Report: Mapping Study for the North West Maritime Sector

Northwest Development Agency

Prepared by:

Reviewed by Fisher Associates

April 2003

TABLE OF CONTENTS

Content	Page
1 Executive summary	1
2 Introduction	2
3 Aims and objectives	2
4 Methodology	4
5 Notes on results	8
6 Results	13
7 Conclusion	20
8 Appendices	21

1 EXECUTIVE SUMMARY

- There are 753 companies in the Maritime NW cluster.
- It is estimated that the cluster turnover is £3.3 billion.
- There are approximately 18,000 employees in the cluster.
- Maritime commerce (incorporating activities shipping, ship brokering, import and export etc.) is the largest component of the cluster in terms of sales value, and total employees.
- In terms of geographical location, Merseyside dominates the cluster with 495 companies based there with a turnover of over £1.9 billion (in Merseyside East and Merseyside West [Wirral]).
- Cheshire has 70 companies (turnover of over £303 million), Lancashire has 90 companies (turnover of over £258 million) and Cumbria has 82 companies (turnover of over £681 million). A small number of companies had no match to the local authority boundaries used and these make up the total companies figure.
- ***In terms of trends for each component of the cluster, all but one appears to be growing***.
- This statement is based on information ascertained from applying some assumptions to the financial data the cluster study uncovered for each of the 753 companies in the results database. Therefore, this needs to be viewed as a baseline study on which further work can build.

2 INTRODUCTION

This report has been produced in response to a brief received from Fisher Associates.

This study has brought to light some key issues with regard to the extended maritime sector in the North West. This sector is of increasing importance for the NWDA in the light of Mersey Maritime, and the proposed forthcoming adoption of maritime as a key sector for the Regional Economic Strategy that will benefit from the cluster approach.

Given this, Fisher Associates have embarked on a Maritime Sector Study that splits into four key tasks (see illustration below). This report is concerned with the second of these tasks.

1. **Conceptual definition**
2. **Mapping study**
3. **Sector analysis**
4. **Strategy and action plan**

Fisher Associates completed the conceptual definition that identified *'key facilities in each port or locus of maritime commerce.'* This is illustrated overleaf.

The conceptual diagram illustrated the sector, and provided Ci with the basis from which to commence the mapping study. Furthermore, a series of keywords were developed which played a key role in the generation of information for the mapping study (see methodology section).

3 AIMS AND OBJECTIVES

The mapping exercise had one key aim:

"Make an investigation of the companies that are part of the economic landscape of Maritime NW."

Region	Location	Cargo Handling	Maritime Commerce	Marine Engineering	Port Industries	Fisheries	Marine Leisure	Cruise
Cumbria	Siloth	1			2			
	Maryport					2	3	
	Workington	2			2		1	1
	Whitehaven					3	3	
	Barrow	1	2	5	2			1
Lancashire	Glasson	1			2		2	
	Heysham	3		2				
	Fleetwood	3				4	2	
Merseyside East / West	Seaforth / L'pool	5	4	2	5	2		1
	Garston	2						
	Tranmere	4			5			
	Birkenhead	4		4				
Other	MSC	4			5			

Within the aim, Fisher Associates defined three key sub-objectives. These involved the data that Ci gathered being analysed in a number of ways, namely:

1. **Number of companies/turnover/number of employees**
2. **By component within the conceptual sector diagram**
3. **By key locations (around key facilities and elsewhere in the NW)**

Furthermore, the brief also required Ci to *'identify key trends for the main components (whether they are expanding, steady or contracting)'*. The commercial database FAME (Financial Analysis Made Easy) supplies data that facilitates this type of analysis, and it has had a key role to play in the study.

The methodology utilised to meet these aims and objectives is detailed in the next section.

4 METHODOLOGY

The main thrust of work involved in the mapping study was the search of the FAME database. To allow this to take place three key 'filters' were put in place.

Filter 1: Sourcing of postcode data

Postcodes were required to define the area the study covered. Utilising the geographical locations from the conceptual diagram and local authority boundaries Ci liaised with the NWDA Regional Intelligence Unit to develop a series of postcodes for use in the study.

These postcodes are included as Appendix 1 and the local authority boundaries used for each port/locus are displayed in the table below:

County	Port/locus	Local Authority District
Cumbria	Silloth Maryport	Allerdale
	Whitehaven	Copeland
	Barrow	Barrow In Furness
Lancashire	Glasson Heysham	Lancaster
	Fleetwood	Wyre
Merseyside East	Seaforth	Sefton
	Garston	Liverpool
Merseyside West (Wirral)	Tranmere Birkenhead QEII / Eastham	Wirral
Cheshire	Manchester Ship Canal	Cheshire
	Runcorn	Halton

Filter 2: Keywords

The second filter was taken from the conceptual diagram completed by Fisher Associates during the early stages of the project.

The keywords utilised are illustrated overleaf:

Keywords utilised in FAME search: Maritime NW

Port Company/Operations	Port, stevedore/s/ing, cargo, cargo handling, harbour, dock, crane/s, forklift/s/ing, port equipment, security
Short Sea Shipping	Ferry/ferries, ship, shipping, maritime, marine, container, line/s/r, bulk, coastal
Deep Sea Shipping	Ship, shipping, maritime, marine, container, line/s/r
Logistics and Distribution	Logistics, distribution, storage, warehouse/ing, cargo, tank, freight, oil, bunker, bulk, cold
Haulage	Haulage/haulier/s, transport/ation, truck, freight, distribution, bulk, refrigerated, SEE
Maritime Commerce	Shipping agent/ts/cy/cies, shipping, marine surveyor/s/ing, shipbroker/s/ing, freight forwarder/s/ing, marine law/lawyers, maritime law/lawyers, freight, charterers/ing, port agent/cy/cies, trade/trader/s, cargo, broker/s, ocean, fleet/s, export/er/s, import/er/s
Marine and Offshore Engineering	Ship-repair/ers, ship conversion, shipbuilding/ers, mariner engineers, marine engineering, fabrication, fabricators, diving, turbine, energy, renewable, gas/petroleum, oil/field, offshore, wind, subsea, drilling, supply, seismic, survey, oceanography, offshore, marine electrical, marine electronics, towage, salvors/salvage, tug, pipe/s/line/s/ing, hydraulic, shipyard, valve/s, ROV, underwater, cable, safety/life/fire, well, container/s/repair
Port Industry	Grain, feed/s
Marine Leisure	Marina, chandlers, chandlery, boat, marine leisure, marine, aquatic, sail, sailing
Cruising and Pax Ferries	Cruise/ing
Fisheries	Fishing, fish/eries, canning, fish processing, trawling, trawlers, shell/fish, sea/fish, demersal, pelagic, seafood, mariculture
Education, Training, Skills	Marine science, nautical studies, marine technology, maritime studies, nautical college

These keywords were used to search the trade description entries of companies on the FAME database.

Filter 3: SIC codes

Filter 3 is the main criteria by which the FAME database is interrogated to generate financial information – Standard Industrial Classification codes that describe company activity.

As these were not mentioned on the conceptual diagram and the keyword search alone provides fairly ‘un-comprehensive’ results, Ci utilised the SIC codes which were used in the Mersey Maritime mapping study.

The key SIC codes used were:

- **3511** – *Building and repair of ships;*
- **3512** – *Building and repair of pleasure and sport boats;*
- **6023** – *Freight transport by road;*
- **6110** – *Sea and coastal water transport;*
- **6120** – *Inland water transport;*
- **6311** – *Cargo handling;*
- **6312** – *Storage and warehousing;*
- **6321** – *Other supporting land transport;*
- **6322** – *Other supporting water transport;*
- **7122** – *Rent water transport equipment.*

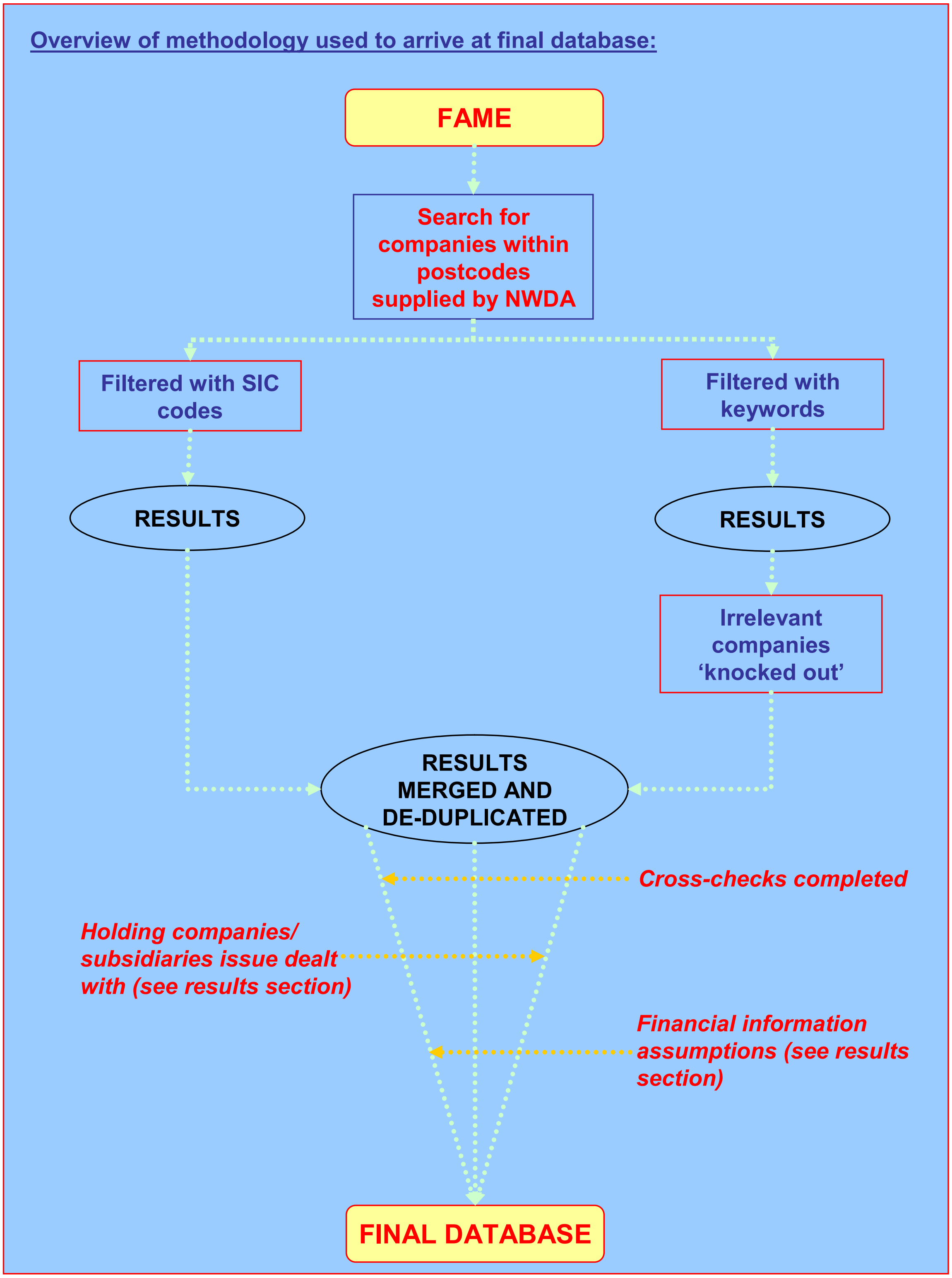
Cross-checks

Once the data had been extracted from FAME a number of 'cross-checks' were made.

These involved checking a number of other information sources against the FAME results to ensure that maximum coverage of the sector had been obtained. The sources used for these checks included:

- **Mersey Maritime database** – *the most recent working copy of the database from Ci's previous maritime sector mapping study*;
- **Association Membership lists** – *including lists from organisations such as the British Marine Federation, the British Ports Association, the British Freight Association and the Shipbuilders and Ship-repairers Association;*
- **Websites** – *including www.roadhaulage.co.uk and www.merseydocks.co.uk;*
- **Port directories** – *for example, ABP port directories.*

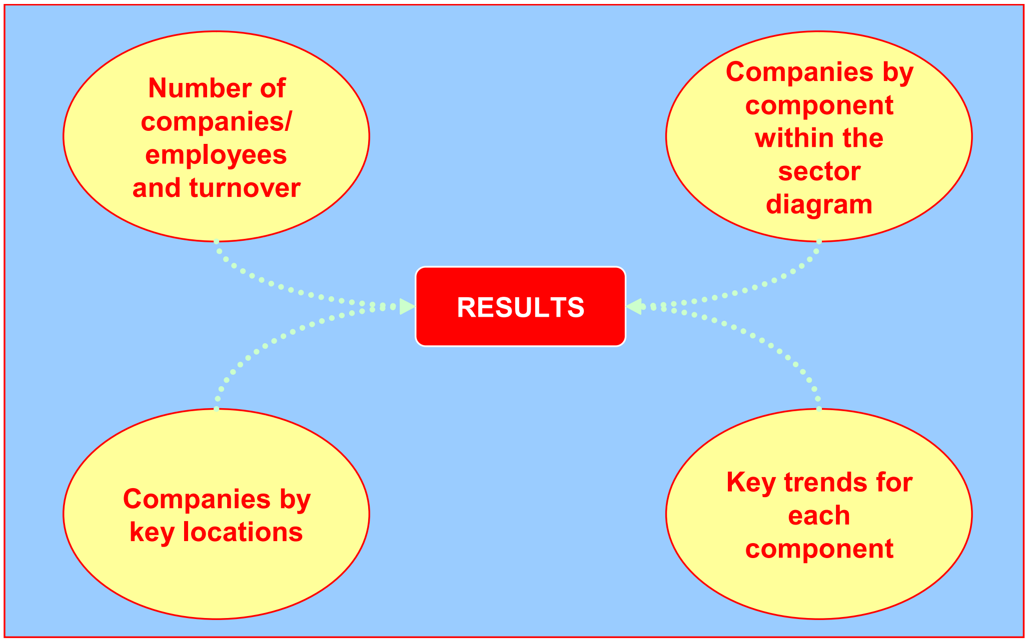
The diagram overleaf displays how the final database was collated. The data that is presented within the 'results' section of this report was extracted from this core database.



As the diagram indicates the results from the search presented Ci with some issues relating to holding companies and the disclosure of financial information. Both of these matters are dealt with in the notes on results section overleaf.

5 NOTES ON RESULTS

As per the objectives mentioned earlier, this report will present the findings from the final database in a number of ways:

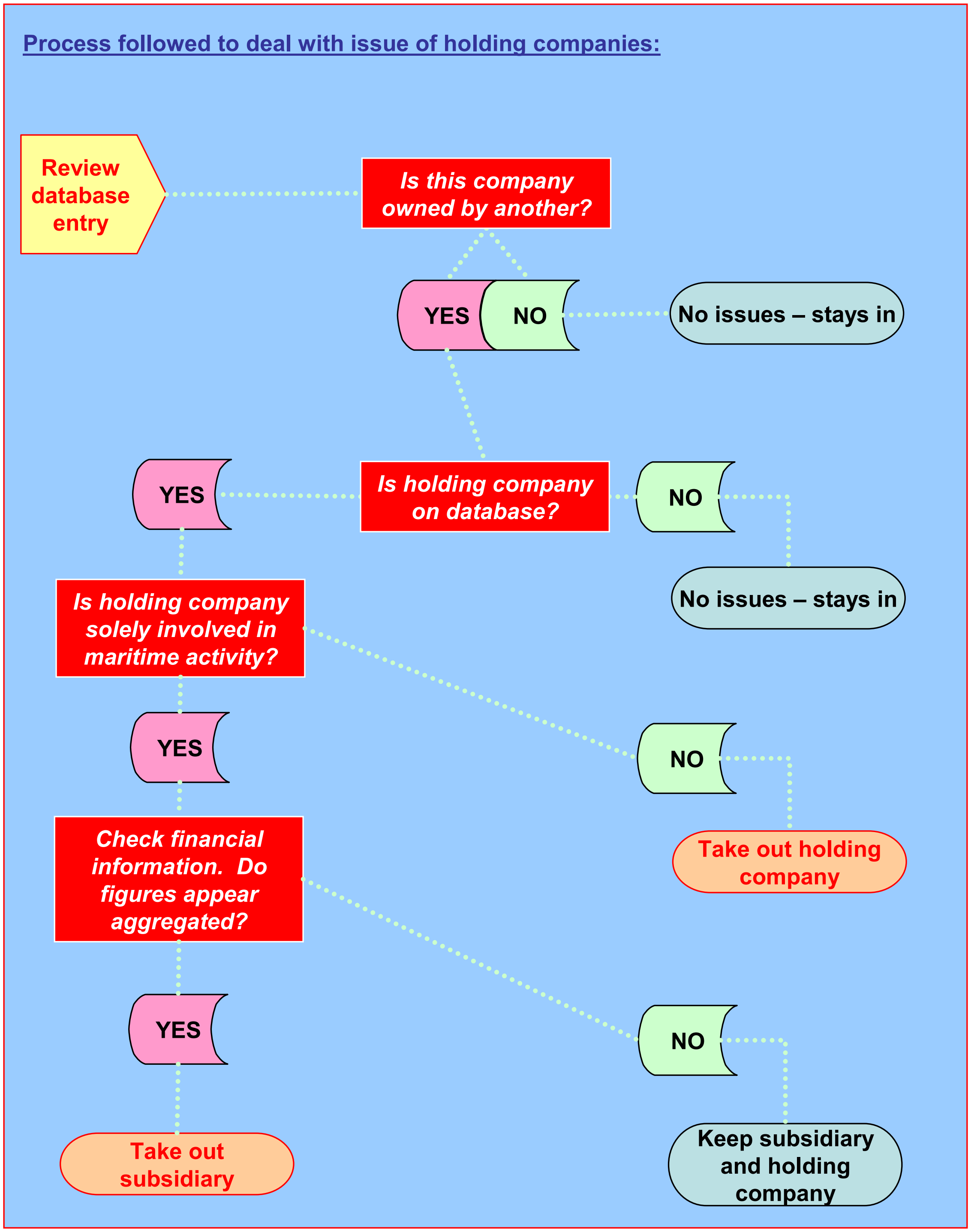


Having conducted the original two searches (postcodes and SIC codes followed by postcodes and keywords) the results were then merged and de-duplicated. Subsequently the analysis of the resultant database commenced. However, there are limitations with the data and it is important to understand how these were dealt with. The following points should be considered:

- **Maritime NW – 'trailblazer':** *this is a baseline study that allows future users of the model to work with the data to improve it. This improvement will take time and resources beyond the scope of the mapping study;*
- **Holding/Parent Companies:** *as mentioned in the overview of the methodology diagram the issue of holding companies causes problems;*
- **Disclosure of financial information:** *there are issues with the financial information obtained from FAME.*

5.1 Holding/Parent companies

The role of holding companies is dealt with first. The diagram overleaf displays the process Ci followed to tackle this issue:



Basically, the process allows Ci to review the ownership status of each company. Where FAME stated that the company was owned by another business, we have investigated whether the holding company is either registered and/or trades within the Maritime NW postal districts.

Where a company's parent is registered within the region, we have taken a judgement regarding whether the subsidiary and holding company are similar or not (see diagram box *'is holding company solely involved in maritime activity?'*). When the activities of the subsidiary are different to that of the parent company in any way we have taken out the holding company.

For example, in a case where a subsidiary lists its primary activity as 'building and repair of ships', but its holding company lists this and five other activities *not* related to maritime, then the parent company is excluded.

Where the activities are similar the financial information for each is reviewed and judgement is made as to whether the parent company's figures appear aggregated. Where they are the subsidiary is included. Where this is not the case both are kept to ensure the database captures the depth and richness of the company's offer.

5.2 Disclosure of financial information

In calculating the size of the cluster in terms of annual sales or number of employees, note should be taken that the financial data reported by FAME (from Companies House) includes companies that have taken advantage of the rules available to 'small companies'. As such, these businesses only need file abbreviated accounts with Companies House. The form of this abbreviation is to only provide basic balance sheet information rather than complete profit and loss/balance sheet data.

Moreover, Companies House also offers relief to 'medium sized firms' relief that allows businesses who fall within certain criteria not to provide turnover information. In terms of the criteria mentioned, small and medium companies have to satisfy at least two of the following:

Criteria for accounting relief as per the Companies Act (1985)	
To use 'abbreviated accounts' a 'small' company must satisfy two out of three of the following:	○ Sales of less than £2.8m; ○ Employees; fewer than 50; ○ Net assets of less than £1.4m.
The definition of a 'medium sized' company is that it must satisfy two out of three of the following:	○ Sales of less than £11.2m; ○ Employees; fewer than 250; ○ Net assets of less than £5.6m.

In line with this, Ci has used a series of 'assumptions' in order to try and gain a view about the approximate size of the Maritime NW cluster.

Overview of assumptions made to allow calculation of cluster size given financial information restrictions:

Small Firms

- **Sales of £500,000;**
- **Ten employees;**
- **Net assets of £0.5m.**

Medium Firms

- **Record a 20% gross profit margin;**
- **Employees for year, up 10% on year-1***
- **No employees data assume 20 employees**

* *Relates to assumed change in staff over company not the cluster as a whole.*

Despite these assumptions the financial information for some companies on the final results database remains incomplete.

5.3 Year/Year-1

There is a statutory obligation for companies to register their accounts with Companies House up to 9 months after the end of the trading year. Therefore, the data in this analysis will typically refer to activities that took place during 2001 and part of 2002.

This runs slightly against the grain of discussions Ci held with Fisher Associates during the briefing stage of the project. Originally, Ci aimed to analyse performance and size over a 5 year spell. However, the financial information contained in FAME, is incomplete and Ci are more confident using the aforementioned assumptions across the shorter time frame rather than a scale of five years.

5.4 Confidence Levels and percentage of business in NW Maritime

Based on the above concerns Ci has attributed a confidence level to the financial data obtained for each company from FAME. The confidence levels are defined below:

1 – 100% confidence in the answers/financial data provided
2 – 75% confidence level
3 – 50% confidence level
4 – 25% confidence level
5 – total guess

Ci also attributed a score to what percentage of business it was likely that companies included on the results database actually conducted in the Maritime NW sector. This led to the financial data on the results database being adjusted.

5.5 Assumptions - Mersey Maritime

As mentioned elsewhere in this report the latest version of the Mersey Maritime database played a big role in the preparation of this report.

Differences have occurred in the figures obtained for the Merseyside area for the Maritime NW cluster compared with the equivalent mapping study completed in March 2002. The differences are mainly due to the following issues:

- *Increases in turnover for growing business;*
- *Consequential increase in employment;*
- *Decrease in turnover in businesses whose markets are shrinking;*
- *Consequential decrease in employment;*
- *New business start-up;*
- *Business closure;*
- *Mergers and acquisitions;*

Obviously, the Mersey Maritime core of companies is included in the results database for this report. For reasons of consistency the financial data for these companies have been treated in the same way as they were for the Merseyside project. Hence;

- *A confidence level of 5 has been attributed to company figures (unless it is otherwise obvious);*
- *All haulage companies have been given a turnover figure on our database as a quarter of that given by FAME;*
- *All fisheries/fish processing and sea transport have been given all turnover for FAME;*
- *All others where there were not clear links to maritime were given and adjusted turnover figure of 10% of the FAME figure.*

In addition, for purposes of clarity in this report, Merseyside has been subdivided into Merseyside West (comprising Wirral) and Merseyside East (comprising Liverpool, Sefton, Knowsley, St.Helens).

6 RESULTS

As per the objectives of the project, the results section will indicate:

1. *The number of companies, employees and turnover;*
2. *Companies by component within the sector diagram;*
3. *Companies by key locations;*
4. *Key trends for each component.*

6.1 Number of companies, number of employees and turnover

The analysis has identified 753 companies operating within the postcode limits set.

These companies have an estimated sales value of £3.3 billion and in terms of employees it is estimated that the Maritime NW cluster employs over 18,000 people.

Overview of results – objective 1:

Companies operating in Maritime NW:	**753**
Estimated sales value of Maritime NW:	**£3.3 billion**
Estimated number of staff employed in Maritime NW:	**18,000 (approx)**

NB: When considering sales and employee figures one must take note of the fact that financial assumptions were utilised.

6.2 Companies by component within the sector diagram

The table below provides a breakdown of the Maritime NW cluster by component within the sector diagram provided by Fisher Associates (see page 2).

The table also breaks down turnover and number of employees per component.

	Number of companies	Adjusted Turnover (£000)	Adjusted Employees
Haulage	244	334950.5	3187
Maritime Commerce	233	1409304	3764
Marine and Offshore engineering	115	841558.5	6066
Logistics and distribution	60	175084.9	1434
Port Company/Operations	54	122324.2	1527
Short sea shipping	23	159936.5	554
Fisheries	11	71966	546
Yachting	4	1098	40
Deep sea shipping	3	1243	92
ETS	3	3026	58
Port Industry	3	135066	143
Total	753	3255558	17411

6.3 Companies by key locations

Initially, the results of this section were due to be broken down around the key locations identified in the conceptual diagram (Silloth, Maryport, Barrow, Garston etc.). However, discussions with the NWDA with regard to the Mersey locations led to these being amalgamated under the heading 'Merseyside'. To facilitate comparability, Ci has grouped the remaining locations under their county names.

This does *not* mean that, for example, all of Cheshire is covered; merely the postcodes designated have been accounted for.

CUMBRIA

80 Companies

>£680m Turnover

Major Activity: Haulage (33%)

LANCASHIRE

90 Companies

>£258m Turnover

Major Activity: Haulage (47%)

MERSEYSIDE

495 Companies (East: 413, West: 82)

>£1.9bn Turnover

Major Activity: Maritime Commerce (37%)

CHESHIRE

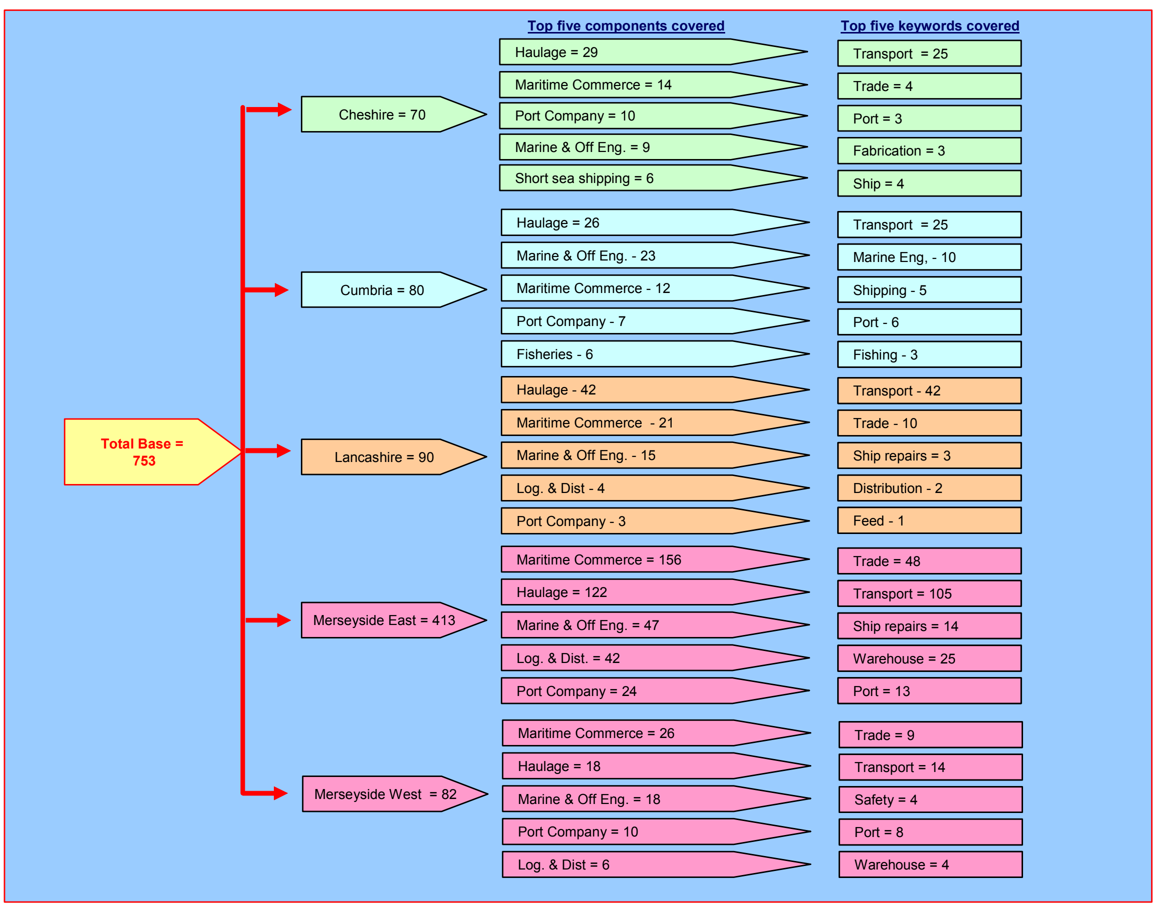
70 Companies

>£303m Turnover

Major Activity: Haulage (41%)

Balance: No Match (most likely attributable to MSC or QEII). Major activity defined by number of companies not size. Hence, BAE does not affect Cumbria.

The chart below is a diagrammatic representation of Maritime NW in the four key locations:



The 'top five' components make up the vast majority of the economic landscape of Maritime NW and the tables below indicate the 'top ten' companies within each of these components:

1. Haulage

RANK	COMPANY NAME	No OF EMPLOYEES
1	SUTTON AND SON (ST.HELENS) LIMITED	628
2	BRAYMALE LIMITED	163
3	A H C (WAREHOUSING) LIMITED	115
4	ABBEY ROAD TANKS LTD	115
5	WRM LOGISTICS PAPERLINK LIMITED	111
6	EDMONDSONS (FREIGHTLINERS) LIMITED	97
7	O'CONNOR TRANSPORT (WIDNES) LIMITED	96
8	THOMAS ARMSTRONG (AGGREGATES) LIMITED	93
9	ENTWISLES HAULAGE LIMITED	90
10	F.BROWN(CARLISLE)LIMITED	82

2. Maritime Commerce

RANK	COMPANY NAME	No OF EMPLOYEES
1	BIBBY LINE LIMITED	540
2	FRASER WILLIAMS GROUP LIMITED	479
3	OBG PHARMACEUTICALS LIMITED	95
4	SUTTONS INTERNATIONAL LIMITED	92
5	SURVEY SUPPLIES LIMITED	86
6	SHAKESPEARE INTERNATIONAL LIMITED	77
7	FYLDE ICE & COLD STORAGE COMPANY,LIMITED	75
8	ATLANTIC CONTAINER LINE UK LIMITED	67
9	FIBREFORCE COMPOSITES LIMITED	66
10	LLOYD & JONES ENGINEERS LIMITED	61

3. Marine and Offshore Engineering

RANK	COMPANY NAME	No OF EMPLOYEES
1	BAE SYSTEMS MARINE LIMITED	3100
2	SURVITEC GROUP LIMITED	730
3	HUSCO INTERNATIONAL LIMITED	173
4	CAN (OFFSHORE) LIMITED	134
5	WILCOCK CONSULTANTS LIMITED	127
6	TRONIC LIMITED	123
7	WEB TECHNICAL SERVICES LIMITED	99
8	ACRASTYLE LIMITED	84
9	JAMES FISHER RUMIC LIMITED	83
10	A. STEADMAN & SON LIMITED	67

4. Logistics and distribution

RANK	COMPANY NAME	No OF EMPLOYEES
1	BIBBY DISTRIBUTION SERVICES (HOLDINGS) LIMITED	786.5
2	HENRY BATH & SON LIMITED	146
3	HENRY DIAPER & CO. LIMITED	66
4	STANTON GROVE LIMITED	46
5	DUTY FREE WAREHOUSING LIMITED	22
6	AUGHTON CULLENS REMOVALS & STORAGE LIMITED	20
7	BOXHIRE (LIVERPOOL) LIMITED	20
8	D. TEC INTERNATIONAL LIMITED	20
9	DELTALINE TRADING LIMITED	20
10	DSE (DATA STORAGE) LIMITED	20

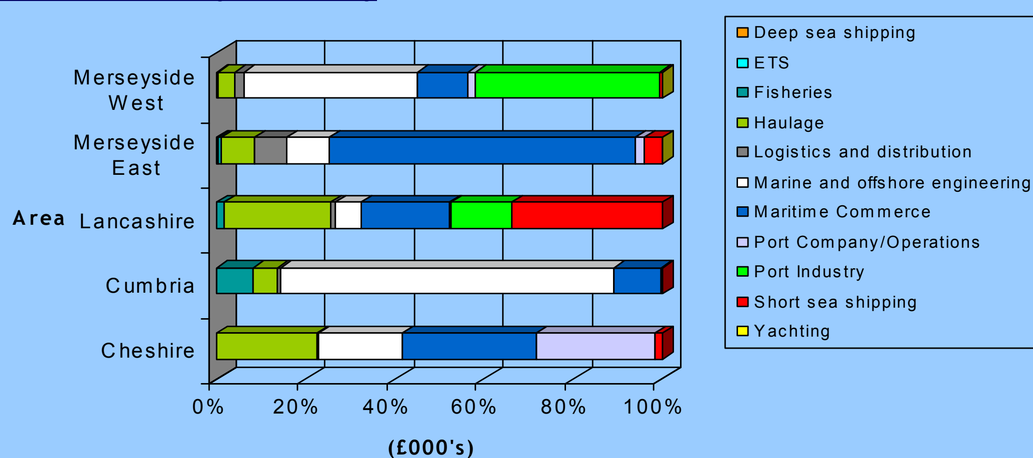
NB: The subsidiary operations of the Mersey Docks and Harbour Company are included in the database. This is due to the non-aggregation of financial information as discussed earlier in the 'holding/parent companies' section.

5. Port Company/Operations

RANK	COMPANY NAME	No OF EMPLOYEES
1	THOMAS CRADLEY HOLDINGS LIMITED	720
2	ALCO WASTE MANAGEMENT LIMITED	122
3	ACEQUIP LIMITED	115
4	HEYSHAM PORT LIMITED	113
5	CLARKE CHAPMAN PORTIA PORT SERVICES LIMITED	79
6	SUMMERSEAT HOLDINGS LIMITED	37
7	AIRPORT TECHNOLOGY AND MAINTENANCE LIMITED	20
8	AQUAVATION LIMITED	20
9	ASSET BUSINESS MANAGEMENT LIMITED	20
10	BOOKER TIMBER LIMITED	20

The graph below demonstrates the extent to which activity in each component contributes to the turnover for each area's maritime cluster.

Breakdown of turnover by area/activity



As indicated via the 'top ten companies' tables above maritime commerce is the dominant component from the conceptual diagram with activity on Merseyside East obviously playing a huge role within that.

Short sea shipping, port industries and haulage play the biggest role within the Lancashire locations and in Cumbria the largest component is marine and offshore engineering which is perhaps unsurprising given the location of BAE Systems Marine Ltd.

Although maritime commerce contributes approximately 30% of Cheshire's maritime turnover, marine and offshore engineering and port company operations also contribute a similar amount together.

6.4 Key trend for each component

Analysing changes in figures between year and year-1 on the database has allowed Ci to develop an estimate of what trend each component on the conceptual diagram is following (Are they steady? Are they declining? Are they growing?). Changes in turnover have been considered.

The results are, obviously, based on data which incorporates the aforementioned financial assumptions and as mentioned earlier much of the financial data was incomplete this has resulted in the number of companies being analysed in the table below *not* matching the number in the component overall. Hence, the results are merely to be used as a baseline indicator.

Component	Number of companies with rise in turnover	Number of companies with fall in turnover	Component appears to be…….
Short Sea Shipping	19	4	Growing
Deep Sea Shipping	2	1	Steady
Logistics and Distribution	36	15	Growing
Haulage	164	45	Growing
Maritime Commerce	137	63	Growing
Marine and Offshore Engineering	76	26	Growing
ETS	3	0	Growing
Port industry	2	1	Steady
Fisheries	7	1	Growing
Port company/operations	40	9	Growing

Based on the both the financial information available and the financial assumptions incorporated into the database it would appear that Maritime NW is a healthy sector.

7 CONCLUSION

This study aids planning and strategy and sets a baseline from which the information held on Maritime NW can develop.

Overall, the Maritime NW sector appears to be in a healthy state. Unsurprisingly, the majority of companies are Merseyside-based and a challenge for NWDA will be to ensure that any future plans and strategies for development incorporate the entire geographical scope of the sector.

We recommend NWDA develop the quality of the information into an audited sector database and contact management tool, which can be used to monitor development of the sector. This will take time and resources.

APPENDIX 1

POSTCODES UTILISED IN MARITIME NW CLUSTER STUDY

Overview: postcodes based on Local Authority Boundaries

County	Town	Local Authority District
Cumbria	Siloth	
	Maryport	Allerdale
	Workington	
	Whitehaven	Copeland
	Barrow	Barrow In Furness
Lancashire	Glasson	Lancaster
	Heysham	
	Fleetwood	Wyre
Merseyside East	Seaforth	Sefton
	Garston	Liverpool
Merseyside West	Tranmere	Wirral
	Birkenhead	
Cheshire	Manchester Ship Canal	No Match
	Runcorn	Halton
	QEII	No Match