned and commercially managed, operating strategically and financially separate of Government. With very few exceptions, UK port infrastructure investments are privately financed. Port investments are market-led and the UK's industry is currently investing in excess of £1.7bn worth of infrastructure projects. Ports ask for very little from the Government, but they do rely on investment in modern transport infrastructure. This can be subject to competing demands; for example, budget constraints mean that passenger projects are frequently prioritised over the streamlining of freight movements. We look forward to giving our views within our following response to the inquiry on how transport infrastructure can be more cost-effective and how it can contribute to the Government's levelling up agenda. As well as the impact of the COVID-19 pandemic on these priorities and how transport projects can assist in reaching the UK's net-zero targets.

How transport infrastructure projects could be delivered in a more cost-effective manner:

In May 2020, the Transport Secretary Grant Shapps announced a multi-billion pound road and railway investment to put the nation on the path to recovery. This includes a £1.7bn Transport Infrastructure Investment Fund to improve roads, repair bridges and fill in millions of potholes. The BPA has welcomed the government's recognition that investing in transport infrastructure will be critical for economic recovery, however, this must include targeted funding for freight, industry and passenger movements surrounding ports to ensure a return on the investment made by the Exchequer.

It is right that national infrastructure projects are now given a much-needed increase in funding, but consideration of local roads is also needed. While spending on large scale, national infrastructure projects is, of course, crucial to wider port connectivity, local projects often form the vital link to hinterland connections, connecting road freight to the Major Road Network (MRN) and Strategic Road Network (SRN).

Without effective funding given to the maintenance and upgrading of local roads, the national spend on A-roads and motorways cannot reach its full impact, as freight may be held up within a mile of leaving the port, to the severe detriment to its value and the nation's purse. Local roads, which form the initial link from the port to the hinterland, are the responsibility of local authorities. Maintenance and upgrades to these roads are financed by the local council, whose funding is collected through taxes, fees, and central Government grants. It is critical that ports and their associated freight movements are taken account of in local transport plans.

However, budget constraints have led to a squeezing of councils' ability to engage with industry and plan for freight movements. The Institute for Fiscal Studies has calculated that Local Authorities now receive 40% less money from Central Government Grants since 2010. When other sources of council income are taken into account, we can see that overall their budgets have fallen by 26% since 2010. The Local Government Association (LGA) have previously reported that local authorities have faced a reduction to core funding from the Government of nearly £16 billion over the past decade. This has meant a significant shortfall in funding allocated to local roads.

Statistics from the Ministry of Housing, Communities and Local Government show that between 2010-2011 and 2017-2018, Councils' spending on highways and transport fell by 40% - from £121 to just £72 per person. Cllr Richard Watts, chair of the LGA Resources Board, reported in 2018 that councils in England would face an overall funding gap of £8bn by 2025. This figure has likely been exacerbated by the COVID-19 pandemic, so it is vital that central Government targets funding to correct this disparity in key spending areas.

The BPA is calling for the targeting of funding of local roads to support effective freight transport at this level. There are numerous benefits to optimising local roads for this purpose. By allowing freight a swift and efficient journey out of the area, to the MRN and SRN, congestion will be minimised on the roads, contributing to better public safety. Fewer traffic jams and bottlenecks will also mean fewer vehicles stood at a stand-still, which will lead to better air quality and an overall better living environment. Furthermore, by aiding port activity through these means, Government can enable ports to bring further investment into the area, creating jobs for local residents and leading to a positive cycle of benefits brought by ports to coastal communities around Britain.

The BPA is typically supportive of large-scale national projects, though we do stress that money should not only be allocated for 'big ticket' items, but also for smaller, targeted projects that can unlock the UK's trading capacity and provide a significant boost to imports and exports. With the Prime Minister's indication in early 2020 that he was giving further consideration of a new road bridge joining Northern Ireland with South West Scotland, we felt it necessary to re-issue our message that injecting money into smaller-scale projects can be more beneficial, especially as the UK economy re-builds post-pandemic. This could have significant implications for ports, freight and maritime passengers, and instead, the originally suggested £20bn (at the time) for the bridge would be far better spent on smaller scale infrastructure projects, such as local road upgrades around ports or the recommendations made by the Port Connectivity Study. We must see resources allocated to ensure local authorities see an injection of transport funding, as well as more resources to support planning decisions.

High Speed Rail 2:

In February 2020, HS2 was given the green light from the Prime Minister. This will involve a major investment of approximately £105bn to ensure the project becomes operational. The

BPA is supportive of HS2, as the project could involve sizeable aggregates and materials to build which are expected to be sourced internationally so could provide a sustained boost to the UK's bulk imports market. However, the Department for Transport must ensure this increased passenger capacity is used to free up rail freight capacity on the West Coast Main Line.

Expansion of Heathrow:

Ports are also supportive of the expansion of Heathrow to add a third runway. Much like HS2, the BPA typically welcomes large infrastructure developments because of the role ports can play in helping to build these. Ports are key to delivering construction materials and can facilitate these bulk imports. However, as before, this project would involve ensuring freight connectivity is optimal from ports involved to the site. However, with the February 2020 Court of Appeal ruling that the Government's decision to allow the expansion was unlawful because it did not take climate commitments into account, the BPA is supportive of sustainable growth and hopes that the plans return having taken these targets into account.

Regarding the overall cost-effectiveness of investment in transport infrastructure, the conclusion of the report by Sir Rod Eddington on transport, commissioned by the DfT and produced in 2006 remains salient today. The report identified strong cost-benefit ratios for investment in surface access to ports, which they assessed translated into positive GDP benefits and represented very good value for money for Government funding. This is synonymous with all literature on the value of infrastructure investment. The IMF estimates that an increase in public investment in infrastructure of 1% of GDP can lead to a 2.6% increase in GDP over four years. While a report produced for the Civil Engineering Contractors Association found that for every 1,000 jobs that are directly created in infrastructure construction, employment as a whole rises by 3,053 jobs through induced economic activity.

Furthermore, it is also reported that if the UK fails to bring its infrastructure up to the standard of other developed economies, by 2026 this could create an annual loss to the economy of £90 billion. Government must, therefore, take this moment to continue to invest in Britain's infrastructure, and will ultimately reap the rewards and boost the capacity for economic recovery post-Coronavirus.

The contribution of transport infrastructure to the Government's levelling-up agenda and the impact of the COVID-19 pandemic on the necessity of major transport infrastructure projects:

Throughout the Coronavirus pandemic, ports have kept the nation afloat. If it had not already been established, they have shown that they play a fundamental role in ensuring vital supplies and provisions are delivered to the British people and the key workers at ports who have continued to work throughout the pandemic to keep the nation stocked are a testament to the strength of the industry. However, if the end-to-end freight journey is not able to function as efficiently as possible, the UK's economic competitiveness will suffer – a consideration that holds even more salience as the UK faces a period of economic hardship and must seek to unlock growth in the economy.

The nature of ports means their geographies are typically 'peripheral' locations. As such, coastal communities are typically areas of deprivation, which has no doubt been exacerbated by the pandemic. This makes transport infrastructure even more of a lifeline for local communities. We are glad the Government has recognised existing role and the further potential of ports to provide employment and 'level-up' communities around the UK through their Freeports policy, though we note this can be pushed further.

Investment in transport infrastructure can be used for a dual-purpose, as connecting ports allows communities to thrive. According to analysis by MDS Transmodal on behalf of the BPA, 80-85% of UK port freight enters and leaves ports by road, most of which is carried onto local roads before reaching the MRN and SRN. By funding local transport infrastructure and ensuring the swift movement of freight out of the local area, growth can be unlocked in the economy as delays lead to a loss in value, thus representing a good return on investment by Government. As well as, improving air quality and reducing congestion and travel times for residents, as previously mentioned.

The delivery of major transport projects while meeting 2050 net-zero targets:

As the matter of delivering transport infrastructure projects while adhering to net-zero transition has been raised by this inquiry, the BPA would like to note how mode-shift to coastal shipping can be of value here.

Mode shift to coastal shipping can have vastly positive environmental impacts and be critical in easing congestion on UK roads. The average ship carrying goods to another part of the UK can take hundreds of HGVs off the roads, having significant impacts on local air quality, journey times and emissions. This is not only in the movement of materials to deliver existing national transport infrastructure projects which are currently under construction to minimise HGV hours but in the longer-term view of looking at freight movements.

The prospect of enhancing mode shift to coastal shipping is a valuable step in terms of reducing congestion and taking pressure off of road networks while supporting UK emissions targets. As shown in figure 1 below, ships emit significantly fewer CO2/tonne-km than any other mode of freight transport. Mode shift to seaward transport is, therefore, the far greener option.

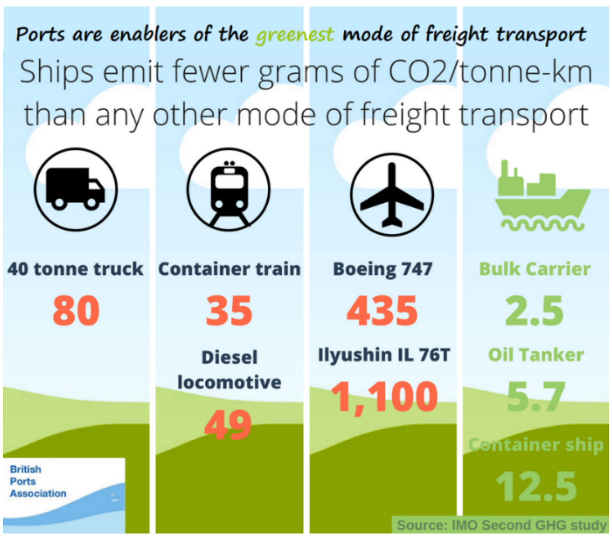

Figure 1:

Focus on coastal shipping can also represent a relatively strong value-for-money project, as this should not require significant investment. Simple regulatory changes to encourage businesses to transport goods via the coast instead of via road haulage. At present, road haulage represents a far cheaper option than domestic shipping. Mode-shift grants do exist to encourage this move to coastal transport but are widely regarded as not a significant enough incentive to encourage behaviour change amongst businesses. Subsidies for modal shift for rail freight are widely regarded to be good, so bringing coastal grants in line here would be valued.

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