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Port governance in the UK: Planning without policy

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ABSTRACT

The UK's highly privatised port system means that, while many of the issues in the port governance literature relevant to port concessions do not arise here, the respective roles of harbour authorities and port operators continue to be questioned. The concern in the UK is whose role it should be to monitor the capacity and service quality of the port sector, including how to govern the ways in which the different classes of port stakeholder interact. This paper describes and discusses the UK port sector, the main ports and cargo types, the governance system and recent developments. Recent changes in national policy are reviewed and potential new developments in governance are considered, reflecting on how the UK case represents some key theoretical considerations regarding infrastructure governance within a modern political system favouring private ownership and operation of the transport sector.

1. Introduction

The UK is unusual in its highly privatised port system, with approximately 69% of tonnage handled by privately owned and operated ports. The result is that many of the discussions in other countries about port concessions do not arise here. Yet the role of harbour authorities vis-à-vis port operators and whether and how they should be regulated continues to be questioned. The challenge in the UK is to identify shortcomings in the sector and decide the best way for port stakeholders (whether government, port operators, port users or the wider community) to achieve their goals of a well-functioning and competitive port sector to support the economy.

This paper presents an overview of the UK port sector and outlines the governance arrangements, including private, trust and municipal ports. A brief recap on the privatisation of much of the UK port sector in the 1980s and 1990s is provided, before moving on to more recent developments. A number of recent port expansions are discussed and the changing dynamics in the sector are analysed. Current debates in UK port governance are reviewed and the paper reflects on the possible governance reforms that could be feasible and the political difficulty of achieving them.

2. The UK port system

The vast majority of ports and harbours in the UK deal with leisure and fishing craft. Only 161 ports currently report commercial traffic, with 98% of this traffic being handled by those ports classed as major (53 ports) and the remainder handled by minor ports (108 ports). Total tonnage handled at UK ports in 2014 was 503.2 m tonnes, relatively stable for the last few years since the downturn in 2008 (Fig. 1).[1]

The traffic types can be broken down into liquid bulk (38%), dry bulk (25%), RoRo (20%), LoLo (12%) and general cargo (4%) and the traffic locations are mapped in Fig. 2. Liquid bulk remains the dominant category, based on crude oil and oil products, while dry bulk is almost 50% coal. The two markets exhibit divergent trends, with crude oil declining due to the closure of UK oil refineries and coal imports rising over the last decade, although dropping in 2014 in response to recent changes in demand for biomass fuels in formerly coal-fired power stations, reflected in the rise of the "other dry bulk" category. Both RoRo and LoLo continue to rise. General cargo has declined, mostly due to the decline of forestry product imports, while steel has remained stable. Other market segments include support work for the offshore oil rigs and, in recent years, renewables such as windfarms and tidal energy developments (DfT, 2015).

Table 1 lists the top 20 port areas by tonnage, accounting for 87% of total UK tonnage. The port names used in the table and related statistics are based on the port groupings decided by the UK DfT. These are sometimes single ports and sometimes grouped based on rivers and harbour areas which may include several different owners and operators. This has implications both for the identification of the harbour authority vis-à-vis individual port and terminal operators as well as the tonnage figures which sometimes relate to more than one port besides the one

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[1] Unless otherwise stated, all statistics were sourced from DfT (2015).

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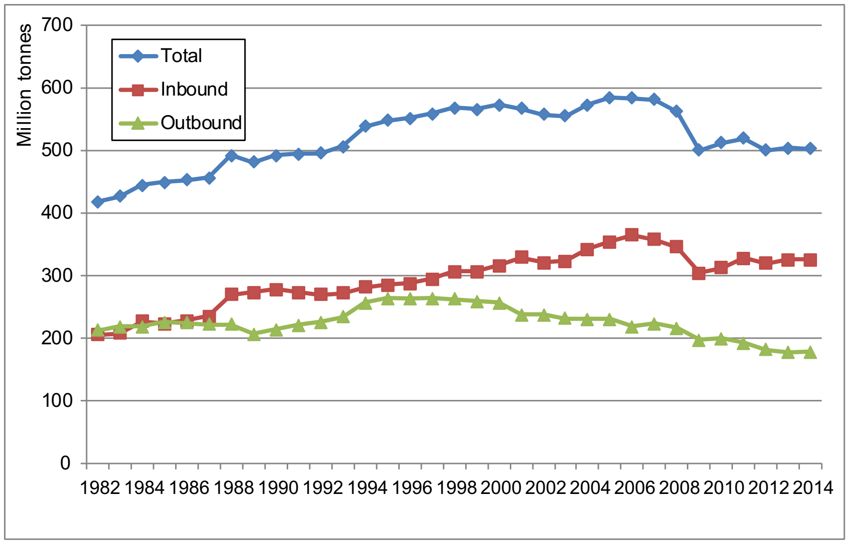

Fig. 1. Total tonnage UK ports 1982–2014 Source: DfT (2015).

actually named. The table names the major port owners in each grouping, which account for the majority of the tonnage.

In order to interpret the official statistics, a distinction must be observed between port owners (owners of a specific port area and usually operating terminals within the port) and non-landowning terminal operators (operating individual terminals or wharves within a port area, sometimes under contract or concession from or part of a joint venture with the port owner). Since the privatisation processes discussed in section 3.1, in many cases the same private company is the harbour authority, port land owner and port operator, but in other cases wharves or terminals may be operated by individual companies within an area. This simplification is particularly relevant for the Thames and Humber estuaries. For example, the Port of London Authority has harbour jurisdiction over many ports on the Thames with different owners/operators, such as major container ports Tilbury (Forth Ports) and London Gateway (DP World) and smaller ports Purfleet (Cobelfret Group), Dartford (C.RO Ports Dartford Ltd) and Dagenham (Stolthaven Terminals). Also, the Port of London Authority's statutory harbour jurisdiction does not extend fully into London Gateway, for which the authority is with the port owner and operator DP World. Similarly, in some of Associated British Ports' (ABP) ports on the Humber there are facilities that have been built and operated separately by its tenants, sometimes as joint ventures with ABP, sometimes independently. Thus, while this paper focuses for the most part on the higher levels of the governance hierarchy (e.g. the relationship between the government, harbour authorities and major port owners/operators), an important governance question concerns the way operators of small terminal facilities (or those wishing to operate facilities) deal with harbour authorities and port landowners (which in many cases are the same organisation).

The UK container sector handled 9.5 m TEU in 2014. The top four container ports (Felixstowe - 4.1 m TEU, Southampton - 1.9 m TEU, London Tilbury - 1.1 m TEU and Liverpool - 666,000 TEU) have remained stable while Medway Thamesport (which battled Liverpool for fourth place for most of the decade) has now declined severely from a peak of 773,000 TEU in 2008 to only 179,000 TEU in 2014 (Fig. 3). The port has now lost its last major container service and Hutchison Port Holdings (HPH) is looking to redevelop the terminal for other cargoes such as steel. The rise of Teesport is the other significant change, moving from 15th place in 2000 to 5th in 2014, with 304,000 TEU, but still a long way off entering the top four (Fig. 4).

Dover in the southeast remains by far the major RoRo port (34%) due to its traffic with France, followed by Grimsby and Immingham for other European destinations. Ferry routes with Ireland maintain the RoRo traffic with Holyhead and Liverpool while Cairnryan and Loch Ryan (opened in 2012 just north of Cairnryan as a replacement for the Stranraer service) in southwest Scotland provide RoRo connections with Northern Ireland. Breaking down UK traffic by freight and non-freight units, almost half were actually non-freight units, including 25% passenger cars and busses and 18% trade vehicles. UK ports also served 65.9 m passengers, the majority 42.7 m domestic passengers. Almost half of these were river ferries, 18.6 m were inter-island ferries, e.g. Isle of Wight and Scotland, and the remainder domestic sea crossings e.g. to Northern Ireland, Orkney and Shetland. UK ports also handled 21.3 m international ferry passengers, mostly to France but also Belgium and the Netherlands. 1.8 m cruise passengers were also recorded, mostly for Southampton (DfT, 2015).

As an island nation, the majority of traffic (80%) at UK ports is international, with 42% of major port traffic with EU countries. Feeder movements of containers and transport of oil products account for the domestic traffic, while passenger movements between Scotland and Northern Ireland also count as domestic. It was estimated that in 2013 the UK port sector employed 118,200 people and contributed £7.7bn to the economy (Oxford Economics, 2015).

3. Port governance in the UK

Due to the devolved political structure in the UK, public responsibility for ports is spread across different jurisdictions. All international shipping remains within the purview of the UK government, while Scotland and Northern Ireland have responsibility for their own ports. The UK government covers ports in both England and Wales, although the Welsh government has responsibility for many related issues such as transport and land-use planning. Much of the structure and governance of UK ports was already set in place before these devolution processes occurred in the late 1990s, therefore the role of government in port governance remains quite similar in all jurisdictions. Therefore, references to UK port policy can in most cases be taken to refer to all of the UK; while specific policy documents are produced for each of the three port jurisdictions (England and Wales, Scotland, Northern Ireland), the policy documents for the latter two are general transport policy documents without specific port policies.

There are three types of port in the UK system: private, trust and municipal. Privately owned ports tend to be the largest and particularly the container ports. Some of these were already private but most were public ports that were privatised in the 1980s and 90s (see next section). 15 of the top 20 ports by tonnage in 2014 are privately owned. Trust ports were each established by their own Act of Parliament and are therefore subject to specific statutes. Being operated by a trust rather than