

Submission to National Planning Framework for Scotland 2 Discussion Draft Forth Ports PLC

Introduction

Forth Ports PLC has studied draft NPF2 with regard to our two interests, Scottish Ports, and the regeneration and redevelopment of Edinburgh's Waterfront. We welcome the opportunity to comment on the draft, in relation to these key interests.

1) Port Policy within NPF2

Forth Ports PLC is the dominant force in the Scottish container industry, a market that we serve efficiently and effectively. We constantly monitor the market, and changes in the world's shipping, to ensure that we remain in a position to serve Scotland's requirements. We have recently completed a major investment programme to ensure sufficient capacity for the next 5-10 years.

It is clear that one of the central tenets of the port policy within NPF2 concerns the capacity for Scotland to accommodate additional container freight. We are pleased to note the inclusion of the Grangemouth Freight Hub as National Development 4, in recognition of its important contribution to the National economy. We concur with the need for further investment in the surrounding road and rail infrastructure to allow the Port to continue to perform its role efficiently in the long term. In the future, Grangemouth is capable of accommodating additional capacity, with additional investment.

We have some concerns, however around the assumptions that have informed the overall port strategy in NPF2, and particularly the specific inclusion of a proposed new port for which we consider the need to be unproven, and the location to be inappropriate (National Development 5). We also believe that the port development proposal outlined at National Development 6 is unlikely to be pursued, as it is located too far from centres of population. We would question the merit of retaining its inclusion as a specific National Development within NPF2.

We consider there to be two issues in relation to the future accommodation of container freight. The first is the **volume of containers** arriving in Scotland, and the second is **the increasing size of ships** that are serving the world freight market.

Our estimate of Scotland's current container volume is 500,000 twenty-foot equivalent units (TEU) per year. Grangemouth in the East and Greenock in the West handle around 60% of this volume with road and rail sharing the remaining 40% equally. The 2007 Update of UK Port Demand Forecasts to 2030 and Economic Value of Transshipment Study Final Report (MDS Transmodal Limited) projects container traffic to grow by 174% between 2005-2030 (measured in TEU).

Over the next ten years, vessel sizes overall will increase. A recent study has indicated an average growth in ships of 9% per annum between 2007 and 2011 (data from AFX Alphaliner for Tilbury Container Services). Our research shows that this may not immediately correlate to an increase in the size of feeder vessels, particularly within Europe. Beyond the 10 year time horizon, however, larger size ships may well come into use within Europe. We are planning for this growth by safeguarding sites for new river berths as set out below.

In terms of **volume**, assuming no further investment in new capacity, we consider Scotland to be able to accommodate its demand for container freight until at least 2015. Beyond that, the existing ports are capable of accommodating further capacity, with a combination of investment within the ports, investments in linkages to and from the ports, and in some cases, identification of further land for port-related use through the planning process. In terms of **shipping size**, if patterns of trade change and it is regarded as necessary to make provision for the largest ships to make UK calls, it is possible, with the right investment to create new berths at existing ports

outside the current lock mechanisms, and also to build capacity at under-used facilities, such as Burntisland, which is capable of accommodating large ships.

Overall therefore, we are able to identify a range of options that should be considered, to accommodate additional container traffic. These include the expansion and reuse of existing port facilities, which we would expect to be explored and exhausted before a decision is taken to effect the creation of a new port, as additional development at existing facilities is the more sustainable option. This is also in line with Modern Ports 2000 (DETR) and the Ports Policy review in England, Wales and Northern Ireland (Department of Transport, May 2006), which both identified a need to make the best use of existing ports.

We also consider it important that NPF2 should take account of possible rises in sea levels and the potential need for alterations to reduce flood risk. A joint approach to revising flood defences and investment in port infrastructure would be the most effective and sustainable way to proceed in dealing with this issue. The final document should therefore reflect this important issue.

Container freight – opportunities for expansion

In terms of opportunities for expansion within Forth Ports PLC's estate, our port interests include the following locations:

Port of Grangemouth: Scotland's largest container port, handling 40% of the national container freight. Grangemouth is capable of further expansion – both to build a deep water berth, and to create additional freight capacity. In the future, with investment in berth and terminal facilities Grangemouth would be able to accommodate up to 300% more freight. Specifically, we can increase the port's existing capacity by 50% solely through investment in new plant, which would allow us to stow containers 3-high, as opposed to the current 2-high configuration. In addition, we have safeguarded land with potential to create new river berths, if terminal and berth constraints arise. Further investment in automated stacking equipment of the type proposed for London Gateway would provide dramatically increased capacity.

Port of Burntisland: Burntisland has a natural deep water channel, and does not need dredging, as the river bed scours naturally at this point. It is also close to the main East Coast rail line. The port is hardly used at the present time, but could be developed to accommodate significant additional container capacity, if required in the future, without the need for a lock mechanism. There is also potential capability to distribute by not only rail, but also by barge, allowing river movements to all of the conurbations on the Forth and to the west. There can additionally be short sea links to Dundee, Aberdeen, Inverness and other possible locations.

The site is capable of accommodating a deep sea facility of a scale similar to the major UK container port Felixstowe. These combined attributes make Burntisland the most efficient and suitable location for a new container port on the Forth.

Port of Rosyth: Since acquiring the Port of Rosyth in 1998 we have invested over £35 million to build a successful business which accommodates expanding Scottish companies, for example Oceaneering Multiflex, employing over 400 people. Rosyth also provides Scotland's passenger and freight ferry links with Europe through the operation of the Superfast service. Rosyth could also expand onto adjoining land, which Forth Ports would welcome, if land ownership issues can be resolved. There is potential to accommodate container freight services within the port and also on adjoining land if the port were to expand. The Port of Rosyth also has a deep water channel, allowing easy access for shipping, without the need for vessels to pass through a lock.

Port of Dundee: The Port of Dundee has been identified, in conjunction with the City of Dundee Council as having potential to serve the renewable energy market. A site of 25 hectares adjacent to the deep water terminal has been identified to accommodate this use, and there has already

been market interest in pursuing this proposal. To facilitate further development of the Port, there is a need for improvements to its road links, and potential to develop a tri-modal rail head. Both of these projects are supported by Dundee City Council and we suggest they should be considered for incorporation into the final NPF2 document.

Proposal in relation to Port Policy

We propose the amalgamation of National Developments 4, 5 and 6 under the new heading **Container Freight and Distribution**. This proposal should then incorporate all the elements covered by the Grangemouth designation in the current draft of the plan. Creation of an outside berth at Grangemouth should be added to the elements covered by the designation. The specific reference to Port Babcock, and the unsubstantiated assertion that Rosyth is the best location to increase Scotland's container capacity should be deleted. The plan should suggest a review of possible locations for further expansion to include Grangemouth, Burntisland and Rosyth. We propose the following amendments to the text, using the headings within NPF2:

Description of development

Expansion of Scotland's container freight and distribution capabilities.

Location

Port of Grangemouth, Port of Rosyth, Port of Burntisland, Port of Dundee and surrounding areas.

Elements covered by the designation

Expanded freight storage and handling facilities;
Improved railhead access within the Port of Grangemouth and electrification of the rail link through Falkirk Grahamston;
Better connections from Port of Grangemouth to the M9 Motorway;
A better link from Grangemouth to the M8 and the south via an improved A801;
Improvements to the local road network around Grangemouth, including separation of community and dock traffic;
Location of a river berth outwith the Port of Grangemouth's lock mechanism, utilising adjoining land for Port-related development;
Any measures necessary to protect the area from coastal flooding;
Improved road and rail accesses at the Ports of Rosyth and Burntisland;
Designation of additional land adjacent to the Port of Rosyth for port-related use;
Improved road and rail connections at the Port of Dundee.

Need for the development

Scotland's volumes of containerised freight traffic are growing. There is potential for expansion at four existing Ports, to deal with substantial increases in freight movements. Improvements in strategic road and rail infrastructure are required to support the operations at the existing ports and allow them to function effectively in the medium to long term. There is a particular need to allow Grangemouth to grow and serve the important function of an intermodal freight hub.

2) Regeneration of Edinburgh's Waterfront

The regeneration of the Edinburgh Waterfront is Scotland's largest regeneration project and the UK's second largest regeneration project after the construction of the Olympic Park. There are three main landowners; Forth Ports PLC owns the majority of the land, with significant holdings in the ownership of City of Edinburgh Council (Waterfront Edinburgh Limited), and National Grid Properties. The development of the area forms a major part of Edinburgh's effective housing land supply for the next two to three decades, provides a new office quarter for Edinburgh, and adds to both residents' and visitors' experience of the city by opening up the waterfront for leisure and recreational use. This level of development will have a significant beneficial effect on national and local economies.

Whilst the significance of the Waterfront is acknowledged in NPF2's 'Spatial Perspectives', we feel that it should be given additional weight, to highlight the substantial public and private investment that will be required to bring this project to fruition. In addition to the welcome investment in the tram system which will terminate at the waterfront, there are also needs for investment in on and off site road infrastructure including bridges; other public transport improvements; and significant areas of public realm; in order to deliver the projected benefits for Scotland as a whole.

If the criteria that the Cabinet Secretary for Finance and Sustainable Growth published in September 2007 are used to assess the Waterfront, we consider that it should qualify as a National Development, as it provides benefits to Scotland across every one of the criteria. Taking each in turn, these benefits are set out below:

Make a contribution to Scotland's sustainable economic development: An independent projection of the economic benefits of the development of the waterfront prepared for the Waterfront Partnership Board comprising City of Edinburgh Council and the main landowners concluded that over 32,000 direct jobs, and a further 20,000 construction jobs would be created, adding £554 million in GVA output growth per annum to the Edinburgh economy, and £713 million per annum in GVA output growth to the Scottish economy. Projects of this size and scale will be extremely rare in a Scottish context.

Strengthen Scotland's links to the rest of the world: Edinburgh is Scotland's most significant tourist destination, in terms of visitor numbers. The creation of new waterfront development will enhance the attraction of Edinburgh as a tourist destination, serving to bring more overseas visitors to Scotland. There is also potential to increase cruise liner traffic, also boosting tourist numbers in the city.

Deliver strategic improvements in internal connectivity: the Waterfront is the terminus for the tram and will also provide a public transport interchange.

Make a significant contribution to the achievement of climate change, renewable energy or waste management targets: Forth Ports is committed to making the waterfront a sustainable development, and are working to explore the best solutions for energy supply including the possibility of campus-wide energy supply systems.

Are essential elements in a programme of investment in national infrastructure: the Edinburgh tram project, representing a substantial investment in national infrastructure, relies on significant levels of housing growth at the waterfront as part of its business case. The development of the waterfront is integral to the long-term success of the tram.

Raise issues of more than regional importance: Edinburgh is our Capital city, and Scotland's economic health and success is reliant to a significant degree on the overall health and success of the Capital city. The Waterfront represents a key expansion area for the city over the next two to three decades.

Taking all these factors into account and in particular in the light of the waterfront development's substantial contribution to Scotland's sustainable economic development, we consider it to be a project of sufficient size and scale to be included as a National Development.

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